

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of January 10, 2019 Meeting of the Board of Directors
Ford Ice Center
10:30 a.m.

Board Members: Kim Adkins, Margaret Behm, Cathy Bender, Jad Duncan, Jon Glassmeyer, Chuck Meriwether, Catana Starks, Dudley West, Emmett Wynn

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

Titans/ Nissan Stadium: Steve Underwood, Jenneen Kaufman, Walter Overton, Bob Flynn, Robbie Bohren

Predators/ Bridgestone Arena: Sean Henry, Kyle Clayton, Michelle Kennedy, Danny Butler, Jill Ormandy, Nat Harden, Emily Polanowicz, Gerry Helper, Mike Skeats, Paula Trujillo, Scott Hamilton

Sounds/First Tennessee Park: Doug Scopel, Adam Nuse

Visitors: Roxianne Bethune (Alliance Synergy Group), Bob Lackey (Metro Finance), Mary Cavarra (MLS2Nashville), Ron Gobbell (Gobbell Hays Projects), Tom Eddlemon (Metro Treasury), Heidi Gould (Metro Treasury), Jim Pustejovsky (Capital Project Solutions), Vikki Gray (Kraft CPAs), Steve Jones (Messer Construction Co.), Toby Compton (MLS2Nashville), Brasher Burbank (Stewart Logistics), Nick Honrich(CAA – ICON), Mark Farha (CAA – ICON), Kellen DeCoursey(CAA – ICON), Mike Schwan (CAA – ICON), Colby Sledge (Metro Council), Wayne Placide (Hilltop Securities), Joey Garrison (Tennessean), Nancy Amons (WSMV), Russell Payne (Nashville Downtown Partnership), Jeff Oldam (Bass, Barry & Sims), Lillian Blackshear (Bass, Barry & Sims)

Chairwoman Kim Adkins called the meeting of the Sports Authority Board of Directors to order at 10:30 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 November 1, 2018 meeting. Upon a motion duly made and seconded, the Sports Authority additionally approved an amendment to the June 21, 2018 meeting minutes.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton announced that since the last meeting Ms. Leslie Fram and Ms. Khalat Hama have both resigned from the Board due to professional and personal commitments. She then announced that it was the Sounds' General Manager's, Mr. Adam Nuse, birthday and congratulated Mr. Quinton Herring on his recent marriage.

Personnel Committee Report- Consideration of Executive Director's Open Range Increase for the Current Year (FY19)

Chairwoman Adkins recognized Mr. Chuck Meriwether, Personnel Committee Chair, to give the Personnel Committee Report. Mr. Meriwether reported that on December 13, 2018, the Personnel Committee met for the Executive Director's annual performance evaluation. The Personnel Committee is comprised of the Sports Authority officer and one member appointed by the Chair, Mr. Chuck Meriwether, who led the meeting. Mr. Meriwether reported that the Committee evaluated Ms. Fawknoson based on her job description and were pleased with her performance. Mr. Meriwether noted that the committee members had received, via staff, an e-mail from Metro Human Resources stating that Department Heads are eligible for an increase not to exceed 2.5% and would be effective as of 7/1/18. Following the evaluation, the Committee voted to recommend approval of an Open Range Increase for Director Fawknoson in the amount of 2.5%. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the Executive Director's Open Range Increase of 2.5% for the Current Year (FY19).**

Finance Committee Report

Chairwoman Adkins recognized Finance Committee Chair, Mr. Jon Glassmeyer, to give the Finance Committee Report.

Consideration of a Resolution authorizing MLS Stadium expenditures for Project Management Services

Mr. Glassmeyer stated that in April, the Authority approved a resolution authorizing project management consulting services for the MLS Stadium project. The authorized amount was not to exceed \$75,000, but staff reported that there would be a need to return to the Board to ask that the amount be raised once proposals were received. The resolution also named Capital Project Solutions and Gobbell Hays Partners, Inc. (firms which both have existing contracts with Metro) as the Sports Authority's project and program managers. The fees proposed by the firms are "Not to Exceed Amounts" for work to be completed through February 2019. Metro Finance now expects to issue bonds in February as opposed to November. Mr. Glassmeyer noted that the April resolution authorizes staff to pay project management invoices for consulting services, out of the Arena Revenue Fund until the revenue bonds are issued. At that point, Metro staff will reimburse the Arena Revenue Fund from

the bond proceeds. Mr. Glassmeyer concluded by reporting that the Finance Committee recommended approval, and **upon a motion duly made and seconded, the Board voted to approve the Resolution authorizing the additional MLS Stadium expenditures for Project Management Services.**

Consideration of FY18 Bridgestone Arena Audit and Agreed-Upon Procedures

Mr. Glassmeyer additionally reported that Ms. Vicki Gray from Kraft CPAs discussed the FY18 Bridgestone Arena audit and Agreed-Upon Procedures with the Finance Committee. Ms. Gray stated that she found nothing unusual while conducting the Arena's audit, but noted that the true-up of the Ticket Tax found \$37,000 that should have been included towards medical expenses. A summary of the financials recorded in the audit is included as *Attachment 1*. Mr. Glassmeyer stated that the Finance Committee voted to recommend approval and, **upon a motion duly made and seconded, the Board voted to approve of the FY18 Bridgestone Arena Audit and Agreed-Upon Procedures.**

Consideration of Bridgestone Arena FY20 Proposed Operating Budget

Mr. Glassmeyer continued by reporting that Mr. Kyle Clayton presented the Bridgestone Arena FY20 proposed operating budget to the committee. Mr. Clayton stated that, year to date, revenues have increased by 5% from FY18. Additionally, expenses have also increased by 5 – 6%. Overall, revenue growth for FY20 is budgeted 20% higher than FY19's budget. This also reflects a 3% increase from FY18's actual revenues. Mr. Clayton noted that, in FY17, the "Maintenance, Repair & Supplies" budget was \$586,558 while the actuals were \$1,710,345. He stated that Arena staff increased the FY20 budget for both the "Maintenance, Repair & Supplies" and "Service Agreements" line items, to accommodate the growing age of the building and its needs for improvements. The Arena's budget submission is included as *Attachment 2*. Mr. Glassmeyer stated that the Finance Committee voted to recommend approval. **Upon a motion duly made and seconded, the Board voted to approve of the Bridgestone Arena FY20 Proposed Operating Budget.**

Bridgestone Arena FY20 Prioritized Preliminary Capital Budget

Mr. Glassmeyer reported that Mr. Clayton then turned his attention to Bridgestone Arena's FY20 prioritized preliminary capital budget. Mr. Clayton noted that the Capital Improvements Fund (CIF) is funded through by a seat user fee charged to each patron at Bridgestone Arena. Year to date,

\$1 million has been paid into the CIF this fiscal year and over 330,000 tickets have been sold. Last year produced \$579,000, during the same period of time. Mr. Clayton noted that the current available funds in the CIF are not sufficient to cover the work they anticipate completing during FY20. While in negotiations to extend the CIF program, the team has been making improvements at their own expense (approximately \$8.5 million) and will seek reimbursement when funding becomes available. Mr. Clayton submitted a list of projects to the Authority (*Attachment 3*), and Mr. Glassmeyer noted that board approval is not required for this preliminary list of capital projects.

Consideration of a Resolution extending the current agreement with the Nashville Downtown Partnership

Chairwoman Adkins recognized Mr. Russell Payne with the Nashville Downtown Partnership (Partnership), to give a presentation regarding the shuttle programs offered. Mr. Payne stated that the Partnership offers a daytime shuttle program that is free to employees working downtown. Employees can park in designated lots at Nissan Stadium and board one of the 29 shuttles into downtown. The Partnership, which has provided service since May 2002, offers five routes and has approximately 4,000 users monthly. The Partnership anticipates a growth of approximately 15,000 users in the next three years due to new workforce development downtown, including:

- Nashville Yards Project (5,000 employees)
- 5th & Broadway (2,000 employees)
- Gulch Union (2,500 employees)
- Amazon (5,000 employees)

Mr. Payne noted that the Partnership's second shuttle program, Best Ever Event Parking (BEEP), runs from Nissan Stadium parking lots to Bridgestone Arena and cost riders \$3.00 for roundtrip service. Since March 2010, BEEP has provided shuttles for 979 events and shuttled 110,426 riders.

Ms. Fawknorson stated that the current Amended and Restated agreement between the Sports Authority and Nashville Downtown Partnership ("Partnership") expires February 1, 2019 but provides the Authority with the option to renew for an additional five (5) year term. The Sports Authority's agreement with the Nashville Downtown Partnership provides for the use of Sports Authority controlled lots free of charge for the purpose of running a downtown shuttle service. Under the agreement, the Partnership maintains the lots and any associated bus

shelters, in good and safe order. The only change the Partnership requests is that the term of the renewal be through May 2024 (as opposed to February) to coincide with the contract of one of their major users. **Upon a motion duly made and seconded, the Board voted to approve of the Resolution extending the current agreement with the Nashville Downtown Partnership.**

Soccer Update

Chairwoman Adkins then recognized Ms. Mary Cavarra, Chief Financial Officer of Ingram Industries, to give an update on Nashville Soccer Club. Ms. Cavarra stated that the 2019 regular season commences on February 2nd with a home game at First Tennessee Park. Ms. Cavarra additionally reported that the United Soccer League (USL) will be assisting with the promotion of the She Believe's Cup at Nissan Stadium on March 2, 2019. Ms. Cavarra introduced Mr. Mark Farha with CAA-ICON, to discuss the current status of the MLS Stadium project. Mr. Farha stated that ICON is working with representatives from Populous, Hastings, and Mortenson & Messer. In terms of construction, ICON is currently coordinating schedules with the Fairgrounds to minimize the impact on regularly scheduled events.

