

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Minutes of the June 17, 2015 Meeting of the Board of Directors
Howard Office Building- Sonny West Conference Room
8:30 a.m.

Board Members: Kim Adkins, Margaret Behm, Cathy Bender, J.D. Elliott, Ed Temple, Dudley West, Christie Wilson, Ralph Perrey

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

Titans/ LP Field: Jenneen Kaufman, Stuart Spears, Bob Flynn, Walter Overton, Scott Rayson

Predators/Powers Management: Sean Henry, Kyle Clayton, David Kells, Michelle Kennedy, Sean Marshall, Danny Butler

Nashville Sounds: Doug Scopel

Visitors: Brasher Burbank (Stewart Parking Solutions)

Vice-Chair Kim Adkins called the meeting of the Sports Authority to order at 8:30 a.m. and welcomed all in attendance. Executive Director Toby Compton reminded everyone that the appeals process for decisions by the Authority could be found both on the agenda and on the Authority's website. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the March 18, 2015 meeting.**

Executive Director's Report

Mr. Toby Compton gave a brief overview of the meeting agenda, followed by highlights of the last few months which included the much-anticipated opening of First Tennessee Park, the Country Music Marathon, Titans 5k, Mayor's 100 mile walk, Titans Draft Party, the CMT Awards, CMA Music Festival, and the unveiling of the 2016 NHL Logo.

Following his report, Mr. Compton stated that in May the Metro Civil Service Commission approved a pay plan proposal for a 2.5% across the board pay increase for Metro employees. The proposal, which was included in the Mayor's budget and approved by the Metro Council on June 16th, is scheduled to take effect on July 1, 2015. Since the pay increase was proposed after the March 18th Sports Authority meeting, the Board neither received it, nor had the opportunity to approve it, during the FY16 budget presentation. After receiving the proposal the Sports Authority, upon a motion duly made and seconded, voted to approve the 2.5% pay increase for staff.

Downtown Partnership Parking Agreement Amendment

The Chair recognized Mr. Compton to discuss the parking agreement between the Sports Authority and the Nashville Downtown Partnership (NDP). Mr. Compton reported that a small modification to the existing NDP Parking Agreement is needed to extend the hours of the downtown parking program from 6 p.m. until 8 p.m. While discussing the amendment the parties decided that the better approach would be to take a step back and to determine, while already at the table, whether additional modifications are needed. Mr. Compton stated his intent to bring something more comprehensive back to the Authority at the July meeting and, upon a motion duly made and seconded, the Sports Authority voted to defer approval of the NDP agreement with amendments to the July meeting.

Bridgestone Arena/ Nashville Predators Report

Chairwoman Adkins next recognized Mr. Sean Henry to give the Bridgestone Arena/Nashville Predators Report. Mr. Henry summarized what was an outstanding year for the Predators and Bridgestone Arena, highlighting awards and achievements such as:

- A greatly improved hockey team that held one of the top spots in the league for most of the season before losing to the eventual Stanley Cup Champions in the play-offs.
- Jeff Cogen named CEO of the year by the Nashville Business Journal.
- David Kells nominated for Arena Executive of the Year.
- Bridgestone Arena named Venue of the Year by Poll Star.
- Bridgestone Arena received multiple other awards, including one from the EPA.
- Completion of the Lexus Lounge and Patron Club Renovations
- Named the host of the 2016 NHL All-Star Game
- Record attendance, record renewal rate, and highest new sales
- Opening of Ford Ice Center and awarding of more than \$300,000 worth of scholarships to get youth playing hockey.

Additionally Mr. Henry announced that the Nashville Predators and Bridgestone Arena will host the launch of the YWCA's Domestic Violence Initiative MEND (Men Ending Violence Against Women). They are honored to partner with the YWCA to model behavior for young men with the goal of completely ending violence against women.

Finally, Ms. Margaret Behm asked how venues such as Municipal Auditorium and the new Ascend Amphitheater impact Bridgestone Arena. Mr. Henry replied that the arena desires to help other venues be as successful as possible. If a show is going to be booked in Nashville they want it to play to the biggest audience possible. When any venue sells out it's a win for the city.

First Tennessee Park Update

Following the Bridgestone Arena Report Ms. Adkins recognized Nashville Sounds Assistant GM Mr. Doug Scopel to give the First Tennessee Park Update. Mr. Scopel reported an exciting, and very busy, two months following the opening of the ballpark. Since April 17th the Sounds have hosted 30 games, averaging 7,400 fans per game- an increase of 50% from last year at Greer Stadium. Mr. Scopel noted that six of the 30 games were sell outs. On May 2nd the Sounds and Mayor Karl Dean hosted a ballpark open house for the community. More than 5,000 people came out to tour the facility, run the bases, and just enjoy the new ballpark. Other community events have included the City of Hope softball game (in conjunction with the CMA Music Festival) as well as special events hosted by the Nashville Sports Council, Chamber of Commerce, and the United Way. Mr. Scopel was also pleased to report that the Sounds and First Tennessee Park were one of 10 minor league teams/ballparks featured on national television for the June 4th Game of the Week on the CBS Sports Network. The Sounds hope to host more national AAA baseball events in the future.

