

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Minutes of the December 11, 2013 Meeting of the Board of Directors
LP Field- Media Room
8:30 a.m.

Board Members: Kim Adkins, Margaret Behm, Cathy Bender, Steve North, Ed Temple, Helen Walker, Emmett Wynn

Staff: Toby Compton, Monica Fawknottson, Margaret Darby (Legal)

Predators/Powers Management: Sean Henry, Gerry Helper, Beth Snider

Titans/LP Field: Walter Overton, Jeneen Kaufman

Sounds: Brad Tammen, John Triggs

Visitors: Rich Riebeling, Ron Gobbell, Kristina Kirby, Patrick Holcomb, Wayne Placed, Hugh Tanner, Lillian Blackshear, Jeff Oldham, Erica Gilmore

Vice-Chair Kim Adkins called the meeting of the Sports Authority to order at 8:30 a.m. in the absence of Chairman J.D. Elliott. Ms. Adkins reminded all present that the appeals process for decisions by the Sports Authority can be found both on the agenda and on the Authority's website. She then called for a motion to approve the minutes of the November 11th meeting, adding that staff had noted a typo on page 4 to be corrected. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes.**

Executive Director Report

Ms. Adkins recognized Mr. Toby Compton to give the Executive Director's Report. After walking the Authority through the items listed on the meeting agenda and the documents included in the ballpark bond resolution, Mr. Compton gave a brief update of the ice hockey facility, noting that foundations are being dug and poured along with the installation of storm-water infrastructure. Remick Moore with General Services will provide a full update at the January meeting.

Mr. Compton continued by reporting that the city is preparing to host fans and visitors for both the Music City Bowl on December 30th and the New Year's Eve celebration. In addition to the bowl game and New Year's festivities there will be a Titans game and a Predators game- all in a span of three days. Sports Authority staff has met with the Sports Council, CVB and other Metro agencies to plan and prepare for the big weekend.

Bridgestone Arena Update

Ms. Adkins recognized Mr. Sean Henry to give the Bridgestone Arena update. Mr. Henry briefly reported that October was another incredible month with 22 events, 11 of which were sold out. In addition to Predators games, arena events included Disney on Ice, Kid Cudi, Eagles, Luke Bryan, Michael Buble, and Selena Gomez. Revenues were up 123% over the previous year and expenses rose only 56%, allowing them to beat the prior year's October bottom line by over 48%. FY14 revenues are up 55% and expenses have risen 13% so that the bottom line is 35% better year over year.

FY13 Audit

Mr. Henry next introduced Ms. Kristina Kirby of KraftCPA to discuss the FY13 Bridgestone Arena Audit. Ms. Kirby began by stating that the annual audited financials of Bridgestone Area are based on the Amended and Restated Operating & Management Agreement between the Sports Authority and Powers Management. She noted that the Agreed Upon Procedures (AUP) is also required by the Operating & Management Agreement. Ms. Kirby stated that the audit process found no issues with management or unusual/ significant transactions to report. A few audit adjustments (page 4) showed a net impact decrease of expenses by \$66,000 and Kraft CPAs is pleased to issue a clean opinion on the financial statements.

Ms. Kirby continued by reporting that while there are no new recommendations two old recommendations remain. The percentage allocations of revenue due to Powers Management for arena club and sublet sales remain undefined in the Concessions Agreement leaving the auditors without evidence of the percentages remitted. The Sports Authority requested that Metro Legal and/or Powers Management request a side letter detailing the situation and limits of the Concessions Agreement so that the audit does not continue to show recommendations that have not been acted upon by the Authority year after year. Ms. Kirby also reported that the auditors also recommended that formal documentation be written regarding the proper allocation of merchandise revenues. While the License & Use

Agreement between the Sports Authority and the Nashville Hockey Club states that the Predators are to receive the portion of the merchandise sales fee generated attributable to home game days, the Predators are receiving 100% of the merchandise fee. Ms. Beth Snider noted that the Predators actually experience a loss in the store on non-home game days and the Sports Authority requested that an additional side letter pertaining to the merchandise sales be drafted. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the FY13 audited financial statements.**

South Entrance Renovations

Ms. Adkins recognized Mr. Patrick Holcomb of the Convention Center Authority to give an update on the arena's south entrance renovations. Mr. Holcomb reported that, as promised, the south entrance will be open and functional by Friday, December 20th. Parts of the retail space, restaurant, and the garage mesh (installed as a result of coming in under budget) will continue to be worked on past the 20th. Mr. Holcomb noted that, overall, the project has gone extremely well and thanked the Bridgestone Arena staff for being such a great partner to work with.