MLS Stadium

Revenue Bonds - Consideration of the initial Resolution authorizing the issuance of not to exceed two hundred twenty-five million dollars (\$225,000,000) in aggregate principal amount of federally taxable public improvement revenue bonds (MLS Project), series 2019 of the Sports Authority of the Metropolitan Government of Nashville and Davidson County

Chairwoman Adkins recognized Mr. Tom Eddlemon, Metro Treasurer, to discuss the issue of revenue bonds for the Major League Soccer Stadium. Mr. Eddlemon discussed the current timeline for issuance of the bonds (included as *Attachment 4*) and noted that the project was presented to ratings agencies Moody's and S&P. Final ratings are expected on January 18th. Mr. Eddlemon recognized Mr. Wayne Placide, with Hilltop Securities, to discuss the details of the \$225,000,000 revenue bond. Mr. Placide stated that the MLS stadium construction costs will be funded by:

- \$225 million from the Metro Sports Authority
- \$25 million from the team

- Cost overruns will be paid by the team

Mr. Placide continued by noting that the bonds will be taxable because payments will be made by the team, as opposed to Metro. The bonds will fund construction and equipment related to the stadium (including architectural, engineering, legal and consulting costs). The maximum term of the bond is not to exceed 30 years from commencement of operations (February 1, 2050). The financing assumptions and sources/uses of the funds can be found in *Attachment 5*.

Mr. Placide recognized Metro's Bond Counsel, Mr. Jeff Oldam, with Bass, Barry & Sims, to discuss the resolutions. Mr. Oldam stated that State law requires bond agreements to be approved by the Board and then publically noted in local newspapers. The bonds will be repaid with revenues generated from two sources, including:

- Sales Tax received related to stadium operations
- Ticket Tax received for every ticket sold to all stadium events
- Facility rent that the team will pay Metro to lease the facility

Upon a motion duly made and seconded, the Board voted to approve of the initial Resolution authorizing the issuance of not to exceed two hundred twenty-five million dollars (\$225,000,000) in aggregate principal amount of federally taxable public improvement revenue bonds (MLS Project), series 2019 of the Sports Authority of the Metropolitan Government of Nashville and Davidson County.

Revenue Bonds - Consideration of a Resolution authorizing the issuance and sale of federally taxable public improvement revenue bonds (MLS Project), series 2019 of the Sports Authority of the Metropolitan Government of Nashville and Davidson County; Approving the execution and delivery of a trust indenture and bond purchase agreement relating to said bonds; Pledging certain revenues of the Authority to the payment of the bonds; Authorizing the execution and delivery of an Intergovernmental Agreement with the Metropolitan Government relating to said bonds; and authorizing the preparation and distribution of a preliminary official statement and official statement in connection with the sale of the bonds

Mr. Oldam stated that this second resolution authorizes the issuance of the \$225,000,000 revenue bonds. The bond issue requires the following documents to be approved by the Board:

- Trustee Indenture: Authorizes the Trustee to collect and disperse revenues

- Bond Purchase Agreement: Agreement with the underwriters that states the details of the bond purchase (includes interest rate and repayment details)
- Intergovernmental Agreement (previously executed): States that the Sports Authority will issue the bonds and Metro will use sales tax and ticket tax for repayment
- Preliminary Official Statement: Required for bond issuance and describes the details of the project for potential investors

Also included in the materials was a letter from the State’s Comptroller approving the repayment options of the bonds and recognizing that the project is in the public’s best interest. The Comptroller also stated that the Sports Authority’s current Debt Management Policy does not include a provision as required by the State Funding Board’s “Statement on Debt Management.” This is what authorizes the deferral of the payment of principal. The Policy also does not include a Balloon Debt Management Plan. Mr. Oldam stated that the Sports Authority’s Debt Management Policy requires some adjustments and is expected to be considered at the February 21, 2019 meeting. **Upon a motion duly made and seconded, the Authority voted to approve the Resolution authorizing the issuance and sale of federally taxable public improvement revenue bonds (MLS Project), series 2019 of the Sports Authority of the Metropolitan Government of Nashville and Davidson County; Approving the execution and delivery of a trust indenture and bond purchase agreement relating to said bonds; Pledging certain revenues of the Authority to the payment of the bonds; Authorizing the execution and delivery of an Intergovernmental Agreement with the Metropolitan Government relating to said bonds; and authorizing the preparation and distribution of a preliminary official statement and official statement in connection with the sale of the bonds.**

Facility Questions

Chairwoman Adkins asked if there were any questions for Nissan Stadium, Bridgestone Arena and First Tennessee Park. Ms. Michelle Kennedy, Predators’ Chief Operating Officer, stated that the Predators are currently making changes to the Second Amended and Restated Limited Guaranty. The Guaranty relates to the Predators’ ownership group and includes the percentage equity for each individual. She noted that two transactions are occurring:

- 1.) Two existing owners are selling a total of 2.9% to another existing owner; and

2.) An existing owner is selling 5.5% to two new owners. Ms. Kennedy concluded by stating that updated Net Worth Certifications will be issued and anticipates asking the Board to consider the completed agreement in the next month or two.

Ford Ice Center Report

Chairwoman Adkins recognized Mr. Danny Butler, General Manager of Ford Ice Center, to give the Ford Ice Center Report. Mr. Butler welcomed all in attendance and then recognized Mr. Mike Skeats, Senior Manager of Amateur Hockey & Fan Development at Ford Ice Center. Mr. Skeats began by noting several hockey programs currently being held at Ford Ice Center:

- Future Goals Program: Digital online learning platform for Middle and High school students
- Street Pride Program: 12-week after-school street hockey program
- Preds Fitness Challenge: Program for Elementary aged children that teaches street hockey, fitness and nutrition
- G.O.A.L. Program: Free program for children to learn how to play hockey
- Little Preds Learn to Play Program: 6-week program that includes hockey equipment for participants
- Youth League: Last year this program had 1,100 participants
- Adult League: Includes five divisions and had over 1,200 participants last year
- Hockey and Heels Event: Hockey 101 for women

Mr. Skeats then recognized Ms. Paula Trujillo, Manager of the Scott Hamilton Skating Academy, to continue the report. Ms. Trujillo stated that the Scott Hamilton Skating Academy was awarded the “Kickstart Award” for having 450 participants during the inaugural year. In 2018, participation increased to over 1,200 and the Scott Hamilton Skating Academy was named the “Top Learn to Skate Program in the South & Midwest.” Scott’s All Stars Program received a grant for \$10,000 to support teaching those with disabilities how to skate. The Academy has a goal of being recognized as a training facility for the US Figure Skating Association.

Mr. Danny Butler reported that Ms. Kori Ade, Olympic and World level coach, will join the Scott Hamilton Skating Academy to initiate the Sharp Program. This program will grow with children

(from Learn to Skate to the Olympic level) in a systematic way related to skills development. He additionally reported that Ford Ice Center will host the National Women's Hockey League (NWHL) All-Star Skills Competition on February 9, 2019. Bridgestone Arena will host the NWHL All-Star Game on February 10, 2019. Mr. Butler completed his report by announcing that the Ford Ice Center recently created its first All-Pro Curling Team which includes four former NFL players (Jared Allen, Marc Bulger, Keith Bulluck and Michael Roos).

Bellevue Ice Center Agreement

Chairwoman Adkins recognized Ms. Margaret Darby, with Metro Legal, to discuss the Bellevue Ice Center. Ms. Darby stated that the new ice center in Bellevue will have agreements similar to that of Ford Ice Center's. She stated that some differences between the two include:

- Source of financing
- Agreement with the Sports Authority
 - Ford Ice Center is a Ground Lease
 - Bellevue is a Facility Management Agreement
- Lease Agreement with Metro's General Services for "Space B" within the Bellevue Ice Center

Ms. Darby noted the following highlights of the Facility Management Agreement:

- Term of the Agreement: 7-10 years with the option to renew for subsequent periods
- Lessee will contribute \$3 million for capital improvements
- Sports Authority will provide utilities and Manager will pay service bills
- Manager will have Exclusive Right to Use & Operate the facility
- Sports Authority is given "Civic Use Days" to occupy the facility
- Manager is responsible for day-to-day operations
- Sports Authority will maintain building insurance
- Manager will maintain insurance for property located within the facility

2019 Officer Elections

Chairwoman Adkins recognized Ms. Margaret Darby to discuss Officer Elections. Ms. Darby stated the Board is to meet annually to elect a Chair, Vice-Chair and Secretary/Treasurer. The Sports

Authority Bylaws state that the election of the officers is to take place in January. Chairwoman Adkins then opened the floor to any motions. Ms. Margaret Behm moved to re-elect the current officers:

- Chair – Ms. Kim Adkins
- Vice-Chair – Ms. Cathy Bender
- Secretary – Mr. Emmett Wynn

Upon a motion duly made and seconded, the Board voted to retain the current slate of officers.