Lastly, Mr. Scopel reported that the traffic and parking plan, which was implemented as a result of delays with constructing the new parking garage, has gone very well. The plan continues to be tweaked as they have need, but the few complaints received have been dealt with quickly. Metro Police have been integral to the success of the plan and Mr. Scopel thanked them as well as the Authority and the people of Nashville for the great support of the team and First Tennessee Park. Mr. Compton noted that while there was no formal report for today's Sounds update, he and Mr. Scopel will continue to work with city leaders to develop a reporting format that makes sense and addresses the specific needs and concerns of the Nashville Sounds and the Sports Authority.

Tennessee Titans and LP Field Report

Chairwoman Adkins next recognized Tennessee Titans' CFO Jenneen Kaufman to address the Board. Ms. Kaufman subsequently introduced Mr. Steve Underwood, Interim President and CEO to speak to the Board. Mr. Underwood reported that during the 2014 season the Titans, on their own, discovered reporting irregularities in their ticket office using internal controls. A complete review was delayed until after the season ended, and by January the Titans had reported the irregularities to the National Football League (NFL) and were continuing their investigation. In February the Titans notified Metro Finance Director that they were investing irregularities. They promptly made changes to their ticket office personnel, installed new accounting/audit procedures, and began a full scale internal audit. They have since hired a new Director of Ticket Operations and expect the internal audit will be completed by the end of June. Mr. Underwood emphatically stated that the Titans have never deliberately refrained from paying the tax; conversely, it is in their best interest to do so. He apologized on behalf of the organization, and stated that the Titans will pay any shortfall associated with the ticket tax. In the event the Titans are unsure whether the tax was paid, they will err on the side of caution and pay the tax which Mr. Underwood called, "One of the most important tools the Sports Authority and Metro have." Mr. Underwood acknowledged that the user-paid fee is appropriate and should be of concern to the Sports Authority and Metro as all of it is used to pay for upkeep, fund capital expenditures, and make repairs to the facility. Since inception the Titans have paid \$11.5 million in seat user fees. Additionally, the fee is a revenue component for Sports Authority bonds to help pay for improvements to the stadium. Mr. Underwood thanked Ms. Kaufman for the time she has spent investigating and taking action with regards to this unfortunate situation, and promised the Authority that the Titans will do whatever is necessary to correct and resolve. In response to a question from Ms. Behm, Mr. Underwood stated that the irregularities were also found in 2012 and 2013, with 2014 being the worst. Titans are investigating both complimentary and paid tickets. Mr. Dudley West requested that the written report with audit findings be made available to the Authority in advance of the July meeting, noting that it should answer not only how much money is owed to Metro Government, but should address what controls the Titans are prepared to put in place to allow the city to monitor this so that it doesn't happen again.

Following Mr. Underwood's comments, Ms. Kaufman recognized Mr. Bob Flynn to give the rest of the LP Field/Titan's report. Mr. Flynn began by reporting that the Titans have hired Mr. Jimmy Stanton to serve as their new VP of Communications. The Titans continue to communicate with, and reach out to, their fans and season ticket holders through events such as:

- Draft Party
- Day 3 Draft at Armory
- Movie Nights at LP Field
- Titans Caravan with players and Titans Radio Network
- Community baby shower with United Way
- Titans Tuesdays
- Titans 5k

In addition to recent community events such as the Country Music Marathon, Mayor's Walk, Good Guys Car Show, and the CMA Music Festival, upcoming events scheduled at LP Field include the Rolling Stones (June 17), U.S. Soccer (July 3), Beach Body Convention (April 16 & 18), Titans football (Sept. 3), UT Football (Sept. 5), and TSU football (Sept. 6).

With regards to the stadium, Mr. Bob reported that the Titans are working on the following enhancements which they will pay for:

- Painting of Gate numbers and Gate Identifying signage

- Replacement of Bollard Signs
- New Directional Signage for building
- Color added to brighten up the concourse
- Club Level Concession Stand improvements
- Suite improvements (furniture)

Ms. Kaufman further reported that season ticket renewals are tracking with 2014 and that the new Vice-President of ticket operations, Ms. Brook Ellenberger, has already created a group sales department and added a full-time service team to service season ticket holder accounts.

Ms. Kaufman concluded the Titans' report with a mention of financials, reporting that there is currently \$2 million in the Seat User Fee Fund, \$855,000 of which is reserved for debt service. Ms. Kaufman noted that a recap of the user fee paid since inception (\$11.6 million), a summary of the Stadium Capital Fund (currently \$210,000), and recaps of unfiled reimbursements and casualty loss receivables are included in the Titans Periodic Report to the Authority.

Finally, Mr. Compton announced that on Thursday, June 25 there will be a Mayoral Forum on sports at 8:45 following the Nashville Sports Council's meeting. The forum will take place at Bridgestone Arena and the Sports Authority is a co-host.

There being no other business, the Sports Authority adjourned.