

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of July 19, 2018 Meeting of the Board of Directors

Nissan Stadium

10:30 a.m.

Board Members: Kim Adkins, Cathy Bender, Emmett Wynn, Lisa Howe, Margaret Behm, Catana Starks, Bob Obrohta, Jad Duncan, Leslie Fram, Dudley West

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

Titans/Nissan Stadium: Steve Underwood, Walter Overton, Burke Nihill, Bob Flynn, Susanna Nickell, Jenneen Kaufman, Ryan Cowden

Predators: Sean Henry, Kyle Clayton, Michelle Kennedy, Keith Hegger, Danny Butler

Sounds/First Tennessee Park: Doug Scopel, Adam Nuse

Visitors: Jon Cooper (Metro Legal), Laura Womack (Nashville Fairgrounds), Ed Henley (Pillars Development), Roxanne Bethune (Alliance Synergy Group), Brasher Burbank (Stewart Logistics), Chuck Mashburn (Stewart Parking), Scott Rayson (Metro Legal), Bob Lackey (Metro Finance), Mary Cavarra (MLS2Nashville), Toby Compton (MLS2Nashville), Ron Gobbell (Gobbell Hays Partners), Michelle Scopel (Gobbell Hays Partners), Dick Darr (Capital Project Solutions), Jim Pustejovsky (Capital Project Solutions), Dave Heflin (Capital Project Solutions), Annie Parrish (Barton Malow), Yomi Ojo (Metro Finance). Nancy Amons (WSMV), Brian Murdock (D.F. Chase Inc. Construction), Eleanor Kennedy (Nashville Business Journal), Joey Garrison (Tennessean), Tom Eddlemon (Metro Finance)

Chairwoman Kim Adkins called the meeting of the Sports Authority to order at 10:30 a.m. and welcomed all in attendance. Ms. Adkins thanked the Titans organization for hosting the meeting and reminded everyone the appeals process for decisions by the Authority could be found at the top of the agenda. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the June 21, 2018 Board of Directors meeting.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton reported that the Board met on July 10, 2018 for an informational session with Metro Law Director, Mr. Jon Cooper. The informational session included a thorough review of the MLS Stadium documents the Board is being asked to vote on. Ms. Fawknorton noted that the Authority would receive updates on the Ford Ice Center at Bellevue Nissan Stadium.

Ms. Fawknorton reported that staff continues to work with Metro Procurement on solicitations for a construction manager for the proposed MLS stadium and a parking contractor to manage the Sports Authority controlled lots at Nissan Stadium. The deadline to submit proposals for both projects was July 17th. Review and evaluation of the proposals will begin soon, with the goal of bringing “Intent to Award” letters to the Authority in August. Once a contract has been finalized, it will come to the Board for consideration. In response to several Board inquiries, Ms. Fawknorton stated that the Architectural and Engineering Design Contract with Populous will be complete after the finalization of exhibits. In June, the Authority approved a resolution authorizing the Chair to review and execute the complete contract. Ms. Fawknorton concluded by recognizing the Nashville Sounds who had 5 members on their roster selected as participants in the 2018 AAA All-Star Game on July 11th.

Finance Committee Report

Chairwoman Adkins stated that the Finance Committee met at 9:30 this morning and recognized Ms. Lisa Howe to give the report. Chairwoman Adkins announced that Ms. Howe is preparing to move back to her hometown of Dallas, TX and this would be her last meeting on the Board. Chairwoman Adkins thanked Ms. Howe for her impact on, and service to, the Authority, along with her passion, her dedication, and her leadership throughout the Nashville Community. Ms. Howe thanked the board, the Mayor’s Office, and partners of the Authority, for the great interactions she had while being a member. She stated that Nashville’s sports community is growing and she wished everyone continued success.

Ms. Howe began the committee report by discussing the Predators plans for an upgrade to the AV System at Bridgestone Arena. At the Sports Authority’s April meeting the Board approved the list of Bridgestone Arena Capital Improvement Fund (CIF) projects for FY19 (contingent upon available funding). The list included the replacement of Bridgestone Arena’s current video and sound system. In a letter dated June 28, 2018, Mr. Sean Henry, CEO of the Predators, stated that they anticipate beginning a multi-phase replacement project (implemented in three phases) this summer. The first phase includes the control room (summer ’18). They also plan to install LED ribbon boards in the lower and upper level of the bowl and in the vomitories. The final part of phase 1 will be the replacement of the audio system.