There being no other business, the meeting was adjourned.

https://www.youtube.com/watch?v=xn2jLTlx_q4

BRIDGESTONE ARENA
FINANCIAL STATEMENTS RELATED TO
OPERATING AGREEMENT
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2018 AND 2017

BRIDGESTONE ARENA
FINANCIAL STATEMENTS RELATED TO
OPERATING AGREEMENT
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Sports Authority of the Metropolitan Government of Nashville
and Davidson County, Tennessee and Powers Management, LLC

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Powers Management, LLC as manager of the Bridgestone Arena, which comprise the Statements of Assets, Liabilities, and Fund Balance Related to the Operating Agreement as of June 30, 2018 and 2017, and the Statements of Activities Related to the Operating Agreement for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee, and Powers Management, LLC (the "Operating Agreement"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance related to Powers Management, LLC as manager of the Bridgestone Arena as of June 30, 2018 and 2017, and the related revenues and expenses for the years then ended in accordance with the Operating Agreement.

BASIS OF ACCOUNTING

We draw attention to Notes 1 and 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared by Powers Management, LLC as manager of the Bridgestone Arena on the basis of the financial reporting provisions of the Operating Agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the agreement referred to above. Our opinion is not modified with respect to that matter.

Handwritten signature in black ink that reads "KrafftCPAs PLLC". The signature is written in a cursive, slightly slanted style.

Nashville, Tennessee
November 30, 2018

BRIDGESTONE ARENA

STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE RELATED TO THE
OPERATING AGREEMENT

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 18,353	\$ 382,923
Cash - working capital advances from Metro	343,999	50,349
Restricted cash - advance tickets	30,087,237	15,030,323
Due from Metro for capital improvements	1,908,601	178,277
Accounts receivable (includes \$1,372,135 and \$1,497,005 at 2018 and 2017, respectively, due for advance ticket proceeds and related royalties)	6,217,448	7,412,334
Prepaid expenses	<u>863,684</u>	<u>379,695</u>
Total Assets	<u>\$ 39,439,322</u>	<u>\$ 23,433,901</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,224,666	\$ 7,583,769
Advance ticket proceeds	26,189,573	16,078,537
Deferred revenue	<u>3,048,804</u>	<u>1,795,316</u>
Total Liabilities	<u>41,463,043</u>	<u>25,457,622</u>
Fund Balance:		
Cumulative working capital advances from Metro	103,238,906	97,981,105
Cumulative excess of expenses over revenues	<u>(105,262,627)</u>	<u>(100,004,826)</u>
Total Fund Balance (Deficit)	<u>(2,023,721)</u>	<u>(2,023,721)</u>
Total Liabilities and Fund Balance	<u>\$ 39,439,322</u>	<u>\$ 23,433,901</u>

See accompanying notes to financial statements.

BRIDGESTONE ARENA

STATEMENTS OF ACTIVITIES RELATED TO THE OPERATING AGREEMENT

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Facility rent, excluding Hockey Club	\$ 4,771,506	\$ 4,520,981
Facility rent, Hockey Club	2,601,763	2,393,162
Food and beverage	5,153,402	4,572,165
Merchandise	624,411	503,340
Parking	105,984	124,152
Seat use charge	1,312,948	948,625
Sales commission	8,386	25,371
Box office	1,960,758	1,550,692
Other	<u>839,850</u>	<u>560,905</u>
TOTAL REVENUES	<u>17,379,008</u>	<u>15,199,393</u>
EXPENSES		
Compensation and benefits	5,375,966	4,706,219
General and administrative	351,259	448,074
Utilities - electric, gas, and water	2,996,218	3,078,588
Contract services	416,201	624,526
Maintenance, repairs, and supplies	2,395,225	1,710,344
Service agreements	735,194	562,147
Advertising, marketing, and promotion	383,219	327,776
Insurance	241,382	278,401
Legal and professional services	193,977	205,852
Telephone	173,025	158,262
Equipment rental	112,203	98,947
Management fee	1,000,000	1,000,000
Seat use charge	1,312,948	948,625
Event expense	<u>6,949,992</u>	<u>6,645,387</u>
TOTAL EXPENSES	<u>22,636,809</u>	<u>20,793,148</u>
EXCESS OF EXPENSES OVER REVENUES	(5,257,801)	(5,593,755)
CUMULATIVE EXCESS OF EXPENSES OVER REVENUES:		
Beginning of year	<u>(100,004,826)</u>	<u>(94,411,071)</u>
End of year	<u>\$ (105,262,627)</u>	<u>\$ (100,004,826)</u>

See accompanying notes to financial statements.

BRIDGESTONE ARENA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS

General

Bridgestone Arena (the “Arena”) is a 20,000 seat multi-purpose arena located in downtown Nashville, Tennessee. The Arena and the land on which it is located are owned by the Sports Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the “Sports Authority”), acting on behalf of the Metropolitan Government of Nashville and Davidson County, Tennessee (“Metro”).

Operating Agreement

The relationship regarding management of the Arena between the Sports Authority and Powers Management, LLC (“Powers”), a limited liability company that is a subsidiary of Nashville Hockey Club Limited Partnership (the “Hockey Club”), is governed by the terms of the Second Amended Operating and Management Agreement between the parties dated July 2, 2012 (the “Operating Agreement”).

Predators Holdings, LLC (“Holdings”) owns a 100% interest in the Hockey Club and Powers.

Throughout this report, “Manager” shall refer to Powers in its capacity as Arena manager under the Operating Agreement. Pursuant to the Operating Agreement, Powers receives a monthly management fee for operating and managing the Arena. The Operating Agreement expires concurrent with the Second Amended and Restated License and Use Agreement by and between the Hockey Club and the Sports Authority on June 30, 2028 (the “License and Use Agreement”).

In connection with its responsibilities under the Operating Agreement, Powers, in its role as Manager, oversees all of the day to day operating activities of the Arena. All operating costs relating to these activities are presented in the accompanying Statements of Activities Related to the Operating Agreement.

Management Fee

Powers is entitled to receive a monthly management fee from the Sports Authority as compensation for its operation and management of the Arena. The annual base management fee is paid in equal monthly installments on the first day of each month. Management fees paid to Powers totaled \$1,000,000, for each of the years ended June 30, 2018 and 2017.

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Incentive Fee

Powers may also earn an annual incentive fee from the Sports Authority as incentive to manage operations of the Arena for the maximum public benefit (the "Incentive Fee"). The Incentive Fee under the Operating Agreement is equal to 50% of the amount by which the sum of certain items exceeds the stated base year amount as defined in the Operating Agreement. The Incentive Fee shall not exceed \$2,700,000 for any operating year ending on or before June 30, 2018, \$3,700,000 from July 1, 2018 through June 30, 2022, and \$4,500,000 for any year beginning on or after July 1, 2022. Any funds received from the Nashville Convention and Visitors Bureau ("CVB") shall not be considered in computing the limitation of the Incentive Fee. Beginning July 1, 2018, the amount of the maximum Incentive Fee shall be adjusted annually by a percentage equal to the percentage change in the Consumer Price Index ("CPI") during the immediately preceding calendar year, but in no event more than 2.5% in any operating year. Powers earned an Incentive Fee of \$2,700,000 for the years ended June 30, 2018 and 2017; pursuant to the terms of the Operating Agreement, this is not reflected as an operating expense in the accompanying financial statements.

Performance Bonus

Under the Operating Agreement, Powers is entitled to receive a performance bonus (the "Performance Fee") for any operating year for which the Net Operating Loss Cap is in effect. The Sports Authority shall pay Manager the Performance Fee for the amount by which the Adjusted Net Operating Loss is less than the Net Operating Loss Cap. Powers earned a Performance Fee of \$1,300,923 and \$544,890, respectively, for each of the years ended June 30, 2018 and 2017; pursuant to the terms of the Operating Agreement, this is not reflected as an operating expense in the accompanying financial statements.

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Working Capital Advances

In each operating year, Powers is financially responsible for all working capital needs of the Arena above the amount of the annual Net Operating Loss Cap, as defined in the Operating Agreement. For purposes of providing funding for the management of the Arena, on an annual basis, Metro is required to deposit into a working capital account an amount equal to the Net Operating Loss Cap. The Adjusted Net Operating Loss Cap was \$5,793,816 and \$5,373,737 for the years ended June 30, 2018 and 2017, respectively. The net operating loss cap is adjusted each year by the lesser of 5% or the annual percentage change in the CPI.

Working capital advances from Metro that are not utilized are presented as “Cash - working capital advances from Metro”, and the cumulative advances are presented as “Cumulative working capital advances from Metro” in the accompanying Statements of Assets, Liabilities, and Fund Balance Related to Operating Agreement.