LP Field Update

Ms. Adkins recognized Mr. Walter Overton to give the LP Field update. Mr. Overton briefly reported that the Titans will host the Cardinals on December 15th and the Texans on the 29th. The following day LP Field will host Ole Miss and Georgia Tech in the Music City Bowl. Finally, Mr. Overton announced that tickets have gone on sale for the August 19th One Direction show.

Ballpark Update

Ms. Adkins thanked Mr. Overton for his report and recognized Metro Finance Director Rich Riebeling and Mr. Ron Gobbell, Gobbell Hayes Partners, Inc. to give the ballpark update. After reporting that the Metro Council overwhelmingly voted in favor of the project the night before, Mr. Riebeling recognized Mr. Gobbell to further discuss the design plans. Mr. Gobbell stated that the designs have really started to come together and are taking shape as a structure. He presented several views of the ballpark's layout including views of the new state library/archives building, the parking garage, overall Arial views, and home plate. He additionally noted that field-level suites are being considered in the design plans. Coach Ed Temple stated that this is a historic time for those who played in the Negro leagues and Mr. Riebeling added that in the future they will be exploring ways to honor these great players.

In response to questions regarding the definition and funding of capital improvements, Mr. Riebeling stated that, based on the lease, capital improvements will be determined in accordance with Generally Accepted Accounting Principles (GAAP). While no funding mechanism is currently in place, capital needs will be the responsibility of Metro and the city will be charged with figuring out the funding. Mr. Riebeling additionally noted that capital improvements should be covered by warranties for the initial period of seven years. In response to a question about the use of the parking garage for events, Mr. Riebeling clarified that the Sports Authority and the Sounds will each have the right to use the garage for 10 civic events. The Sports Authority will need to approve the use of the ballpark for all civic events as it similarly does for LP Field.

Upon a motion made and duly seconded, the Sports Authority unanimously voted to approve the bond Initial Resolution authorizing the issuance of not to exceed SIXTY-FIVE MILLION dollars (\$65,000,000) in aggregate principal amount of Public Improvement Revenue Bonds (Ballpark Project), Series 2013A AND Public Improvement Revenue Bonds (Ballpark Project), Series 2013B (Federally Taxable) of the sports authority of the metropolitan government of Nashville and Davidson county. Ms. Margaret Behm recused herself from the vote.

Ms. Margaret Darby walked the Authority through the bond Resolution and pertaining documents and, upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the **RESOLUTION APPROVING THE AUTHORIZATION, ISSUANCE AND SALE OF PUBLIC IMPROVEMENT REVENUE BONDS (BALLPARK PROJECT), SERIES 2013A AND PUBLIC IMPROVEMENT REVENUE BONDS (BALLPARK PROJECT), SERIES 2013B (FEDERALLY TAXABLE) 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 PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE BONDS; APPROVING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT WITH THE METROPOLITAN GOVERNMENT; APPROVING THE EXECUTION AND**

DELIVERY OF A LOAN AGREEMENT WITH THE METROPOLITAN DEVELOPMENT AND HOUSING AGENCY TO FINANCE ELIGIBLE REDEVELOPMENT EXPENSES RELATED TO THE BALLPARK; APPROVING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT WITH MFP BASEBALL, LLC FOR USE OF THE BALLPARK; APPROVING THE EXECUTION AND DELIVERY OF OR ASSUMPTION OF RIGHTS AND OBLIGATIONS UNDER A LEASE AGREEMENT WITH THE STATE OF TENNESSEE FOR USE OF A PARKING GARAGE BY BALLPARK PATRONS; APPROVING THE EXECUTION AND DELIVERY OF A PROPERTY SWAP AGREEMENT WITH MFP BASEBALL, LLC; AND APPROVING THE EXECUTION AND DELIVERY OF AN AGREEMENT WITH MFP REAL ESTATE, LLC FOR THE DEVELOPMENT OF PROPERTY ADJACENT TO THE BALLPARK.

Finally, Mr. Toby Compton presented the 2014 proposed monthly meeting dates to the Authority. **Upon a motion made and duly seconded, the Sports Authority voted to set the meeting schedule accordingly with the first meeting of the year being January 16th.**

There being no other business, the December 11, 2013 meeting of the Sports Authority adjourned.