The Facility Assessment Study by Venue Solutions Group (VSG), commissioned by the Authority, recommended replacing the following equipment as scheduled below:

- Video Production (2019)
- Large format video displays – Ribbon Boards (2018)
- Large format video displays – Center Hung (2019)
- Large format video displays – Other (2020)
- Sound Systems (2019)
- Audio Video System (2022)

Mr. Henry's letter estimates costs of the first phase to be \$8,500,000. Mr. Bob Lackey (Metro Finance) stated that currently the CIF available balance is \$3,734,022.27- not enough to cover the costs. He noted that the Predators (with assistance from Metro Finance) are currently pursuing options to extend the CIF loan. Mr. Henry's letter states that if the CIF does not have available funds at the start of phase 1, the Predators propose that they pay the initial expenses and be reimbursed when CIF funding becomes available. At the Finance Committee meeting, Ms. Margaret Darby (Metro Legal) recommended attaching the plans and specifications for Phase 1 to Exhibit A of the Resolution. Ms. Howe reported that the Finance Committee voted to recommend approval of the resolution which the committee revised so as to include language verifying that the Predators had, indeed, provided Phase 1 Plans & Specifications. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to accept the Finance Committee's recommendation, approving the amended Resolution and commencement of AV Systems Upgrade at Bridgestone Arena.**

Consideration of MLS Stadium Agreements

Chairwoman Adkins recognized Mr. Jon Cooper, Metro Legal Director, to discuss the MLS Stadium Agreements the Board is being asked to consider. She noted that Mr. Cooper met with the Board on July 10, 2018 to review the documents in-depth. Mr. Cooper noted that only two changes were made to the documents discussed at the July 10th meeting. The first change is to the Development Agreement between the Sports Authority and Walsh Management. This agreement requires the creation of a Development Committee and will now consist of five members, instead of four. The additional member will be appointed by the Fair Board to

accompany two representatives from the Sports Authority and two representatives from Walsh Management. The second change is to a provision in the Team Lease Agreement between the Sports Authority and Walsh Management. The provision states that Metro is allowed 20 days of rent-free use on an annual basis. Mr. Cooper stated that additional language now the Sports Authority can use the facility to hold its board meetings.

A. Ground Lease between the Sports Authority and the Board of Fair Commissioners

Mr. Cooper stated that the Board of Fair Commissioners approved the Ground Lease on July 17, 2018. He then provided a summary of the Ground Lease between the Sports Authority and the Board of Fair Commissioners:

- Term is for 30 years with a nominal annual rent payment
- Sports Authority is responsible for causing the stadium to be constructed on the property
- The property may be used for Sports Authority purposes consistent with state law
- The property is being leased in “as-is” condition
- Lease cannot be transferred or assigned without written approval of the Fair Board
- The Ground Lease acknowledges the existence of the Team Operating Lease Agreement described above, and the Fair Board consents to such agreement as a sublease to the Ground Lease
- Fair Board agrees to execute a standard recognition, Non-Disturbance and Attornment Agreement (RNDA) whereby the Fair Board agrees to continue to recognize the Team Operating Lease, in the event the Ground Lease with the Sports Authority is ever terminated
- Under the Ground Lease the following list of uses is prohibited: Any use that constitutes a public or private nuisance; Any use or purpose that violates in any material respect any applicable law; The sale or commercial display of any obscene sign or advertisement, including any sign or advertisement that promotes obscene activities; Any sexually oriented business as such term is defined in Chapter 6.54 of the Metropolitan Code; The sale of paraphernalia or other equipment which is used primarily in connection with the taking or use of illegal drugs; A shooting gallery, target range, vehicle repair facility, warehouse, or industrial use.

B. Team Lease Agreement between the Sports Authority and Walsh Management, LLC

Mr. Cooper provided the following summary of the Team Lease Agreement between the Sports Authority and Walsh Management, LLC:

- Term is for 30 years from the date Walsh Management takes occupancy of the stadium
- Walsh will pay rent in the amount of the revenue bond debt service, less the total amount of sales and ticket taxes collected at the stadium (the “rent reduction”)
- For years 1 through 5 of the lease, Metro guarantees the total amount of sales and ticket taxes collected will not be less than \$4,000,000 per year, and not less than \$3,000,000 per year during years 6 through 10
- The rent payments will be made twice a year to coincide with the revenue bond payment dates
- Walsh Management and the Team will be responsible for all operating and maintenance expenses associated with the operation of the stadium (including utilities and security costs)
- The Sports Authority will be responsible for all capital expenses necessary to keep the stadium in compliance with MLS standards, which are applicable to all MLS stadiums
- Starting in year 6 of the lease, \$.50 of the ticket tax on each ticket will be set aside for capital expenses, which will increase to \$.75 per ticket in year 8.
- Walsh Management will be required to provide a Capital Asset Management Plan (“CAMP”) to the Authority every other year starting in year 7 of the
- AMP will be prepared by an independent consulting firm and a general assessment of the stadium and a summary of the capital expenses expected to be required during the next 10 years
- The Team will be required to maintain operations in Nashville and must use “Nashville” in the team name. The Team will be allowed to play up to 3 games per year at another facility; Should Metro be required to make up the difference between actual annual collections during the 10-year guarantee period noted above, the Team will be required to reimburse Metro for the lost sales and ticket tax revenue, due to use of an alternate venue
- The Team will be entitled to keep all revenues from concessions, naming rights, advertisements and parking for stadium events

