

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of October 24, 2018 Meeting of the Finance & Audit Committee
Nissan Stadium
10:00 a.m.

Finance Committee Members: Dudley West (Chair), Margaret Behm, Cathy Bender, Jon Glassmeyer
Board Members: Kim Adkins, Jad Duncan, Leslie Fram, Chuck Meriwether, Bob Obrohta, Rip Ryman, Emmett Wynn

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

Titans/ Nissan Stadium: Steve Underwood, Jenneen Kaufman, Burke Nihill, Bob Flynn, Robbie Bohren, David Schindler, Jeff Rhinehart, Derek Amelunke

Predators/ Bridgestone Arena: Sean Henry, Kyle Clayton, Keith Hegger

Sounds/First Tennessee Park: Doug Scopel

Visitors: Roxianne Bethune (Alliance Synergy Group), Mary Cavarra (MLS2Nashville), Ron Gobbell (Gobbell Hays Projects), Brasher Burbank (Stewart Parking Solutions), Tom Lampe (Mortenson/Messer), Ethan Link (Stand Up Nashville), David Rutledge (Stand Up Nashville), Mario Cepedes (Stand Up Nashville), Scott Ramsey (Nashville Sports Council), Tom Cross (Metro Legal)

Chairman Dudley West called the meeting of the Sports Authority Finance & Audit Review Committee to order at 10:00 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 July 19, 2018 Finance Committee meeting, with a correction on page 2 (second to the last line) to include wording stating “..reimbursement will be made if/when CIF funding becomes available”.**

Executive Director’s Report

Chairman West recognized Ms. Monica Fawknotsen to give the Executive Director’s Report. Ms. Fawknotsen reported that while committee appointments are typically made at the first of the year, Chairwoman Adkins has appointed Ms. Cathy Bender and Mr. Jon Glassmeyer to serve as interim Finance Committee members until new appointments are made in January. She then thanked them for agreeing to serve on the Committee and also thanked Mr. Dudley West who agreed to Chair the meeting.

Ms. Fawknotsen continued by noting the agenda contained several items the committee would be asked to consider for recommendations to the full board including:

- 2018 CMA Parking Ticket Settlement

- Agreement with the Sports Council, Powers Management, and the Nashville Conventions & Visitors Corp. for the SEC Men’s Basketball Tournament.
- TSU interior signage at Nissan Stadium
- Construction Management Contract with Mortenson/Messer Construction Co. for construction of the Major League Soccer (MLS) stadium.

Consideration of 2018 CMA Ticket Settlement

Chairman West recognized Ms. Fawknorton to give the report on the 2018 CMA Parking Ticket Settlement. Ms. Fawknorton stated that under the 2012 License Agreement between the Sports Authority, Cumberland Stadium, Inc., and the Country Music Association (CMA), in exchange for the Sports Authority allowing CMA to use Nissan Stadium, the CMA agrees to split the net revenue for parking. Under the agreement, the revenues are divided as follows: 25% to Sports Authority, 25% to Cumberland Stadium, Inc., and 50% to CMA. Ms. Fawknorton noted that the net revenues in 2018 were about \$400 more than 2017. Ms. Kaufman, Titans CFO, noted that even though revenues were similar year over year, staff noticed an increase in number of passes sold prior to the event. The total net parking was \$146,161.18 in 2018 and of that 25% (\$36,540.29) was disbursed to the Sports Authority in August. Ms. Fawknorton noted that all parking revenue is pledged to paying off the original bonds for the Stadium. Below is a comparison chart for 2017 and 2018 revenues associated with parking during the CMA event. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the 2018 CMA Parking Ticket Settlement to the full Board.**

	CMA Music Fest 2017	CMA Music Fest 2018
4- Day Parking Revenue- Net	\$161,298.86	\$189,587.19
Individual Day Parking Revenue (Stewarts)- Net	\$112,003.66	\$79,201.34
Total Parking Expense	(\$128,734.15)	(\$122,310.95)
Total Net Parking	\$144,568.37	\$146,161.18
Sports Authority Share (25%)	\$36,142.09	\$36,540.29

Consideration of agreement with the Nashville Sports Council, Powers Management and the Nashville Convention & Visitors Corporation for the SEC Men's Basketball Tournament

Chairman West reported that in 2013, the South Eastern Conference and the Nashville Sports Council finalized a deal to bring nine men's basketball tournaments to Bridgestone Arena between 2015 and 2025. The agreement also included the Women's SEC Tournaments in 2018 and 2022. As part of the deal, Powers Management agreed to waive the facility rental and the city agreed to reimburse Powers Management for expenses related to staffing/labor, décor and hospitality. The SEC has agreed to extend its agreement with the Nashville Sports Council through 2035 under the current terms.

