

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Minutes of the July 22, 2015 Meeting of the Board of Directors
Bridgestone Arena- Conference Meeting Rooms
8:30 a.m.

Board Members: Kim Adkins, Margaret Behm, Cathy Bender, Ed Temple, Dudley West, Emmett Wynn, Rip Ryman

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

Titans/ LP Field: Jenneen Kaufman, 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), Rich Riebeling (Finance), Bob Lackey (Finance), Brandon Hess (Finance)

Vice-Chair Kim Adkins called the meeting of the Sports Authority to order at 8:30 a.m. and welcomed all in attendance. Ms. Adkins 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 June 17, 2015 meeting.

Executive Director's Report

Chairwoman Adkins recognized Mr. Toby Compton to give the Executive Director's report. Mr. Compton thanked Bridgestone Arena for hosting not just the board meeting, but for also opening its doors to the Mayoral Sports Forum, co-hosted by the Nashville Sports Council and the Sports Authority. The forum, which was held on June 25th, gave the Mayoral candidates an opportunity to communicate their vision of Nashville as a sports business city. Mr. Compton continued his report by acknowledging the start of Fiscal Year 2016. He introduced the Sports Authority's new budget analyst, Mr. Brandon Hess, to the board and thanked him for his support of the department. Mr. Compton concluded his report with a review of the meeting agenda.

Brown & Brown General Liability insurance

At Chairwoman Adkins' request, Mr. Compton continued with a report on a contract for stadium insurance. Mr. Compton reported that, through Metro Procurement's RFP process, local insurance company Brown & Brown was, once again, chosen to provide general liability insurance for Nissan Stadium. An additional cost savings was achieved by adding First Tennessee Park to the policy. Mr. Balogun Cobb, Metro Insurance Manager, reported that the policy mirrors the Titans' policy and meets the requirements of the Stadium Lease Agreement. Upon a motion duly made and seconded the Sports Authority voted to approve the insurance contract with Brown & Brown.

First Tennessee Park- Nashville Sounds Report

Ms. Adkins recognized Nashville Sounds Assistant GM Doug Scopel to give the First Tennessee Park update. Mr. Scopel reported that the inaugural season at First Tennessee Park has been remarkable. Attendance is averaging 3,000 more fans per game than at Greer, and already the Sounds have hosted 13 sellouts. Before the season ends they will welcome the 15 millionth fan in their 38 years. In addition to minor league baseball, the Sounds have hosted 25 community events at the ballpark.

They are excited to continue their partnerships with youth baseball and groups such as Nashville RBI (Reviving Baseball in the Inner city), and expect a strong finish to their season. Chairwoman Adkins thanked Mr. Scopel for his report and requested that in future written reports the Sounds list separately the community events that have taken place at the ballpark.

Nashville Predators/Bridgestone Arena/Ford Ice Center Report

Chairwoman Adkins next recognized Mr. Sean Henry to give the Nashville Predators/Bridgestone Arena Report. Mr. Henry began by reporting on the success of Ford Ice Center which, ten months into its first year, has far outpaced projections. The facility has hosted 50,000 more skaters than originally expected, held 12 tournaments, and seen every state in the U.S. (and multiple countries) represented in the Scott Hamilton Ice Skating Academy. Last week Ford Ice Center hosted a Predators Prospect Camp Festival complete with carnival games and food trucks. Mr. Henry noted that in the past year the number of players in the community registered with US Hockey has increased by 40%.

With regards to Bridgestone Arena, Mr. Henry reported that halfway through the year Bridgestone Arena is pacing as the second busiest venue in the country; no. 8 in the world. While this ranking shows how far the arena has come in the past 5 years, Mr. Henry reiterated that they will not be satisfied until they are ranked as the best and busiest arena in the U.S., alongside peers such as Madison Square Garden, the United Center, and the Staples Center in Los Angeles. From a financial and budgetary standpoint, the arena continues to perform extremely well- beating its prior year budget for the past five years. With more shows booked than ever before and the best Predators season ticket renewal and sales they have experienced, Mr. Henry believes that FY16 will prove to be another record year.

Mr. Henry finally turned his attention to building improvements, noting that they are also working on more projects than ever before. The seat replacement project, a \$4 million investment made through the Capital Improvement Fund (CIF) is happening amidst the busiest July on record, and concession areas are undergoing a face lift. Mr. Henry additionally reported that half of the restrooms are undergoing renovation (the other half will be done next year), and that the main entrance doors are being ripped out so that walk-through metal detectors can be installed. Finally, he announced that management is seriously considering replacing all sports and bowl lighting with LED lights. The LED lights will offer a better product for TV, greatly reduce energy costs, allow for greater stage effects, and lower the temperature of the building. Mr. noted that aside from the seat replacement the other projects will be funded by \$3.5 million of private investment.

Mr. Henry concluded his report by announcing that the arena has had discussions with Delaware North Sports Services regarding the possibility of extending the current contract to cover the four remaining years of the lease that are uncovered with food & beverage. Mr. Henry reported that Delaware North would likely put \$3-5 million of investment into the building with an extension to their lease. Mr. Compton noted that the Sports Authority is a party to this contract and would need to approve the extension. Both Mr. Henry and Mr. Compton stated that more discussions will occur over the next 2-3 months.

