

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of April 29, 2019 Meeting of the Finance & Audit Committee
First Tennessee Park
9:30 a.m.

Finance Committee: Jon Glassmeyer (Chair), Margaret Behm, Dudley West
Board Members: Kim Adkins, Dan Hogan, Aaron McGee, Emmett Wynn
Staff: Monica Fawknottson, Ilesha Montesrin, Quinton Herring, Margaret Darby (Legal)
Titans/ Nissan Stadium: Steve Underwood, Jenneen Kaufman, Burke Nihill, Bob Flynn, Jeff Rhinehart
Predators/ Bridgestone Arena: Sean Henry, Kyle Clayton, Keith Hegger, Michelle Kennedy
Sounds/First Tennessee Park: Doug Scopel, Adam Nuse
Visitors:, Brasher Burbank (Stewart Parking), Bob Lackey (Metro Finance), Chris Harrington (Country Music Association), Sean McGuire (Metro Finance)

Chairman Jon Glassmeyer called the meeting of the Sports Authority Finance & Audit Review Committee to order at 9:30 a.m. and welcomed all in attendance. **Upon a motion duly made and seconded, the Finance Committee unanimously voted to approve the minutes of their February 21, 2019 meeting.**

Executive Director's Report

Chairman Glassmeyer recognized Ms. Monica Fawknottson to give the Executive Director's Report. Ms. Fawknottson reviewed the agenda and stated she did not have a formal report.

Consideration of the 2019 CMA Music Festival Parking Contractor and Associated Expenses

Chairman Glassmeyer recognized Ms. Fawknottson to address Parking and Associated Expenses for the CMA Music Festival to be held at Nissan Stadium June 6th – 9th. Ms. Fawknottson reported that, pursuant to the License Agreement between the Sports Authority and the Country Music Association, each year the Sports Authority and Cumberland Stadium, Inc. are to approve the CMA's selection of a parking contractor for the music festival. CMA has selected Stewart Parking Solutions as contract for the 2019 Festival. Under the same agreement the Authority is additionally entitled to an accounting of associated parking expenses which have historically been shared between the Authority, CMA, and Cumberland Stadium, Inc.

Ms. Fawknottson recognized Mr. Chris Harrington, CMA Manager of Event Ticketing, to review the associated parking expenses. The expected expenses are as follows:

\$4,938.00 – Printing of 10,820 Nissan Stadium parking hangtags

\$1,500.00 – Shipping of pre-sold hangtags to 4,000 accounts

\$5,825.30 – Terrie Aldridge (Administrator)

\$12,263.30 – Total Expenses (\$4,087.77/per organization)

2018 administrative parking expenses were \$12,459.30.

Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the 2019 CMA Music Festival Parking Contractor and Associated Expenses, to the full Board. Margaret Behm abstained.

Arena Revenue Fund Discussion

Chairman Glassmeyer recognized Ms. Margaret Darby with Metro Legal. Ms. Margaret Darby stated that the Sections 4-6 of the Intergovernmental Agreement prioritizes how revenue in the Arena Revenue Fund (Fund) generated by surcharge revenues, sales tax, and operations should be spent. While the revenue should be spent primarily to pay principal and interest on the Inducement, Completion, and Team Improvement bonds, the revenue can also be used to reimburse Metro Government for previous payments made. Currently the Fund has a balance of \$12.9 million. Metro's Finance Director has determined that \$5.5 million from the Fund should be transferred to the Metro General Fund as reimbursement for past payments. Mr. Bob Lackey, Metro Finance, confirmed that there will be sufficient funds for all other obligations. Annually the Fund generates approximately \$8 million from sales tax (\$5 million) and surcharge revenues (\$3.5). Ms. Margaret Behm requested a chart detailing the revenues and expenses of the Arena Revenue Fund.

Consideration of Additional Staff Position in FY20

Chairman Glassmeyer recognized Ms. Monica Fawknottson to discuss the request for an additional staff position in the upcoming fiscal year (FY20). Ms. Fawknottson reported that she has had several conversations with Metro's Finance Director and Mayor Briley's Chief of Staff about the Sports Authority's need for a dedicated, in-house, high-level finance position. The position would be funded from the Arena Revenue Fund and will have no fiscal impact on the General Fund. The Arena Revenue Fund currently subsidizes the salaries of several Metro Finance employees whose positions, in part, help support the Sports Authority. The starting salary for a Finance Manager is approximately

\$80,000 plus fringes. Ms. Fawknatson noted that once the Authority approves the position, she will reach out to Metro Human Resources and the Civil Service Commission. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of a Finance Manager in FY20, to the full Board.**

Bridgestone Arena Capital Improvement Fund (CIF) Projects Update

Chairman Glassmeyer recognized Mr. Kyle Clayton. Mr. Clayton noted that the current outstanding balance of the CIF as of March 31, 2019 was \$4.26 million. In July of 2018, the Board approved phase 1 of the audio and visual improvements contingent upon CIF availability. Powers Management completed the work and will seek reimbursement once funding becomes available. The list of improvements anticipated in FY20 can be found in *Exhibit A*. Mr. Clayton reported that one of the projects slated for FY20 was expedited in order to have it completed prior to the NFL Draft and the Rock N Roll Marathon. The Predators recently replaced four static billboards on Broadway with LED boards. The team worked with the Convention and Visitors Center (CVC) and Metro to have the plans reviewed the Metropolitan Development and Housing Agency Design Review Committee (DRC). Mr. Clayton noted that the project cost \$683,362 and was completed on April 23rd.

Mr. Sean Henry, President & CEO of the Predators, stated that the CIF was created in 2012, in order to self-fund capital improvements. The Capital Improvement Fee is the lessor of 5% of the ticket price, or \$2.00 on each ticket sold. The loan agreement expires in December of 2020 and management expects to extend the loan through 2026. Ms. Fawknatson noted that the Finance Committee will be asked to approve the list of projects at the May 16, 2019 meeting.

Nissan Stadium Capital Projects/Financial Update

Chairman Glassmeyer recognized Ms. Jenneen Kaufman, Titans CFO, to give the Nissan Stadium capital projects and financial update. Ms. Kaufman noted the team intends to begin two capital projects. Replacement of the boilers will cost \$348,000 and the lighting control system will cost \$320,000. Currently, the Team's outstanding receivable is \$10.8 million. Mr. Steve Underwood, President & CEO, stated that the receivable is expected to reach roughly \$17 million by the end of the calendar year.

There being no other business, the meeting was adjourned.



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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

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.



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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.*



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)