- Walsh Management and the Team will coordinate scheduling with Fairgrounds Executive Director, to ensure the continuation of the reoccurring events as required by the Metro Charter
- Walsh Management and the Team will use good faith efforts to accommodate Fairgrounds events, specifically the dates pertaining to the flea market
- The Authority will have 20 days of rent-free use of the stadium for Metro events (including Sports Authority Board meetings) and Metro will be responsible for paying the expenses related to such events
- Walsh Management will be required to maintain insurance in an amount not less than the full replacement cost of the stadium and the associated improvements, as well as \$50,000,000 in general commercial liability insurance coverage
- Walsh Management will be required to indemnify the Authority for damage or injuries resulting from its operations
- Team is required to provide guaranty that unconditionally guarantees all rent payments for the duration of the lease, the Team's \$25,000,000 capital contribution, and all cost overruns for the stadium
- However, should John Ingram cease to be the controlling owner of the team, then a successor guarantor(s), deemed acceptable to the Director of Finance, will enter into a guaranty agreement acceptable to guaranty any remaining obligations
- Walsh Management or the Team cannot assign the lease without the written permission of the Authority
- The lease includes standard provisions required by MLS, making MLS a third-party beneficiary and allowing MLS to step in for the Team, in the event of a default

C. Development Agreement between the Sports Authority and Walsh Management, LLC

Mr. Cooper provided the following summary of the Development Agreement between the Sports Authority and Walsh Management, LLC:

- Construction of the +30,000-seat stadium will be a cooperative endeavor between the Authority and Walsh Management
- ICON will serve as Walsh's representative
- Gobbell Hays Partners and Capital Project Solutions will serve as the Authority's/Metro's representatives during construction

- Establishment of a 5-member Development Committee comprised of 2 representatives from the Authority, 1 representative from the Fair Board, and 2 representatives from Walsh Management
 - The Development Committee will work together throughout the design, development and construction process
 - One of Walsh's representatives will serve as the Committee Chair and will have the authority to make decisions in the event of a dispute among Committee members; unless such decision would have a materially adverse impact on the Authority's future capital expense obligations
- In such case, the parties would work together in good faith to resolve the issue
- Final plans must be submitted to MLS for review no later than February 25, 2019
- The Authority is to deliver the site in ready condition no later than June 30, 2019
- The stadium is to be ready for occupancy no later than February 1, 2021
- The Team will contribute \$25,000,000 toward construction costs for the stadium and will be responsible for all cost overruns

D. Construction Administration Agreement between the Sports Authority and Walsh Management, LLC

Mr. Cooper provided the following summary of the Construction Administration Agreement between the Sports Authority and Walsh Management, LLC:

- Walsh Management will carry out its responsibilities primarily through ICON, a program manager with substantial construction oversight experience
- Walsh Management, through ICON, will direct the architect and construction manager to design and construct the stadium in accordance with the Architectural/Engineering Agreement and Construction Management Agreement, approved by the Authority.
- The term of the agreement is through the completion and expiration of the construction manager's responsibilities
- ICON will be the primary conduit for communications between the design and construction teams and the Authority
- ICON will report to and meet regularly with the Authority's representatives to facilitate the design and construction processes
- ICON will recommend to the Authority the terms of any additional contracts necessary to construct the stadium

- Walsh Management will have the right to enforce the provisions of the construction contract as a third-party beneficiary
- ICON will be responsible for: Developing project milestones; Setting the final guaranteed maximum price, in consultation with the Authority's representative on the Development Committee and Gobbell Hays Partners/Capital Project Solutions; Monitoring stadium costs in relation to the project budget and the guaranteed maximum price; Conducting and coordinating stadium project team meetings to discuss progress of the stadium construction; Monitoring completion of punch list items; Assisting the Authority in maintaining complete and accurate records regarding the design and construction of the stadium; Reviewing applications for payment to contractors and providing such applications to the Authority for approval; Submitting change orders to the Authority for approval

Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve a Resolution authorizing the Chair to execute agreements related to the development, construction, and leasing of a Nashville Major League Soccer Stadium. The documents include: Ground Lease with the Board of Fair Commissioners, Team Lease Agreement with Walsh Management, Development Agreement with Walsh Management, and the Construction Administration Agreement with Walsh Management & Nashville Soccer Holdings.

