

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of January 18, 2018 Meeting of the Board of Directors

Ford Ice Center

10:30 a.m.

Board Members: Kim Adkins, Dudley West, Lisa Howe, Margaret Behm, Khalat Hama, Ralph Perrey, Cathy Bender, Leslie Fram

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

Titans/ Nissan Stadium: Jenneen Kaufman, Walter Overton, Burke Nihill, Bob Flynn,

Predators: Kyle Clayton, Michelle Kennedy, Keith Hegger, Danny Butler, Beth Snider, Nat Harden, Gerry Helper, David Chadwell, Jill Ormandy, David Kells, Dan Kecmer

First Tennessee Park: Doug Scopel, Adam Nuse

Visitors: Bob Lackey (Metro Finance), Larry Atema (Commonwealth Development Group), Ed Henley (Commonwealth Development Group), Roxanne Bethune (Commonwealth Development Group), Scott Rayson (Metro Legal), Mary Cavarra (MLS2Nashville), Joey Garrison (Tennessean), Rich Riebeling (Metro Finance), Butch Spyridon (CVC), Vicki Gray (Kraft CPA's), Jonathan Burtner (Sirius XM), Eleanor Kennedy (Business Journal), Scott Hamilton

Chairwoman Kim Adkins called the meeting of the Sports Authority to order at 10:30 a.m. and welcomed all in attendance. Ms. Adkins reminded everyone the appeals process for decisions by the Authority could be found at the top of the agenda. She welcomed new Board member, Ms. Leslie Fram, SVP of Music Strategy at CMT. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the November 16, 2017 Board of Directors meeting.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknotson to give the Executive Director's Report. She began her report with a brief overview of the meeting agenda, noting that the Board will be asked to consider accepting the Finance Committee's recommendation that they approve the FY19 Bridgestone Arena Operating Budget and FY17 Bridgestone Arena Audited Financial Statements and Agreed-Upon Procedures. Ms. Fawknotson stated that the Board will also be asked to consider an Amendment to the Stadium lease agreement to allow for the city's FIFA World Cup bid which, if selected, would be played at Nissan Stadium.

MLS2Nashville Update

Chairwoman Adkins recognized Ms. Mary Cavarra, CFO of Ingram Industries, to give an update on the MLS expansion process. Ms. Cavarra stated on December 20th, the Major League Soccer (MLS) announced that Nashville was awarded an expansion team. The ownership group is working closely with MLS, consultants, and Metro Government to develop timelines. Ms.

Cavarra reported that the legal documents for consideration by the Sports Authority will likely come before the body during the second quarter of the year. Updates will be provided as new information is becomes available.

Finance Committee Report

A. Consideration of Bridgestone Arena FY19 Proposed Operating Budget

Ms. Behm reported that the Finance Committee received the proposed FY19 Operating Budget from Powers Management. The proposed budget includes a 16% increase in revenues over FY17 actuals. When comparing expenses, the Committee looked at the budget to actuals from FY17 and the budget for FY18. Ms. Behm stated that in recent years, the “Repairs” line item was well over budget, the result of the manager’s initiative in making repairs with the excess money. Ms. Behm concluded by stating that the Finance Committee recommends approval to the full Board. **Upon a motion duly made and seconded, the Sports Authority unanimously accepted the Finance Committee’s recommendation, approving Bridgestone Arena’s FY19 Proposed Operating Budget.**

B. Bridgestone Arena FY19 Proposed Prioritized Preliminary Capital Budget

Ms. Behm next turned her attention to the FY19 Prioritized Preliminary Capital Budget at Bridgestone Arena. Looking at the proposed project list (spanning four years), the Finance Committee also discussed which projects should be funded through the Capital Improvement Fund (CIF) and which ones would require other sources of funding- namely Metro’s Capital Improvements Budget (CIB). Updates on current projects previously approved by the Authority were as follows:

- Backstage Area – Ongoing/partially completed
- Restrooms – Ongoing annual expenditure
- Internal/External Band Staging – Privately funded last fiscal year; Powers will not seek CIF reimbursement
- Newly Created Premium Hospitality Space on Event Level – Completed: Partially funded privately by concessionaire (DNC)
- Emergency Power/Back-Up System/Firewall – Incomplete

Ms. Behm concluded by stating that no action was needed at this time.

C. Consideration of FY17 Bridgestone Arena Audit and Agreed-Upon Procedures

Ms. Behm reported that the Finance Committee also discussed the FY17 Bridgestone Arena Audit and Agreed-Upon Procedures (AUP), thanking Ms. Vicki Gray, Kraft CPAs, for presenting it to the Finance Committee. Ms. Behm reported that the audit was clean and no errors were found in the AUP. The Finance Committee discussed the financial statements and calculation of the Incentive Fee (\$2.7 million) and Performance Fee of (\$544,890). **Upon a motion duly made and seconded, the Sports Authority unanimously voted to accept the**

Finance Committee's recommendation, approving the FY17 Bridgestone Arena Audit and Agreed-Upon Procedures.

Consideration of an Amendment to the Stadium Lease for FIFA World Cup

Chairwoman Adkins recognized Mr. Rich Riebeling, Metro Finance, and Mr. Butch Spyridon, Nashville Conventions and Visitor's Corporation, to discuss the Amendment to the Stadium Lease for FIFA World Cup. Mr. Riebeling began by stating that if Nashville is to be considered as a host for the 2026 FIFA World Cup match, an amendment to the Stadium Lease must be executed. Bid information from cities in the United States is due to FIFA by Friday, January 19, 2018. Mr. Riebeling stated there are currently 17 cities from the U.S. interested in hosting games should the North American Bid (which includes Canada and Mexico) get the award. The only other potential bidder is Morocco. The World Cup will include roughly 5 or 6 games during June of 2026 and will be the host of multiple international soccer teams.