A reconciliation of cumulative working capital advances from Metro follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Cumulative working capital advances from		
Metro - beginning of year	\$ 97,981,105	\$ 92,387,350
Working capital advances for the year	5,793,816	5,373,737
Management fee funded through working capital	764,908	764,908
Refund to Metro for excess working capital funds	<u>(1,300,923)</u>	<u>(544,890)</u>
Cumulative working capital advances from		
Metro - end of year	<u>\$103,238,906</u>	<u>\$ 97,981,105</u>

Metro Ticket Surcharge

The Manager collects a ticket surcharge for non-hockey events and remits to Metro on behalf of the Sports Authority. The ticket surcharge (equal to 5% of the ticket price, capped at \$2 per ticket sold) is charged on the sale of every ticket and is remitted, net of applicable sales tax, to Metro. Ticket surcharge amounted to \$1,312,948 for the year ended June 30, 2018 (\$948,625 for the year ended June 30, 2017). The Sports Authority was owed \$181,886 related to the ticket surcharge, which is included in accounts payable and accrued expenses at June 30, 2018 (\$33,611 at June 30, 2017).

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS (CONTINUED)

Capital Improvements Fee

Pursuant to the Operating Agreement, a fee was created to address needs for capital improvements in the Arena; effective for all non-hockey events offered for sale after July 1, 2012, the Manager began collecting a Capital Improvements Fee on all tickets. The Capital Improvements Fee is calculated as the lesser of 5% of the ticket price or \$2.00 per ticket. The Capital Improvements Fee is collected by the Manager and paid to the Capital Improvements Fund monthly. This fund is maintained by the Sports Authority. During the year ended June 30, 2018, the Arena paid \$1,411,559 into the Capital Improvements Fund (\$965,888 during the year ended June 30, 2017). The Capital Improvement Fund was owed \$53,554 at June 30, 2018, which is included in restricted cash - advance tickets (\$73.263 at June 30, 2017). The Manager presents to the Sports Authority recommendations for Capital Improvements; such recommendations are approved by the Sports Authority. Debt service on the Sports Authority credit facility created concurrently with the establishment of the Capital Improvements Fee for the purpose of funding the projects shall be paid from amounts maintained in the Capital Improvements Fund. The Capital Improvements Fee is not reflected as an operating revenue or expense in the accompanying financial statements, pursuant to the terms of the Operating Agreement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements present the assets, liabilities, revenues and expenses attributable to the operating activities of the Arena in accordance with the Operating Agreement (as further described in Note 1), generally on the accrual basis of accounting. Property and equipment, indebtedness of Metro with respect to the financing of the Arena, and the related expense amounts for depreciation, interest and other costs related to the Arena are not reflected in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to be a complete presentation of the financial position and results of operations of the Arena in conformity with accounting principles generally accepted in the United States of America.

Restricted Cash - Advance Tickets

Restricted cash - advance tickets represents deposits received on tickets sold for future events at the Arena. Cash from these deposits is transferred to the operating account upon settlement of the related event.

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Credit Policies

Accounts receivable are uncollateralized obligations due from promoters and other vendors. Late or interest charges on delinquent accounts are not recorded until collected. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of amounts that will not be collected. The allowance is estimated based on management's knowledge of its customers, historical loss experience and existing economic conditions. Accounts receivable are charged off against the allowance account when, in management's opinion, all collection efforts have been exhausted. Management considers all accounts receivable at year end to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Deferred Revenue

Deferred revenue consists of proceeds from advance ticket sales and Ticketmaster royalties associated with such sales. Proceeds from advance ticket sales and related royalties are deferred and either recognized as revenue or paid to promoters in the period in which the respective event takes place and is settled with the promoter. Advance ticket proceeds are reported as such and royalties are reported as deferred revenue under current liabilities in the accompanying Statements of Assets, Liabilities and Fund Balance Related to the Operating Agreement.

Income Taxes

As discussed in Note 1, the Arena is owned by the Sports Authority. Powers and Metro consider the operations of the Arena to be exempt from federal and state income taxes. Accordingly, income taxes have not been provided.

Revenue Recognition

Facility rental revenue is recognized when the related event takes place and is settled with the promoter. Rental charges vary from flat rates to a fixed percentage of net box office receipts on ticketed events. In certain cases, the Manager is also reimbursed by the promoter for specified costs, principally labor. Reimbursements for event related costs are netted against the related expense in the accompanying Statements of Activities Related to the Operating Agreement.

Other event-related revenues (i.e., food and beverage, parking, seat use charge, and merchandising revenues) are recorded at the time of the related event. Box office revenue represents royalties paid to the Manager by Ticketmaster based on the number of tickets sold for an event by phone, internet or a Ticketmaster outlet, as defined in the Ticketmaster license agreement.

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion Costs

Advertising and promotion costs are primarily expensed as incurred. Significant expenses incurred related to specific events are recorded as prepaid expenses and recognized in the period in which the respective event occurs.

Sales Taxes Collected

Sales taxes collected and remitted to governmental authorities are excluded from revenues and costs and presented on a net basis in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring After Reporting Date

Powers has evaluated events and transactions that occurred between June 30, 2018 and November 30, 2018, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - CREDIT RISK AND OTHER CONCENTRATIONS

The Manager maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. Cash balances may, at times, exceed statutory limits. The Manager has not experienced any losses in such accounts and management considers this to be a normal business risk.

The Manager performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. Receivables from three entities represented approximately 64% of receivables, excluding amounts due from Metro and the Hockey Club, at June 30, 2018 (three entities at 45% at June 30, 2017).

The Manager had liabilities to two entities that represented approximately 34% of the Manager's accounts payable and accrued expenses, excluding amounts due to Metro and the Hockey Club, at June 30, 2018 (one entity at 10% at June 30, 2017).

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 4 - CUMULATIVE EXCESS OF EXPENSES OVER REVENUES

The cumulative excess of expenses over revenues includes cumulative payments to Metro on behalf of the Sports Authority as follows at June 30:

	<u>2018</u>	<u>2017</u>
Cumulative payments - beginning of year	\$ 22,203,503	\$ 21,254,878
Payments for the year	<u>1,312,948</u>	<u>948,625</u>
Cumulative payments - end of year	<u>\$ 23,516,451</u>	<u>\$ 22,203,503</u>

NOTE 5 - TRANSACTIONS WITH THE HOCKEY CLUB

The License and Use Agreement with the Hockey Club establishes the parameters for the use of the Arena for, among other things, the Nashville Predators' National Hockey League ("NHL") home games. The Manager receives rental revenues from the Hockey Club equal to the greater of \$240,000 or 5% of net box office receipts per year less a \$750,000 rent reduction credit.

Total rent revenues under the agreement were \$2,601,763 for 2018 and \$2,393,162 for 2017. There was \$684,270 in rent receivable from the Hockey Club at June 30, 2018 (\$2,153,594 at June 30, 2017).

Additionally, under this agreement, the Sports Authority granted the Hockey Club the exclusive right to market, promote, and license the Arena suites to the public. The Hockey Club is entitled to all revenues derived from the suite licenses.

At June 30, 2018 and 2017, other receivables from the Hockey Club totaled \$1,680,668 and \$1,083,206, respectively.

At June 30, 2018 and 2017, payables to the Hockey Club totaled \$888,290 and \$2,296,368 respectively.

NOTE 6 - 401(K) PROFIT SHARING PLAN

The Manager's employees are eligible to participate in the Hockey Club's 401(k) profit sharing plan covering substantially all employees. Contributions to the plan by the Manager, which are made at management's discretion, totaled \$44,721 and \$31,845 for the years ended June 30, 2018 and 2017, respectively.

BRIDGESTONE ARENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 7 - OTHER COMMITMENTS

The Manager has entered into various contract and service agreements for cleaning and for maintenance on certain facility fixed assets, various lease agreements for equipment, and various advertising agreements. Rent expense totaled approximately \$310,000 and \$480,000 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments required under non-cancellable contract and service agreements as of June 30, 2018 follow:

For the year ending June 30:

2019	\$ 277,126
2020	<u>46,188</u>
	<u>\$ 323,314</u>

NOTE 8 - CONTINGENT LIABILITIES

The Manager is, from time to time, involved in lawsuits arising in the ordinary course of business that, in the opinion of management, will not have a material adverse effect on the Arena's financial position or results of operations.

NOTE 9 - CONTINGENT RENT AND MANAGEMENT FEE ABATEMENT CLAUSES

Under the terms of the agreement between the Sports Authority and Powers discussed in Note 1, the Sports Authority may deduct from the management fees paid to Powers an amount equal to one-third (1/3) of the product obtained by multiplying the management fee by a fraction, the numerator which is one (1) and the denominator of which is the total number of home games originally scheduled to be played at the Arena during the operating year in which a missed game occurs due to a strike or lockout involving the Players.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Sports Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee and Powers Management, LLC

We have performed the procedures enumerated below, which were agreed to by Powers Management, LLC ("Powers") and the Sports Authority of the Metropolitan Government of Nashville and Davidson County, Nashville, Tennessee (the "Sports Authority"), solely to assist you in complying with your filing requirements for the 2017-2018 calculation of team related revenues, incentive fee, and adjusted net operating loss, as defined in, and as required under the Second Amended and Restated Operating and Management Agreement between Powers and the Sports Authority. The management of Powers is responsible for the 2017-2018 calculation of team related revenues, incentive fee, and adjusted net operating loss. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Team Related Revenues:

1. Obtained summary schedule by month of Food and Beverage Revenues for the year ended June 30, 2018. (See Attachment 1). We also obtained supporting schedules of the detail monthly calculations of Food and Beverage Revenues, including amounts due to Nashville Hockey Club Limited Partnership ("Hockey Club").
2. Recomputed mathematical accuracy of Food and Beverage Revenues summary schedule.

