

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of June 20, 2019 Meeting of the Board of Directors
Nissan Stadium
10:30 a.m.

Board Members: Kim Adkins, Cathy Bender, Jad Duncan, Jon Glassmeyer, Dan Hogan, Aaron McGee, Catana Starks, Dudley West, Emmett Wynn

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

Titans/ Nissan Stadium: Jenneen Kaufman, Stuart Spears, Burke Nihill, Bob Flynn, Walter Overton, Tina Tuggle, Dwight Spradlin, Dave McGinnis, Amy Wells

Predators/ Bridgestone Arena: Sean Henry, Kyle Clayton, Keith Hegger, David Kells, Gerry Helper, Danny Butler, Chris Junghans, Michelle Kennedy, Nat Harden, Danny Shaklan, Clair Francis, David Urso, Thomas Willis

Sounds/ First Tennessee Park: Doug Scopel, Adam Nuse

Visitors: Mayor David Briley, Emily Passini (Mayor's Office), Roxianne Bethune (Alliance Synergy Group), Ron Gobbell (Gobbell Hays Projects), Jim Pustejovsky (Capital Project Solutions), Bob Lackey (Metro Finance), Kevin Jacobs (District Energy Systems), Dan Coyle (District Energy Systems), Dawn Johnson (Engie), Larry Salguero (Engie), Jonathan Burtner (Sirius XM Studios), James Weaver (Waller)

Chairwoman Adkins called the meeting of the Sports Authority Board of Directors to order at 10:30 a.m. and welcomed all in attendance. Ms. Monica Fawknorton welcomed Mayor David Briley who acknowledged Sports Authority members for their service. Mayor Briley stated that the proposed lease agreement for Bridgestone Arena would keep the Predators in Nashville for another thirty years, change the way the city does business, and reduce the use of the city's resources. Chairwoman Adkins welcomed Emily Passini, the Mayor's Chief of Staff. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the May 16, 2019 Board of Directors meeting.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton reviewed the agenda before announcing that Ms. Anna

Page, local business owner and former Metro Council Member, had been confirmed by the Council to the Sports Authority on June 4th. Ms. Fawknorton continued by reporting that staff is working with Metro Human Resources on the recruitment of a Finance Manager and hopes to have the position posted in August. Ms. Fawknorton concluded by showing time-lapse photos of the Bellevue Ice Center progress.

Consideration of the Consent to Sale of the Metro Nashville District Energy System to ENGIE Development, LLC and Assignment of Agreement

Chairwoman Adkins recognized Ms. Fawknorton to give background information on District Energy Systems (DES). Ms. Fawknorton reported that DES provides chilled water and steam to roughly forty buildings downtown, including Nissan Stadium (chilled water) and Bridgestone Arena (chilled water and steam). Expenses associated with the service is an operating expense at both facilities. She reported that the Sports Authority Board has had relatively few interactions with DES, but noted that two years ago the Board entered into a Memorandum of Understanding (MOU) with DES allowing them to install fencing around a manhole access point at Nissan Stadium to keep out trash and debris.

Ms. Fawknorton recognized Mr. Dan Coyle and Mr. Kevin Jacobs of Thermal Engineering Group to give a presentation on DES. Following a history of the system, Mr. Bob Lackey, who also serves as the DES and Metro Facilities Liaison, explained that Metro issued a solicitation for the operation or purchase of the system, with the recommendation, ultimately, being to sell the system to Engie. Mr. Lackey noted that in order for Metro to sell the system, Engie would have to obtain 100% consent from its current customers, including the Sports Authority. Metro Council will also have to approve the sale after all customers have given their

consent. If the new contract with DES is not approved the current provider will remain until December 2020.

Mr. Lackey recognized Mr. Larry Salguero, ENGEIE Business Development Advisor, to discuss ENGIE further. Mr. Salguero stated that operational savings would come from greater efficiency (including personnel) and, eventually onsite generation. Savings will be passed down to the consumers and will offer a back-up option in the event of loss of electricity. Ms. Fawknorton noted a letter submitted to the Authority by ENGIE requesting that the Authority support ENGIE's position that they should not be regulated by the Public Utilities Commission (PUC). Mr. Salguero acknowledged that ENGIE would still move forward even if regulated by the PUC. Following Ms. Margaret Darby's statement that the resolution before the Authority did, in fact, support ENGIE's desire against regulation as a public utility, Mr. Dudley West made a motion that the Authority take no position on regulation by the PUC. **Upon that motion being duly seconded, the Authority approved the Consent to Sale of the Metro Nashville District Energy System to ENGIE Development, LLC and Assignment of Agreement.**

Consideration of a Resolution Approving Agreements related to the leasing of Bridgestone Arena to Powers Management, LLC

Chairwoman Adkins recognized Ms. Fawknorton, who echoed Mayor Briley that the proposed Arena Agreement would relieve many of Metro's financial obligations and would keep the Predators in Nashville for another thirty years. Ms. Fawknorton thanked the Sports Authority members for their time and diligence in preparing to take action on the proposed Arena Agreement. She noted that staff and Metro Legal had met with the arena tenants, to discuss Tenant Assignments.