Stadium Name Change- Nissan Stadium

Chairwoman Adkins recognized Mr. Steve Underwood, Titans Interim President and CEO to address the Authority. Mr. Underwood referenced the June 24th letter to Sports Authority Chairman J.D. Elliott and Executive Director Toby Compton in which he announced that the Titans have entered into a long-term agreement with Nissan North America, Inc. to rename the stadium "Nissan Stadium". The Titans are proud to be associated with a company of such high caliber, and are proud that the globally recognized name will be on the building. Mr. Compton stated that the name change in no way violates the Stadium Development Agreement and, as such, should be approved by the Board. He additionally

noted that the agreement with Nissan extends beyond the life of the lease. Upon a motion duly made and seconded, the Sports Authority voted to approve the name change of the stadium from LP Field to Nissan Stadium.

Nissan Stadium/Tennessee Titans Update

Following approval of the name change, Ms. Jenneen Kaufman, Tennessee Titans CFO, addressed the Authority, sharing recent highlights of the organization's events and activities in the community including:

- 7-on-7 Passing Tournament (over 200 high school players and 60 coaches)
- Community Playground Build at Next Door's Freedom Recovery Community
- Player Safety Seminar for Youth and High School Coaches
- Mom's Clinic- Player Safety Information (August)
- Stuff the Bus and the First Day of School for Metro (August)

Ms. Kaufman additionally shared some of the activities the Titans are doing to engage their season ticket members including:

- NFL Draft Experiences for Season Ticket Members
- Player Ticket Delivery
- Hospitality Tent at Training Camp
- Pregame Field Opportunity- TitanUP Flag

Following Ms. Kaufman's presentation, Mr. Bob Flynn, Vice-President of Facilities and Game Day Operations, reported on recent events at Nissan Stadium, including the Rolling Stones (50k guests) on June 17 and the U.S. Soccer match (45k guests) held on July 3. While the Rolling Stones show was a success, Mr. Flynn admitted the soccer match, with regards to concessions and getting into and out of stadium gates, was "a failure." Mr. Underwood has had multiple conversations with Aramark's President and Vice-President and has expressed his deep level of disappointment with their performance on that day. Executives have assured him that they will do whatever it takes to make sure that the events of July 3 never happen again. Despite having such, "a bad night," Mr. Flynn reported that the U.S. Soccer does want to return to Nissan Stadium in the future. In addition to the Rolling Stones and U.S. Soccer Mr. Flynn reported that this summer alone Nissan Stadium has hosted 8 different events attracting 350,000 to the facility, including the CMA Music Festival and the 15,000+ participants in the Beach Body Coach Summit. The first week of September Nissan Stadium will host three football games in four days when the Titans play the Minnesota Vikings on September 3, the University of Tennessee plays Bowling Green on Sept. 5, and TSU's John Merritt Classic is held on the September 6.

Ms. Kaufman briefly touched on season tickets for the 2015 campaign, noting that renewals are tracking with the 2014 season. The Titans have hired a new Director of Ticketing Operations and, in addition to adding full-time staff to their service team, a Group Sales Department has been created.

With regards to building enhancements, Mr. Flynn reported that the Titans have hired a traffic consultant to study traffic patterns, ingress/egress, and parking to see what improvement can be made to this particular aspect of the fan experience. The Titans will also open 20-25 new chutes this season to speed entry time. Other building enhancements/improvements include:

- New cleaning company
- New Suite furniture
- Club level concession stands makeover
- Fan Service Team to work events

Next Ms. Kaufman addressed the financials beginning with the ticket tax. Ms. Kaufman acknowledged that reports prepared for the board are compiled by Metro Assistant Finance Director Bob Lackey. The ticket tax summary currently shows a balance of \$1,550,805.88 which is divided into two funds- the \$2 ticket tax (committed to the bonds) and the \$1 ticket tax. Ms. Kaufman continued by reporting that Page 9 of the Titans Periodic Report to the Authority is a recap of the user fee paid since inception, broken down by month and year. Grand total of the user fee paid is \$12,145,903.00. Ms. Kaufman additionally reported the Stadium Capital Fund to have a balance of \$210,919.62, and unfiled reimbursements currently total \$1,414,244.90. Outstanding Casualty Loss items total \$30,036.56.

In regards to the underpayment of the ticket tax (seat user fee) Mr. Underwood referenced another letter he and Ms. Kaufman sent to Metro Finance Director Rich Riebeling and Toby Compton which summarized the irregularities found this winter in the Titans ticket office and the resulting underpayment to Metro of the ticket tax. The letter additionally speaks of the audit /audit procedures that were put in place as well as internal controls the organization has implemented. Finally, the letter states that based on its accounting, Tennessee Football, Inc. has determined that Metro Government is owed \$120,045 as a result of underpayment of the ticket tax. Mr. Riebeling reported that Metro Finance has worked closely with the Titans and auditor Deloitte & Touche, LLP, and that the Titans have been cooperative. All parties share the same goal: To make sure that Metro collects what it is owed. He additionally stated that while Metro Finance is comfortable with the numbers and ready to move on, he understands if the board has more questions given they had very little time to review the audit.

Mr. Riebeling also acknowledged that while Nissan Stadium has capital projects that need to be addressed, he felt it was in Metro's best interest to wait until the Titans remitted payment for the outstanding ticket tax. Now that payment has been received, Mr. Riebeling is comfortable meeting with the Titans, discussing what the Metro can afford to finance, and setting priorities. He hopes to come back to the Authority with a finance plan at the August or September meeting.

Finally, since the Board only received the audit the day before the meeting, Mr. Dudley West and Ms. Margaret Behm stated they would like more time to discuss it and requested that it be added to the August meeting agenda. Ms. Behm additionally requested that the Titans provide a breakdown of how much of the \$120,045 was owed for each year irregularities occurred (2012-2014) and asked whether Metro has requested any changes to the Titans reporting process as a result.

There being no other business, the Sport Authority meeting adjourned.