No exceptions were noted as a result of this procedure.

3. Selected the months of September 2017, November 2017 and February 2018 from the period covering July 2017 through June 2018 and performed the following procedures with respect to each such month's supporting schedule:
 - a. Tested mathematical accuracy of the detail monthly calculation of Food and Beverage Revenues.
 - b. Tested percentage allocations of revenue due to Powers Management, LLC to the Concessions Agreement in effect for the period between Powers Management, LLC and Smoky Mountain SportService, Inc. ("SportService").
 - c. Agreed total monthly revenue amounts from the detail monthly calculation schedule to the remittance advice or other supporting documentation received from SportService.

No exceptions were noted as a result of this procedure.

4. For selected months, we tested the allocation of revenues between hockey and non-hockey events by performing the following procedures:

- a. Obtained schedule of dates of hockey games.
- b. Recomputed hockey and non-hockey revenues from daily revenue listings provided by SportService.

No exceptions were noted as a result of this procedure.

5. Recalculated team related revenues based on percentages specified in the License and Use Agreement between the Sports Authority and the Hockey Club.

No exceptions were noted as a result of this procedure.

Incentive Fee:

6. Obtained detailed calculation of the June 30, 2018 incentive fee as defined in Article IV of the Second Amended and Restated Operating and Management Agreement. Obtained supporting schedules and information (sales tax calculation and related sales tax returns, seat use charge calculation, and selected information taken directly from the Bridgestone Arena's audited financial statements related to the Second Amended and Restated Operating and Management Agreement for the year ended June 30, 2018) used to calculate the incentive fee and recomputed mathematical accuracy of the Incentive Fee Calculation. (See Attachment 2).

No exceptions were noted as a result of this procedure.

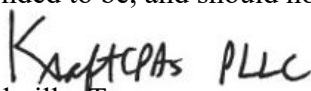
Adjusted Net Operating Loss:

7. Obtained detailed calculation of the June 30, 2018 adjusted net operating loss cap as defined in Article VII of the Second Amended and Restated Operating and Management Agreement. Obtained information (taken directly from the Bridgestone Arena's audited financial statements related to the Second Amended and Restated Operating and Management Agreement for the year ended June 30, 2018) used to calculate the adjusted net operating loss cap and recomputed mathematical accuracy of the Adjusted Net Operating Loss Calculation. (See Attachment 3).

No exceptions were noted as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the 2017-2018 calculation of team related revenues, incentive fee, and adjusted net operating loss. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Powers and the Sports Authority, and is not intended to be, and should not be, used by anyone other than the specified parties.



Nashville, Tennessee
November 30, 2018

BRIDGESTONE ARENA
Food and Beverage Revenues
For the Year Ended June 30, 2018

	07/2017	08/2017	09/2017	10/2017	11/2017	12/2017	01/2018	02/2018	03/2018	04/2018	05/2018	06/2018	Total
Total Food and Beverage Revenues	\$ 129,716	\$ 572,362	\$ 298,397	\$ 1,044,186	\$ 1,019,391	\$ 1,778,100	\$ 1,028,910	\$ 1,215,981	\$ 1,943,002	\$ 1,354,570	\$ 904,037	\$ 372,091	\$ 11,660,743
Amount due to (from)													
Nashville Hockey Club Limited Partnership:													
Retail Store	5,772	(9,017)	66,213	127,217	106,576	133,878	63,176	197,003	225,252	257,635	98,982	29,169	1,301,856
Concessions	-	-	166,914	401,556	571,817	555,168	590,357	835,303	913,847	850,336	300,982	19,205	5,205,485
	<u>5,772</u>	<u>(9,017)</u>	<u>233,127</u>	<u>528,773</u>	<u>678,393</u>	<u>689,046</u>	<u>653,533</u>	<u>1,032,306</u>	<u>1,139,099</u>	<u>1,107,971</u>	<u>399,964</u>	<u>48,374</u>	<u>6,507,341</u>
Balance for Bridgestone Arena	<u>\$ 123,944</u>	<u>\$ 581,379</u>	<u>\$ 65,270</u>	<u>\$ 515,413</u>	<u>\$ 340,998</u>	<u>\$ 1,089,054</u>	<u>\$ 375,377</u>	<u>\$ 183,675</u>	<u>\$ 803,903</u>	<u>\$ 246,599</u>	<u>\$ 504,073</u>	<u>\$ 323,717</u>	<u>\$ 5,153,402</u>

**BRIDGESTONE ARENA
Incentive Fee Calculation
For the Year Ended June 30, 2018**

2017-18 Incentive Fee Calculation

	<u>2006 Base</u>	<u>2018 Actual</u>	<u>Difference</u>
<u>Arena-Related Revenues</u>			
Facility rent	\$ 2,016,044	\$ 7,373,269	
Food and beverage (excludes Hockey Club-related food and beverage)	1,179,102	5,153,402	
Parking and other (excludes Hockey Club-related advertising) *	453,277	571,004	
Merchandise	182,477	624,411	
Box office	311,574	1,960,758	
Non-hockey (arena) seat use charge	425,980	1,312,948	
Subtotal - Arena Related Revenue	<u>\$ 4,568,454</u>	<u>\$ 16,995,792</u>	\$ 12,427,338
<u>Sales Taxes and Seat Use Charges</u>			
Local hockey-related sales taxes	\$ 622,589	\$ 2,495,523	
Local non hockey-related sales taxes	101,169	701,746	
State (thru Sports Authority) hockey sales taxes	1,539,203	6,169,577	
State (thru Sports Authority) non-hockey sales taxes	-	5,199,157	
Hockey seat use charge	807,700	1,332,832	
Subtotal - Sales Taxes and SUC	<u>\$ 3,070,661</u>	<u>\$ 15,898,835</u>	\$ 12,828,174
Total before 50% / 50% split	\$ 7,639,115	\$ 32,894,627	\$ 25,255,512
Incentive fee rate			<u>50%</u>
CALCULATED INCENTIVE FEE to POWERS			<u>\$ 12,627,756</u>
CAPPED INCENTIVE FEE to POWERS			<u>\$ 2,700,000</u>

*Interest income of \$383,216 is not included in other revenue for the incentive fee calculation, whereas it is included on the audited financial statements as other revenue.

BRIDGESTONE ARENA
Adjusted Net Operating Loss Calculation
For the Year Ended June 30, 2018

	<u>Adj. Net Operating Loss Cap per O&M</u>
Revenues	
Rent Revenue - non Hockey Club	\$ 4,771,506
Rent Revenue - Hockey Club	2,601,763
Food and Beverage Revenue	5,153,402
Merchandise Revenue	624,411
Parking Revenue	105,984
Seat Use Charge (excluding NHL) Revenue	1,312,948
Sales Commission Revenue	8,386
Total Box Office Revenue	1,960,758
Other Income	839,850
Total Revenues	\$ 17,379,008
 Expenses	
Compensation & Benefits	5,375,966
General and Administrative	351,259
Utilities - NES, Gas, Water	2,996,218
Contract Services	416,201
Maintenance, Repairs, and Supplies	2,395,225
Service Agreements	735,194
Advertising, Marketing & Promotion	383,219
Insurance	241,382
Legal and Professional Services	193,977
Telephone	173,025
Equipment Rental	112,203
Management Fee	235,092
Estimated Ticket Surcharge	1,312,948
Event Expense	6,949,992
Total Expenses	\$ 21,871,901
Adjusted Net Operating Loss (A)	\$ (4,492,893)
Baseline NOL Cap Funding	\$ (4,480,868)
Estimated Ticket Surcharge Funding	(1,312,948)
NOL Cap (B)	\$ (5,793,816)
Performance Fee (A) - (B)	\$ 1,300,923



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November 30, 2018

Ms. Monica Fawknorton
Sports Authority of the Metropolitan
Government of Nashville and Davidson County
730 Second Avenue, South
Suite 103
Nashville, TN 37219

Monica,

Attached is our submission of the Fiscal Year 2020 Bridgestone Arena Budget. Due to the timing dictated by the Operating and Management Agreement, we are required to submit this budget before we have clear insight into the factors that impact the numbers. Despite that, we try to balance the most recent year's financial results, projections for the current fiscal year, and the expectations of the concert touring industry of the coming year. The results of this process have produced the attached budget which continues to show growth in key revenue areas. Overall revenue growth is budgeted 20% higher than FY19's budget while reflecting a 3% increase from FY18 revenue; the key difference between FY18's revenue results and the FY20 budget is Rent Revenue – Predators. The Predators playoff success resulted in a significant increase in rent revenue; while we hope to spend every spring in the midst of a historical playoff run, it would be irresponsible to budget for that lofty aspiration. Event related revenue areas such as Food & Beverage, Box Office, and Merchandise all have modest growth compared to the record high results from FY18. These areas are obviously driven by our incredibly aggressive lineup of concerts and events. This budget reflects our continuing commitment to being the number one sports and entertainment venue in North America.