Law Director Cooper reported that, at Margaret Behm’s recommendation, language was added to the Agreement focusing on the support of future sports growth. He also discussed the “Waterfall” and how the payment of obligations would be prioritized:

1. Sports Authority obligations: Ford Ice Center bonds, SEC Tournament expenses, SA operational expenses (staffing)

2. Arena Maintenance Fee

3. Hockey sales tax revenue split: 50/50 split in 2021. Metro retains 100% during 2020

4. Capital Fund: The increase to Capital Improvements Fee (CIF) and Seat Use Charge (SUC) to the lessor of \$3.00 of 5% of ticket price. The increase of 5% each year is an election by the Predators

Mr. Cooper noted that 72% of guests at Bridgestone Arena live out of the country and that seat use revenue will be generated by those who use the facility. **Upon a motion duly made and seconded, the Board approved the Resolution Approving Agreements related to the leasing of Bridgestone Arena to Powers Management, LLC.**

MLS Stadium Update

Chairwoman Adkins recognized Mr. Ron Gobbell to give an update on the MLS Stadium. Mr. Gobbell reported that improvements to the Fairground’s site are in full force. Currently the expo building, Fair Park, soccer fields and dog park have been completed. New Fairgrounds Expo buildings include 200,000 square feet of roofing and 130,000 square feet of air conditioned and heated space. Stadium schematics are complete and construction is scheduled to begin next year. Demolition of the current structures will begin in January and construction of

the stadium will begin in March or April. In response to a question regarding parking, Mr. Gobbell stated that parking will be available under the buildings and could also be facilitated inside the Speedway.

Facility Questions

Chairwoman Adkins asked if there were any questions for Bridgestone Arena or First Tennessee Park; there were none.

Nissan Stadium Report

Chairwoman Adkins recognized Mr. Dave McGinnis, Color Analyst for the Titans, who stated that he was in his 34th year in the NFL. After a brief Free Agency update, Mr. McGinnis gave a recap of the Draft. The 2019 NFL Draft picks included:

- Round 1 (19th overall): Jeffery Simmons (DL) – Mississippi State
- Round 2 (51st overall): A.J. Brown (WR) – Mississippi
- Round 3 (82nd overall): Nate Davis (OL) – Charlotte
- Round 4 (116th overall): Amani Hooker (DB) – Iowa
- Round 5 (168th overall): D’Andre Walker (OL) – Georgia
- Round 6 (188th overall): David Long (LB) – West Virginia

Mr. Burke Nihill who showed a video recap of the 2019 NFL Draft and provided the following economic impact stats:

- Attendance: 600,000
- Direct Spending: \$132.8 million
- Local Economic Impact: \$223.9 million
- Viewership: 47.5 million viewers (new record)
- Broadcast in 115 countries (new record)
- Taxes and Fees Generated for Metro: \$10.6 million

Mr. Nihill recognized Ms. Tina Tuggle who reported that 10,000 diaper bags were donated to mothers-in-need, during the Titan Up for Tots event. Mr. Bob Flynn reported that the Eric Church concert was sold out to 56,000 fans.

With regards to new stadium projects, Mr. Flynn reported and that the circuit breaker in Quad A, in the South East corner, was failing due to it being 20 years old. There are currently no issues with Quads B, C, and D. A custom replacement is needed for Quad A and will take 8 weeks to complete. Replacement was not anticipated in the facility assessment study. The cost to repair the failing Quad is \$280,000. Mr. Flynn noted that tours of the facility have been being offered since March two times a week and three times on weekends.

Ms. Jenneen Kaufman reported that there were not many updates since April's presentation to the Finance Committee. Ms. Kaufman recognized Ms. Amy Wells, Broadcast Manager, who reported that Titans's owner, Amy Adams Strunk was recently inducted into the Tennessee Sports Hall of Fame as "Tennessean of the Year."

Board Member Orientation Discussion

Mr. Dan Hogan his desire for more information on the Authority's history and role with strategic partners and city officials. He would also like to better understand the limits of Sports Authority oversight and authority with regards to contracts and facilities. Mr. Jad Duncan stated that Metro Legal and Metro Finance should be part of these discussions.

There being no other business, the meeting was adjourned.