Ford Ice Center at Bellevue Update

Chairwoman Adkins then recognized Mr. Danny Butler to give an update on the Ford Ice Center at Bellevue. Mr. Butler stated that the Groundbreaking Ceremony was held on June 29, 2018. The ceremony included activities for children, various vendors and a visit from Gnash. The facility will be comparable to the Ford Ice Center in Antioch, which opened in 2014. Bellevue will be built through a partnership between Metro and the Predators. Metro will pay as much as \$30,000,000 for the 90,000-square-foot facility, which will include a community center and two ice rinks. It also will be home to a second Scott Hamilton Skating Academy (the first is at Ford Ice Center). One Bellevue Place is a mixed-used commercial property unfolding on the site of the old Bellevue Mall. It consists of retail shopping, restaurants, a movie theater,

professional/medical offices and residential units. Targeted completion is set from August of 2019.

Facility Questions

Chairwoman Adkins called for questions regarding the facility reports submitted by the Nashville Predators and the Nashville Sounds, and there were none.

Nissan Stadium Report

Chairwoman Adkins recognized Mr. Steve Underwood, CEO, to begin the Nissan Stadium Report. Mr. Underwood stated that 2018 marks the Titans' 20th year. He stated that in calendar year 2018, Nissan Stadium is expected to see approximately 320 events. Mr. Underwood concluded by thanking the Authority and Metro for their partnership with the Titans.

Mr. Underwood then recognized Mr. Ryan Cowden, V.P. of Player Personnel, to give a football update. Mr. Cowden listed the players that had been re-signed to the Team and those who were Unrestricted Free Agents. He recognized the new additions from the 2018 NFL Draft and concluded by announcing that the Titans will be hosting 15 training camps, open to the public.

Mr. Cowden then recognized Mr. Bob Flynn, VP of Facilities, to discuss events and capital improvements. Mr. Flynn stated that recent events at the Stadium include: The Titans 5k (May 19th), CMA Fest (June 7th - 10th), and Monster Jam (June 23). He noted that upcoming events at the Stadium include, amongst others, Kenny Chesney (August 11th), Taylor Swift (August 25th), and USA Soccer vs. Mexico (September 11th).

Mr. Flynn continued by reporting that suite renovations are complete and party suites will be finished by the end of July. Replacement of the security video surveillance system project is complete and was operational for CMA Fest. The upgrade included a new control room, command center and booking room.

Mr. Flynn recognized Ms. Susanna Nickell, Community Relations Coordinator, to highlight the organization's involvement in the community. During the off-season, members of the organization hosted 9 events including the regional Spelling Bee, Titans Caravan, Taste of Titans, Titans 5K, Titan Up Tots Baby Shower, High School Football outreach and clinic, and Special Olympics events.

Ms. Nickell then recognized Ms. Jenneen Kaufman, CFO, to give a financial update. Ms. Kaufman stated that the \$3 ticket tax received for each ticket is divided into two accounts and the current balances are as follows:

- \$2.00 Ticket Tax Fund Balance – \$952,096.99
- Stadium Improvement Bond Funds (\$1 Ticket Tax)
 - 2015 Stadium Revenue Fund Reserve Balance - \$ 1,069,490.98
 - 2015 Stadium Prior Bond Reserve Summary - \$1,900,000.00
 - 2015 Construction Fund Summary - \$0.00

In 2015, the Authority issued a \$15,000,000 bond to fund replacement of the seats, replacement/repair of expansion joints, repair concrete damage, and extend safety railings in the seating area. The Outstanding Stadium Loan balance is currently \$12,358,404.80 and is being repaid from the 2015 Stadium Revenue Fund Reserve Balance (listed above). The Titans are responsible for remitting ticket tax to Metro from events held in the Bowl. They estimate they will pay \$1,620,000 into the ticket tax during the 2018 season and have divided this amount into installments to be paid over 10 months. The Titans will pay \$162,000 monthly (beginning in January) and true-ups will be conducted as games are completed. The Titans paid the fifth installment on 6/20/18 and future payments are due on the 20th of each month. The total amount paid for the 2017 season was \$1,874,076.00. In total, the Ticket Tax program has brought in \$21,198,673.00 since March 2010. The Titans have also included an itemized list of all events that generated Ticket Tax.

Ms. Kaufman noted that the Stadium Capital Fund has a balance of \$86,994.02, following the Capital Expense Reimbursement of \$479,180.40 for the Inflatable Field Cover (approved in November) and the Reimbursement of \$1,246,604.07 for Magnetometers, Stormwater Pumps, and LED Club Video Walls (approved in April). The Unfiled Reimbursement Receivable (in que for reimbursement from Metro) totaled \$8,771,291.58 (increase of \$362,840.33 since June). This is following the most recent reimbursement of \$1,246,604.07 and \$32,126.00 for new invoices received. Ms. Kaufman concluded the Nissan Stadium Report with a short video.

There being no other business, the meeting adjourned.

<https://www.youtube.com/watch?v=hJgYD0aDGmk>