As revenues continue to grow, our goal is to continue to responsibly manage expenses. We must balance this responsible expense management with the necessity to maintain an aging building. As the building ages, the investment necessary to maintain the first class condition of the building increases. We saw this trend beginning in a substantial way in our FY17 and FY18 final results, which prompted an increase in the budget for both the "Maintenance, Repair, & Supplies" and the "Service Agreements" expense lines. Those expense centers have grown from \$2M (FY16) to \$3.1M (FY18) in just two years. With that in mind, we have increased the FY20 budget to \$3.6M in expectation that as the building continues to age, there needs to be a continued emphasis on upkeep and renovations as we strive to keep the building in first class condition. We continue to explore the future funding of capital improvements as the current construct of the CIF program is at capacity due to the cap that is in place. We anticipate a need to continue to utilize the operating expense budget to cover the continuing need to cover the capital budget shortage.

This budget and our actual results are generated through a continued focus on a more aggressive operating philosophy with an emphasis on maximizing revenues and increasing



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service levels to combine them into stronger event bookings and results. Our operating philosophy will continue to create opportunities to improve upon these numbers and we hope that it will result in the same levels of success that we have all grown accustomed to over the past few years.

The positive trends that we have seen regarding the incredible volume of event bookings and attendance is directly attributable to the incentive laden lease that we collectively built with the Sports Authority board and Metro. The incentives to our organization to maximize every event that we host allow us to be aggressive on all fronts while the structure of the deal insulates Metro from any potential downside because we bear all the downside risk. From leveraging our team schedule, to utilizing the Predators' sales force, to promoting our events in team broadcasts and in arena, to bringing the organization together as one... all of these result in a stronger and more successful venue; that success spills outside of our walls and into the surrounding businesses throughout the community creating an incredible economic engine from our activity.

Our management team's focus and attention on becoming revenue and service animals will continue to grow the revenue areas within our control while exceeding prior levels of guest services, creating an ever improved P&L. This focus will come together in annual results for the entire organization and we will continue to exceed what has been achieved to date, year in and year out.

I look forward to working with you and the Sports Authority board to outperform this aggressive budget.

As always, please do not hesitate to call to review our submission. I look forward to discussing it with you and the entire board at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Clayton".

Kyle Clayton

Bridgestone Arena/Powers Management
 FY2020 Budget Submission

	Budget FY18	Actual FY18	Budget FY19	Budget FY20
Number of events	134	141	142	148
Attendance	1,474,030	1,688,313	1,532,991	1,702,000
Revenues				
Rent Revenue - non Predators	4,669,718	4,771,507	4,809,809	5,057,797
Rent Revenue - Predators	1,335,910	2,601,762	1,396,026	2,221,821
Food & Beverage Revenue	3,605,486	5,085,484	4,846,495	5,390,613
Merchandise Revenue	452,749	624,410	513,407	661,875
Parking Revenue	120,891	105,984	125,727	112,343
Seat Use Charge Revenue	837,754	1,312,949	986,570	1,391,726
Sales Commission Revenue	18,762	8,387	26,132	10,000
Total Box Office Revenue	1,349,230	1,960,757	1,581,707	2,078,402
Interest Income	47,310	383,214	117,170	406,207
Other Income	336,044	456,635	460,562	484,033
Total Revenue	<u>12,773,855</u>	<u>17,311,089</u>	<u>14,863,605</u>	<u>17,814,817</u>
Operating Expenses				
Compensation and Benefits	4,040,844	5,140,303	4,504,515	5,448,721
General and Administrative	328,735	579,002	775,008	607,952
Utilities - NES, Gas, & Water	1,748,355	1,620,416	1,748,279	1,827,511
Utilities - DES	1,425,074	1,375,803	1,408,855	1,479,297
Contract Services	645,314	416,201	643,261	457,821
Maintenance, Repair, & Supplies	1,426,528	2,395,225	1,876,163	2,802,413
Service Agreements	727,986	735,155	802,314	823,374
Advertising, Marketing & Promo	306,380	383,219	334,331	395,812
Insurance Expense	284,827	241,381	292,321	301,726
Legal and Professional Fees	91,188	193,028	153,220	202,679
Management Fee	1,000,000	1,000,000	1,000,000	1,000,000
Telephone Expense	197,079	173,023	201,021	181,674
Equipment Rental	114,428	112,205	116,716	129,058
Event Expenses	5,450,760	6,962,067	6,317,106	7,170,929
Total Operating Expenses	<u>17,787,498</u>	<u>21,327,028</u>	<u>20,173,108</u>	<u>22,828,969</u>
Net Income/(Loss) From Operation	<u>(5,013,643)</u>	<u>(4,015,939)</u>	<u>(5,309,503)</u>	<u>(5,014,151)</u>



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PREDATORS



November 30, 2018

Ms. Monica Fawknorton
Sports Authority of the Metropolitan
Government of Nashville and Davidson County
730 Second Avenue, South
Suite 103
Nashville, TN 37219

Dear Monica,

Consistent with the process adopted last year by the Sports Authority Finance Committee, please find attached the December 1 preliminary capital assessment. In the interest of providing information well in advance of the anticipated expenditure of funds, this year's communication is broadly inclusive, providing an update on CIF projects already approved, identifying a preliminary list of capital requests for next fiscal year as well as for 2020 and 2021. This total capital landscape is guided by the Venue Solutions Facility Assessment Study (the "Facility Assessment"). Given the extensive scope of the items identified in the Facility Assessment for our aging building we believe it is a responsible approach to extend the scope of this communication beyond next fiscal year so that we can begin collaborating on funding for the next 4-5 years of capital needs.

In recent years, the majority of capital needs have been addressed through private funding or the Capital Improvement Fund ("CIF") program, the self-funding mechanism created as part of the 2012 lease agreement. The CIF program has been successful and we have utilized it to its fullest extent, using it for projects that have stretched the limits of funding available (namely, the seat replacement project). In order to maintain the building in a first-class manner, we must devise a funding plan to support the upgrades and maintenance issues identified in the Facility Assessment. We look forward to working together to continue to make Bridgestone Arena not only in at least as good a condition as Comparable Facilities, but as the number one sports and entertainment venue in North America.

Below are projects approved last year as part of the capital project process and projects recommended in the Facility Assessment. As you will recall in previous years, there have not been any Metro Capital Budget requests related to Bridgestone Arena as the CIF program was utilized for specific needs. Due to the extent of the recommendations in the Facility Assessment, we anticipate the need for a submission for future Metro Capital budget cycles. We look forward to engaging in these discussions with you and the board in the coming months.



NASHVILLE
PREDATORS



Consistent with the Sports Authority's obligation to ensure that Bridgestone Arena is kept in at least as good a condition as Comparable Facilities (as such term is defined in the Operating & Management Agreement and License & Use Agreement), the items listed below have been approved and are awaiting CIF availability.

Updates for Bridgestone Arena Projects Approved in May 2017.

- **Backstage Area of Bridgestone Arena (\$700,000)** – *In order to maintain the standards of a top entertainment venue in North America, we must continue to improve the areas utilized by talent and industry partners. This project includes locker rooms, dressing rooms, areas used by rehearsal hall guests and media areas, among other backstage areas. These improvements will enable us to continue to make enhancements to areas that have been moderately altered in the past along with full scale renovations to untouched areas.*
 - **Status** – *Ongoing / partially completed (Crew Catering)*
 - **Facility Assessment Report** – *Addressed on pages 12 & 13 (specific reference regarding updates to: auxiliary locker rooms, dressing rooms, interview room, green room, crew catering room, reception space next to rehearsal hall, and tour office).*
- **Restrooms (\$250,000)** - *Continuation of our ongoing restroom renovations for the coming year.*
 - **Status** – *Ongoing annual expenditure.*
 - **Facility Assessment Report** – *Addressed on pages 12, 18, & 129 (specific reference regarding updates to: event level and club level restrooms). The report also includes favorable reference to recently renovated restrooms on pages 14, 18, & 19.*
- **Newly Created Premium Hospitality Space on Event Level (\$850,000)** – *As we continue to sell out all of our premium areas, the demand for premium spaces continues to grow. We identified a location for another premium site and completed this project last summer. This new space enables us to continue to fulfill our obligation to keep pace with Comparable Facilities.*
 - **Status** – *Completed*
 - **Facility Assessment Report** – *Addressed on page 129 as enlarge event level lounges recommendation. Though recommended in 2021, chose to accelerate due to partner private funding, which was available due to DNC financial success from incredible playoff run in 2017 and immediate revenue potential.*
- **Emergency Power/Back Up System/Firewall (\$100,000)** – *This request is to allow emergency power for our server room, WIFI system, and phone room. This would remove the need for battery backup and would create a direct connection to the backup generator (already in place) which is a much more reliable power source. This would also allow an upgrade to our firewall to support higher bandwidth capacity and security.*
 - **Status** - *Incomplete*
 - **Facility Assessment Report** – *Related to information provided on pages 40 & 71 regarding the emergency generation system.*



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Updates for Bridgestone Arena Projects Approved in July 2018.