Mr. Riebeling recognized Mr. Butch Spyridon, with the CVC, to continue the discussion. Mr. Spyridon stated that the Board approved a similar request six years ago and unfortunately, the US was not chosen that year. Mr. Spyridon then stated that the contract with FIFA cannot be modified but cities will have two years to decide if they are still interested in hosting. In that time, FIFA will state what (if any) improvements are to be made and what the projected costs are to host the event. Mr. Riebeling stated that an amendment to the Stadium Lease is necessary because the current lease holds Cumberland Stadium, Inc. (CSI) financially responsible for event related expenses. Mr. Riebeling stated that the associated costs should be the city's responsibility.

Ms. Margaret Darby discussed the amendment to the Stadium Lease. Ms. Darby specified that the proposed amendment states that any capital improvements or "FIFA Expenses" would not be the responsibility of CSI. A second revision also states that the FIFA dates will not count against CSI's 30 "Reserved Dates." Mr. Spyridon added that there have been multiple conversations with the Country Music Association (CMA) regarding implications for Nissan Stadium being selected to host the World Cup. The CMA has stated its willingness to work with the city to find alternative dates and/or locations. In response to a question from Ms. Behm, Ms. Darby stated that although the Metro does not currently have a plan for funding FIFA expenses, it will have two years to decide how expenses will be funded. Mr. Burke Nihill, Counsel for the Titans, stated that FIFA's required improvements are non-negotiable and necessary to host World Cup games. Some of these improvements may be defined as a "Capital Expense" under the lease but should still be considered a FIFA expense. In response to a question from Mr. Ralph Perrey, Mr. Riebeling stated that this summer, FIFA will choose between the North American and Morocco bids. Despite the Titans/Nissan Stadium deeming their agreement with FIFA as "irrevocable," Mr. Spyridon remarked that if a city selected determined it was unable to comply with FIFA's requests, there might be some level of flexibility to pull out of the bid. Mr. Nihill noted that if Nashville is not chosen to host games, the amendment to the Stadium Lease

will then be voided. Ms. Darby noted several changes to the Amendment were added/ proposed in the hours leading up to the meeting:

- If Nashville is not chosen, the agreement will be voided.
- “FIFA Fund” will be established and it included a schedule of when to deposit money.
- Deadline for a “FIFA Reimbursement Request” changed from 90 days to 120 days, to allow for appropriations to be made once FIFA sends a request for improvements.
- If the Titans receive reimbursement from FIFA for something the Authority paid for, the Titans will reimburse the Authority.

Upon a motion duly made and seconded, the Sports Authority voted to approve Amendment No. 6 to the Stadium Lease for FIFA World Cup, with changes noted by Ms. Margaret Darby. Ms. Margaret Behm voted no.

Facility Questions

Chairwoman Adkins called questions regarding the facility reports submitted by the Nashville Predators, Tennessee Titans and the Nashville Sounds. There were none.

Ford Ice Center Report

Chairwoman Adkins recognized Mr. Danny Butler, General Manager of Ford Ice Center, to begin the Ford Ice Center Report. Mr. Butler introduced Mr. Scott Hamilton, four-time World Champion Figure Skater and an Olympic Gold Medalist. Mr. Hamilton operates the Scott Hamilton Skating Academy out of Ford Ice Center. Mr. Hamilton stated that when Ford Ice Center opened in 2014, only four participants were registered for his first class. Almost four years later, he has welcomed approximately 1,900 students into his various programs throughout the year. Mr. Hamilton’s programs range from sessions for 3-year olds, introductory classes and advanced courses. Many competitions are held at Ford Ice Center including Invitational and, most recently, Regionals (Olympic qualifier).

Mr. Butler recognized Mr. Dan Keczmer and Mr. Nat Harden who shared the challenges of not having enough ice in Middle Tennessee. Mr. Keczmer’s career began with the Predators in 1999 and he is highly involved with the “Little Preds Program”, witnessing its growth over the years. However, due to lack of ice, the program cannot expand to its full potential. Mr. Harden is part of the Tennessee Rink Development Team whose goal is to have 17 sheets of ice by the year 2026. Currently there are seven. Through the State’s physical education programs, the Predators have impacted over 50,000 students by means of the Fitness Challenge. Mr. Butler gave an update on the ice rink in Bellevue and said that the general contractor should be chosen by the end of January. The hope is to have a Ground-Breaking Ceremony in March and open around next Christmas. Ford Ice Center will host curling events starting in February. He concluded by showing a video that recapped 2017 events at Ford Ice Center.

2018 Annual Board Elections

Chairwoman Adkins opened the floor for nominations for the offices of Chair, Vice-Chair, and Secretary/Treasurer. She noted that nominations do not need a second. Mr. Ralph Perrey nominated Ms. Kim Adkins as Chair, Ms. Cathy Bender as Vice-Chair, and Mr. Emmett Wynn as Secretary. **Upon a motion duly made and seconded, the Sports Authority unanimously approved the slate as presented:**

Ms. Kim Adkins – Chair

Ms. Cathy Bender -Vice-Chair

Mr. Emmett Wynn- Secretary.

Chairwoman Adkins concluded the meeting by thanking Mr. Ralph Perrey for his service as a Board member. Mr. Perrey has been a member of the Board for 12 years and his term expires in February. Due to professional obligations, he has requested that he not be reappointed and thanked the Board for its service over the years.

There being no other business, the meeting was adjourned.

https://www.youtube.com/watch?v=Z24JOtfd_10