Chairman West then recognized Mr. Scott Ramsey, President of the Nashville Sports Council, to give additional information. Mr. Ramsey stated that the SEC is interested in keeping Nashville as the host city for the Men's Tournament and would like to extend its current contract with the city. The event had \$21.4M in direct economic impact for Nashville in 2017, roughly 190,000 spectators, and over 12,000 hotel nights. Chairman West added that since the SEC has come to Nashville, the tournaments have had a direct economic impact of over \$220 million. Extending the contract through 2035 is expected to increase the economic impact by over \$350 million. Chairman West then stated that the Nashville Conventions & Visitor's Corporation (NCVC) will contribute \$100,000 annually to assist with the reimbursement to Powers Management until 2029 when their contribution will increase to \$150,000. Funding for this event will come from the Arena Revenue Fund and Metro Finance has confirmed that this fund will have sufficient resources to cover these costs. The agreement additionally provides an option to terminate in 2026, and Metro retains the right in terminate at any time if there is no funding. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the agreement with the Nashville Sports Council, Powers Management and the Nashville Convention & Visitors Corporation for the SEC Men's Basketball Tournament to the full Board. Ms. Margaret Behm abstained.**

Consideration of TSU Signage at Nissan Stadium

Chairman West recognized Ms. Fawknottson to discuss Tennessee State University's (TSU) request for interior signage at Nissan Stadium. She stated that at the September Board meeting, Mr. Steve Underwood reported that the Titans had received a request from TSU for interior signage at

Nissan Stadium. Under the TSU's lease agreement between the Sports Authority, TN Board of Regents, and Cumberland Stadium, Inc., the University is entitled to interior signage in a "permanent, prominent location with lettering large enough to be readable from most points in the seating area." Additionally, the Lessor (The Sports Authority) is obligated to provide the signage and the signage should not be in a location that is a revenue generator for the Titans. The proposed location for the signage is on the stadium fascia between the lower bowl and club levels where the Titans major sponsors are recognized. They sponsors typically have two signs: one on the east side and one on the west. TSU has requested to have two signs on each side, anchoring sponsor signage on both sides of the building. Ms. Fawknorton reported that Sports Authority staff has asked the Titans to share half the cost of what is now four signs. The Titans received an estimate from A-1 Signs for \$27,800 and have agreed to split the cost with one stipulation: They want to work with TSU on an agreement that acknowledges that this location has the potential to be a revenue generator for the Titans and recognizes there may be a future need to make an adjustment to the location. Should that happen the Titans will find a new prominent location and cover all expenses associated with the change. Ms. Fawknorton stated that while the Titans have offered to cover the Sports Authority's share of the expense and be reimbursed at a later time, Sports Authority staff prefers to fund its portion of the expense (\$13,900) out of its operating budget. Staff and Metro Finance t believe that the budget can absorb this cost. Staff requests that the Finance Committee recommend approval of the purchase of interior signage for TSU, to be shared equally with the Titans and funded from the Sports Authority's Operating budget. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the TSU Signage at Nissan Stadium to be paid from the Sports Authority's operating budget**

Consideration of Construction Management Agreement between the Sports Authority and Mortenson/Messer Construction Co.

Chairman West stated that at the September 20th Board Meeting, the Authority voted to engage Mortenson/Messer Construction Co. as the Construction Manager for the MLS Stadium Project and to begin contract negotiations. Chairman West recognized Mr. Tom Cross to discuss the contract. Mr. Cross reported that Construction Management is to not exceed \$650,000 for pre-construction costs and the fixed limit of construction is \$192 million. Mr. Cross stated that the agreement before the

Authority is final but still requires the finalization of an exhibit. He noted that any changes to the agreement, requested by the team, would be paid for by the team. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the Construction Management Agreement between the Sports Authority and Mortenson/Messer Construction Co.**

In light of Boss' Day, Sports Authority staff recognized Ms. Fawknotson with a Certificate of Appreciation.

There being no other business, the meeting was adjourned.