- **Large Scale Visual / Audio Enhancements – Phase 1 – Total \$8,540,475**
Status - Complete
 - **In-Bowl LED (\$1,672,134), Video Control Room (\$3,297,717), and Building Infrastructure (\$1,258,186)** – *The previous video system was approximately 10 years old and finding replacement parts to keep the system functioning was difficult. Given the obsolescence of the system, there was a near term need to upgrade our video entertainment platform; a portion of this need was recognized by the Facility Assessment as a near term issue.*
 - **Facility Assessment Report** – *Addressed on pages 71 – 75 & 131 - Large Scale Video Enhancements (\$6,900,000) and Control Room (\$3,000,000) in 2018/2019 and an additional \$1,200,000 for Other Large Format Video Displays in 2020. Acceleration of the 2020 expense would allow for purchasing and installation economies, thus included in the above project communication.*
- **Arena Sound System (\$2,312,438) –**
Status – Complete
 - *The previous sound system was nearing a decade in age and had been repaired/serviced several times. A complete replacement was necessary.*
 - **Facility Assessment Report** – *Addressed on pages 75 – 80 & 131.*

Projects Recommended by the Facility Assessment Report for 2018 & 2019

These projects list below represent items that we find ourselves falling behind on as compared to Comparable Facilities. In order to ensure that Bridgestone Arena is kept in at least as good a condition as Comparable Facilities, the completion of these projects is vitally important in the near future.

- **Large Scale Visual / Audio Enhancements -Phases 2 & 3 – Total \$7,194,353**
 - **Center-Hung Scoreboard (\$2,759,880), Digital Concourse Signage (\$863,056), Outdoor LED Screens (\$2,247,115), In-Bowl LED (\$305,873) and Control Room & Cameras (\$1,018,429)** – *The existing video system is approximately 10 years old and we are beginning to have difficulty finding replacement parts to keep the system functioning. Given the obsolescence of the system, there is a near term need to upgrade our video entertainment platform; a portion of this need was recognized by the Facility Assessment as a near term issue.*
 - **Facility Assessment Report** – *Addressed on pages 71 – 75 & 131 - Large Scale Video Enhancements (\$6,900,000) and Control Room (\$3,000,000) in 2018/2019 and an additional \$1,200,000 for Other Large Format Video Displays in 2020. Acceleration of the 2020 expense would allow for purchasing and installation economies, thus included in the above project communication.*



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- **Security Systems (\$1,197,633)** – Current video surveillance system is a legacy analog CCTV system with 67 cameras. Recommended replacement would be an IP camera based Video Management System (VMS) with additional cameras for added coverage in the seating bowl, concourses, and elevator lobbies. The new system should be a unified platform that allows the inclusion of video analytics to compliment the operations notifications of events with predetermined alarm response condition. Also, the addition of building entry barriers is recommended at the corner of 5th and Broadway as well as the loading dock entry.
 - **Facility Assessment Report** – Addressed on pages 69, 70, & 131.
- **Concert Folding Chairs and Storage Carts (\$245,000)** – Current chairs are at life expectancy (20 years) and need replaced. Desired quantity is 2,000 chairs for concert floor seating.
 - **Facility Assessment Report** – Addressed on page 129.
- **Followspots/Spotlights (\$240,000)** – Current followspots are considered in poor condition and have reached life expectancy (15 years).
 - **Facility Assessment Report** – Addressed on page 129.
- **Wireless Local Area Network (\$200,000)** – The concourse public WLAN has limited coverage and access points are placed only in selected fan gathering areas. In similar venues, the WLAN is deployed to provide 100% coverage. There is an additional \$1,600,000 recommended in 2020 that could be pulled forward if expenditure efficiencies could be gained by combining projects.
 - **Facility Assessment Report** – Addressed on pages 68, 71, & 131.
- **Main Concourse Tile Bases (\$55,000)** – Tile bases at round columns observed to be broken and should be replaced with something more impact resistant.
 - **Facility Assessment Report** – Addressed on pages 15 & 129.
- **Major Systems**
 - **HVAC Upgrades (\$1,280,155)** – Including, but not limited to, demand control ventilation, bi-polar filters on bowl AHUs, energy wheels to locker AHUs, commissioning, and chilled water filtration system.
 - **Facility Assessment Report** – Addressed on page 130.
 - **Electrical Equipment (\$1,015,000)** – Including, but not limited to, thermal scans, overheated transformer, testing quad D unit substation, replace suite lighting, lighting control integration, bowl aisle lighting upgrade/system, smoke detectors, bowl air sampling detection system, and fire alarm zone verification.
 - **Facility Assessment Report** – Addressed on page 130.
 - **Chilled Water System (\$195,000)** – Including, but not limited to, chilled water pumps + redundant pumps, chilled water pump VFDs.
 - **Facility Assessment Report** – Addressed on page 130.
 - **Hot Water System (\$145,000)** – Including, but not limited to, hot water pumps, hot water VFDs, hot water expansion tanks, and condensate return units.
 - **Facility Assessment Report** – Addressed on page 130.
 - **Plumbing Equipment (\$115,000)** – Including, but not limited to, water heater replacement – Areco, water heater – Hesco, domestic water booster pump, duplex lift stations, and Zamboni pit.
 - **Facility Assessment Report** – Addressed on page 130.



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- **Ice System (\$100,000)** – Including, but not limited to, brine pumps.
 - **Facility Assessment Report** – Addressed on page 130.
- **Heat Rejection / Ice Chiller Cooling System (\$25,000)** – Including, but not limited to, ice chiller rejection heat pumps.
 - **Facility Assessment Report** – Addressed on page 130.

Intermediate Range Projects Recommended by the Venue Assessment in 2020 & 2021

The items listed below are intermediate range discussion points at the moment. We want to put these in front of the board to begin the conversations well in advance of the recommended timeline for addressing the issues. The information below is a consolidated approach to provide the financial scope of the upcoming capital needs. More information can be provided through the Facility Assessment Report.

- **Vertical Transportation (\$3,200,000)**
- **Major Systems (\$2,250,000)**
 - **Chilled Water System – additional phase (\$195,000)**
 - **Heat Rejection / Ice Chiller Cooling System – additional phase (\$55,000)**
 - **Air Handlers (1,600,000)**
 - **HVAC Upgrades (\$170,000)**
 - **Electrical Equipment - additional phase (\$100,000)**
 - **Plumbing Equipment – additional phase (\$130,000)**
- **Enlarge Event Club Level Lounges (\$1,800,000)**
- **Redevelop West Upper Concourse Food Court (\$1,750,000)**
- **Information Technologies (\$1,600,000)**
- **Roof – Single Ply EPDM (\$712,000)**
- **Crowd Control Barrier Equipment (\$100,000)**
- **Replicate Mother’s Room on Other Levels (\$97,500)**
- **Forklifts (\$32,454)**

Other Projects to be Considered

The items listed below are early in the planning stages. We are working on determining the scope of each project and are not sure of the timeline. We wanted to have these projects on the Sports Authority’s radar as we continue to explore and strategize each opportunity. Given the vital nature of each of these projects, they may quickly take a priority position among the other projects communicated.

- **Upper Concourse / Press Level Expansion**
 - *Adding an additional level to the concourse/bowl area to allow for a proper press level and additional seating.*
- **Centennial Sportsplex Renovation**
 - *Invest in both the public and private areas within Centennial Sportsplex. Public area would focus on bleachers, restrooms, scoreboards, paint, and updating locker rooms for guests. Private area improvements would be increasing the overall square footage by adding additional level to practice facility.*



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Recap of Projects Completed

The CIF program has been tremendous for Bridgestone Arena and has worked in just the way that we collectively hoped it would. Funding provided by the CIF program has enabled us to complete many vital projects. We have exhausted this funding source under its current construct and must begin to examine additional funding options, including the Metro Capital Budget.

In addition, we have continued to invest our organization's resources (as well as our partners' resources (DNC and others)) to maintain Bridgestone Arena in a first-class manner. I have attached a schedule of projects by fiscal year that have been completed through a combination of private funds, grants, and CIF financing.

As always, we look forward to discussing the "capital plan" with you and the board, and look forward to answering questions and building off of the collaborative discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Clayton".

Kyle Clayton



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Completed Capital Projects

Fiscal Year 2013

- CIF - Electrical Upgrades for Plaza Activities
- CIF - Misc. Furniture Fixtures/Equipment
- CIF - Guardrail Upgrade for conversion/safety
- CIF - IT upgrades; systems, servers, workstations
- CIF - Phone System
- CIF - Event, Security and First Aid Communication Equipment
- CIF - Security Camera/Server Upgrades
- CIF - Suite and Hospitality Room Upgrades
- CIF - Training/Dressing Room Facility Improvements
- CIF - Venue Signage/Goldenization/Nashvillize
- CIF - Video Broadcast System Upgrade
- CIF - Arena Visioning
- CIF - Centennial Sportsplex Upgrades
- CIF - 501 Club Construction
- CIF - Suite Renovation
- CIF - Phone System Upgrade
- Grant – Energy Conservation Bonds – Mechanical Enhancements
- Public – South Door/Plaza Renovations
- Private – Restroom Renovations
- Private - Suite Renovation

Fiscal Year 2014

- CIF - Suite Renovation
- CIF - Carpet Replacement
- CIF - Base Building Enhancements
- CIF - Marquee Renovation
- CIF - Phone System Completion
- CIF - Event Level Club / Lexus Lounge
- Private – Restroom Renovations
- Private – Team Merchandise Store Buildout
- Private – Tavern 96 / Barrel House Buildout
- Private - Suite Renovation

Fiscal Year 2015

- CIF - Event Level Club / Lexus Lounge Continuation
- CIF - Suite Renovation
- CIF - Lower Bowl Seat Replacement
- Private – Restroom Renovations
- Private – Wi-Fi System Install
- Private – Main Food Court Concessions Buildout
- Private - Security Camera/Server Upgrades
- Private - Suite Renovation
- Private – HVAC Refurbishments



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Fiscal Year 2016

- CIF - Lower Bowl Seat Replacement Continuation
- CIF - Suite Renovation
- Private – Metal Detectors
- Private – Ice Deck Cover
- Private – Restroom Renovations
- Private – Fiber Upgrade
- Private – Training/Dressing Room Facility Improvements
- Private – LED Sports Lights Upgrade
- Private – Fox Sports TN Bar Expansion
- Private - Suite Renovation
- Private – Ice Plant Repair and Upgrades

Fiscal Year 2017

- CIF - Upper Bowl Seat Replacement
- CIF - Suite Renovation
- CIF - Event Level Club / Lexus Lounge Continuation
- CIF – Backstage Renovation – Crew Catering
- CIF - Event Level Premium Hospitality Space
- Private – Restroom Renovations
- Private – Heat Exchanger Replacement
- Private – Air Curtain Installation
- Private - Security Camera/Server Upgrades
- Private - Suite Renovation
- Private – Electrical System/Generator Upgrades
- Private – Ice Plant Repair and Upgrades
- Private – Concession/Bar/Grab N Go Buildouts (Sections 309, 313, 323)

Fiscal Year 2018

- CIF – Large Scale Visual / Audio Enhancements – Phase 1
- Private – Restroom Renovations
- Private – Dasher Board System / Glass
- Private – Basketball Shot Clocks & Scoring System
- Private – Zamboni Ice Making Equipment
- Private – IT Equipment
- Private – Lexus Lounge Expansion
- Private – Fire Suppression System – Loading Dock / Garage
- Private - Bar/Grab N Go Buildouts (Sections 114, Pro Shop Area)
- Private – Merchandise Store Upgrades and Jersey Roller Coaster
- Private – Premium Level Food & Beverage Offering (Suite Level)

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED TWO HUNDRED TWENTY-FIVE MILLION DOLLARS (\$225,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF FEDERALLY TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS (MLS PROJECT), SERIES 2019 OF THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BE IT RESOLVED by the Board of Directors of The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority") that for the purpose of providing funds to finance (i) costs to acquire, construct, improve, renovate and equip a Major League Soccer stadium (the "Stadium") and related facilities on a portion of the 128-acre Nashville Fairgrounds site located at 300 Rains Avenue; (ii) capitalized interest, (iii) architectural, engineering, legal and consulting costs incident thereto and (iv) costs incident to the issuance and sale of such bonds, there shall be issued Federally Taxable Public Improvement Revenue Bonds (MLS Project), Series 2019 (the "Bonds") of the Authority in the aggregate principal amount of not to exceed \$225,000,000.

BE IT FURTHER RESOLVED by the Board of Directors of the Authority that the Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable law and be secured by and payable from (i) revenues received by The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") pursuant to Sections 67-6-103 and 67-6-712, Tennessee Code Annotated, from the diversion of state and local sales tax revenues derived from the sale of admissions to games played by the Major League Soccer franchise of Nashville Soccer Holdings, LLC (together with its affiliates, including but not limited to Walsh Management LLC, the "Team") in the Stadium, the sale of food and drink at the Stadium used in conjunction with those games, parking charges and related services, and the sale by the Team within the Metropolitan Government of authorized franchise goods and products associated with its operations as a professional sports franchise, which revenues are to be remitted to the Authority pursuant to an Intergovernmental Project Agreement between the Metropolitan Government and the Authority (the "Intergovernmental Agreement"), (ii) certain revenues received by the Metropolitan Government from that ticket tax levied by the Metropolitan Government pursuant to Substitute Bill No. BL2018-1289 on admission to all events at the Stadium, which revenues are to be remitted to the Authority pursuant to the Intergovernmental Agreement, (iii) lease payments made by the Team to the Authority under a lease agreement, by and between the Team and the Authority, relating to use of the Stadium, and (iv) to the extent of any deficiency in the foregoing revenues, from certain non-tax revenues collected from the General Services District of the Metropolitan Government and pledged to the Authority pursuant to the Intergovernmental Agreement.

BE IT FURTHER RESOLVED by the Board of Directors of the Authority that the Secretary/Treasurer be, and is, hereby directed and instructed to cause the foregoing initial resolution to be published in full in a newspaper having a general circulation in Davidson County, Tennessee for one issue of said paper.

[signature page follows]

Thereupon, the Chair declared said resolution to have been duly and regularly adopted, and said resolution was signed and approved by the Chair and Secretary/Treasurer in open meeting.

Kim Adkins, Chair

ATTEST:

Emmett Wynn, Secretary/Treasurer

STATE OF TENNESSEE)

COUNTY OF DAVIDSON)

I, Emmett Wynn, hereby certify that I am the duly qualified and acting Secretary/Treasurer of The Sports Authority of The Metropolitan Government of Nashville and Davidson County, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of the meeting of the governing body of said Authority held on January 10, 2019; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody, and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to an initial resolution regarding an aggregate principal amount of not to exceed \$225,000,000 Federally Taxable Public Improvement Revenue Bonds (MLS Project), Series 2019 of said Authority.

WITNESS my official signature and seal of said Authority on this 10th day of January, 2019.

Emmett Wynn, Secretary/Treasurer

(SEAL)

25827407.4

Financing Plan



Financing Assumptions

- Metro Nashville has been authorized to issue not to exceed \$225 million in aggregate principal for the Major League Soccer stadium
- Major League Soccer stadium Construction Costs:
 - \$225 million from the Metro Sports Authority (net of issuance and cap interest)
 - \$25 million Team Contribution for stadium costs
 - The Team has committed to cover stadium cost overruns
- Taxable Bonds to Fund the Project:
 - Construct and Equip a MLS Stadium and related facilities
 - Architectural, engineering, legal and consulting costs
 - Cost of Issuance for Bond Financing
- Estimated two years of Capitalized Interest, through August 1, 2021
- 10 Year Par Call
- No DSRF
- Not to exceed 30 Year Maturity from commencement of operations of the Stadium, February 1, 2050

Sources & Uses of Funds⁽¹⁾

Sources of Funds

Par Amount

<u>Series 2019</u>
\$ 225,000,000
<u>\$ 225,000,000</u>

Total Sources of Funds

Uses of Funds

Project Fund

<u>Series 2019</u>
\$ 199,173,427
23,126,573
-
1,125,000
1,575,000
<u>\$ 225,000,000</u>

Capitalized Interest Fund

Debt Service Reserve Fund

Cost of Issuance

Underwriter Discount

Total Uses of Funds

Total Net Debt Service

\$ 434,934,947

Final Maturity

February 1, 2050

True Interest Cost

5.113%

All Inclusive Interest Cost

5.154%



Bond Debt Service⁽¹⁾

Period Ending	Proposed Series 2019			
	Principal	Interest	Cap. Interest	Net Debt Service
6/30/2019	\$ -	\$ -	\$ -	\$ -
6/30/2020	-	10,774,670	10,774,670	-
6/30/2021	-	11,178,332	11,178,332	-
6/30/2022	-	11,178,332	2,794,583	8,383,749
6/30/2023	4,055,000	11,178,332	-	15,233,332
6/30/2024	4,215,000	11,020,187	-	15,235,187
6/30/2025	4,385,000	10,851,165	-	15,236,165
6/30/2026	4,565,000	10,670,942	-	15,235,942
6/30/2027	4,755,000	10,478,299	-	15,233,299
6/30/2028	4,960,000	10,272,883	-	15,232,883
6/30/2029	5,180,000	10,053,651	-	15,233,651
6/30/2030	5,415,000	9,819,515	-	15,234,515
6/30/2031	5,660,000	9,572,049	-	15,232,049
6/30/2032	5,925,000	9,307,727	-	15,232,727
6/30/2033	6,210,000	9,025,105	-	15,235,105
6/30/2034	6,510,000	8,722,678	-	15,232,678
6/30/2035	6,840,000	8,395,225	-	15,235,225
6/30/2036	7,185,000	8,051,173	-	15,236,173
6/30/2037	7,545,000	7,689,767	-	15,234,767
6/30/2038	7,925,000	7,310,254	-	15,235,254
6/30/2039	8,320,000	6,911,626	-	15,231,626
6/30/2040	8,740,000	6,493,130	-	15,233,130
6/30/2041	9,195,000	6,040,398	-	15,235,398
6/30/2042	9,670,000	5,564,097	-	15,234,097
6/30/2043	10,170,000	5,063,191	-	15,233,191
6/30/2044	10,700,000	4,536,385	-	15,236,385
6/30/2045	11,250,000	3,982,125	-	15,232,125
6/30/2046	11,835,000	3,399,375	-	15,234,375
6/30/2047	12,445,000	2,786,322	-	15,231,322
6/30/2048	13,090,000	2,141,671	-	15,231,671
6/30/2049	13,770,000	1,463,609	-	15,233,609
6/30/2050	14,485,000	750,323	-	15,235,323
Total	\$ 225,000,000	\$ 234,682,531	\$ 24,747,584	\$ 434,934,947

(1) Preliminary, subject to change.