

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY
Minutes of November 18th, 2015 Meeting of the Board of Directors
Nissan Stadium
8:30 a.m.

Board Members: Kim Adkins, Margaret Behm, Cathy Bender, Chuck Meriwether, Bob Obrahta, Ralph Perrey, Rip Ryman, Ed Temple, Dudley West, David Wicker, Emmett Wynn, Christie Wilson

Staff: Monica Fawknotson, Ilesha Montesrin (Sports Authority temp), Margaret Darby (Legal)

Titans/ Nissan Stadium: Jenneen Kaufman, Walter Overton, Stuart Spears, Steve Underwood

Predators: Sean Henry, Michelle Kennedy, Sean Marshall, Gerry Helper

First Tennessee Park: Doug Scopel (Senior Vice President)

Visitors: Jane Madden (Metro HR), Tom Eddlemon (Treasurer), Brasher Burbank (Stewart Parking), Larry Atema (Commonwealth Development), Ed Henley (Commonwealth Development), Jordan Wyman (Commonwealth Development)

Chairwoman 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 at the top of the agenda. Ms. Adkins began by stating that it was Ms. Christie Wilson's birthday. She also congratulated Ms. Cathy Bender who will be inducted into the Class of 2016 Vanderbilt Athletics Hall of Fame. She was the first African- American woman to receive a full athletic scholarship to Vanderbilt. In her senior year, she set the record for most assists in a season.

Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the October 21st, 2015 meeting.

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson thanked the Titans for hosting the meeting and noted that Mr. Walter Overton, Nissan Stadium Manager, will be offering a tour after the meeting to show the most recent facility improvements. Ms. Fawknotson gave a brief overview of the meeting's agenda, and then spoke about the many civic events held at Nissan Stadium each year. These civic events range from 5K runs and festivals, to film shoots and parades. In FY15 the Sports Authority hosted approximately 90 civic event days, not including what is referred to as "Lot R Events." Lot R events often take place at the Bridge Building, or Ascend Amphitheater and require parking in Lot R. They may also be connected with the Downtown Partnership's event program.

Ms. Fawknotson additionally reported that the Sports Authority staff is working closely with the Metro ITS WebTeam to update the website. An online version of the civic use application will go live before the end of the year. The application will be more user friendly and will allow organizations to upload all requested documents at the same time. She also announced that, beginning in January of 2016, the board will meet on the third Thursday of each month, as opposed to the third Wednesday, and the meeting time will be moved to 10:30 am. Ms. Fawknotson noted that the first board meeting of 2016 will be held on January 21st.

Search Committee Report

Chairwoman Adkins recognized Ms. Cathy Bender to give the Search Committee Report. Ms. Bender thanked the Search Committee, Ms. Jane Madden (Metro Human Resources) and Ms. Margaret Darby (Legal) for assisting with the search. She reiterated that the process began with 90 applicants which Human Resources narrowed down to 26. Ten preferred candidates received a phone interview and four of them were selected for an in-person interview on November 9th. The committee's mandate was to choose the person that would best suit the Sports Authority and help move it forward. Ms. Bender and the committee recommended Ms. Monica Fawknotson for the Executive Director's position. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve Monica Fawknotson as the new Executive Director of the Sports Authority.**

Finance Committee Report

Chairwoman Adkins next recognized Ms. Margaret Behm to give the Finance Committee Report. Ms. Behm stated that the Finance committee met on November 4th to vet the 2015 Bridgestone Arena and Stewart Logistics, Inc. audits. The committee is expected to meet quarterly, and Ms. Behm invited the board to attend.

Prior to going through the Stewart Logistics audit, Ms. Behm recused herself from the discussion due to her representation of Stewart Logistics, Inc. as its attorney. Mr. Ralph Perrey, taking over, reported Stewart Logistics had a clean audit and that revenue for parking has increased every year since the beginning of the contract. **Upon a motion duly made and seconded, the Sports Authority voted to accept the committee's recommendation and approve the 2015 Audit of Stewart Logistics, Inc. Ms. Behm abstained.**

Ms. Margaret Behm next turned her attention to the Bridgestone Arena audit, stating that it was also clean and that the Finance Committee reviewed every page with Kraft CPAs. The arena's revenue increased by \$1.4 million this year, for a total of \$12,019,727. However, with the increased revenue also came \$1.34 million of increased expenses. The excess of expenses over revenues was \$4,945,766, including the management fee of \$1 million. Neither the \$2.7 million incentive fee, nor the \$1,078,000 performance bonus, is included in the expenses. **Upon a motion duly made and seconded, the Sports Authority voted to accept the committee's recommendation to approve the 2015 Audit of Bridgestone Arena.**

Stewart Parking Solutions Report

Chairwoman Adkins recognized Mr. Brasher Burbank to give the Stewart Parking Solutions report. Mr. Burbank reported that Stewart Logistics' contract with the Sports Authority has two parts. The first part is the automated system in Lot E, utilized by the Juvenile Justice Center, which collects daily revenue. The Sports Authority receives a daily collection report, monthly reconciliation report, and also a detailed report that lists every transaction made through the automated system in Lot E. The

second part of the contract focuses on the events that they market and bring to Nissan Stadium. The contract guarantees the Sports Authority \$117,700 in revenues each year. The breakdown of the revenue split paid to the Sports Authority is as follows: 50% of the first \$60,000 in gross revenues, 60% of the next \$40,000 in gross revenues, and 65% of gross revenues over \$100,000. Mr. Burbank stated that total revenues collected in the three years of the contract are as follows: \$262,000 for 2013, \$323,000 for 2014 and \$354,825 for 2015. This totals almost \$1 million of revenue in three years and \$563,000 in disbursements to the Sports Authority. This is 63% higher than what was predicted in 2012. He anticipates increased revenue in FY16 and his goal for the next two years is to produce \$400,000 in revenue each year so that the disbursements to Sports Authority reach \$1 million over a five year span.

Mr. Burbank continued by naming some of the FY15 events held at Nissan Stadium: Pride Festival, CMT, JUMP's Back to the Bridge, Life in Color, Americana Fest, Rudolph Run, Glow Run, Wine on the River, Boat Show and Antique Home and Garden. He stated that the Sports Authority sold parking for the amphitheater's 28 events this year and that number will increase. Stewart Parking is also in the process of teaming up with the Downtown Partnership to have mini buses transport employees, and those with physical challenges, to amphitheater events.

Nissan Stadium Report

Chairwoman Adkins recognized Mr. Walter Overton to give the Nissan Stadium Report. Mr. Overton reported that home games will be played against the Oakland Raiders and the Jacksonville Jaguars on November 29th and December 6th. On November 30th the Titans will host the TSSAA football banquet which honors high school football players across the state. He additionally noted new building enhancements such as the new marquee sign that is on east side of the facility and plans for a similar one on the west side. Other enhancements include exterior painting of gates, ramps and siding. The Titans have also installed four video walls, two in each club, and replaced the furniture in the clubs. Enhancements in progress include landscaping and the painting of the light rakers.

Ms. Jenneen Kaufman, Titans CFO, continued the Nissan Stadium Report by reporting on the Titans' work in the community. She began with Football 101, a charity event used to raise money for the Tennessee Breast Cancer Coalition. This event is open to the public and this year 200 women signed up. The Titans also participated in the Hometown Huddle, partnering with United Way to serve 75- 80 children from the United Way Resource Center. In addition to visiting Saint Thomas Hospital every Tuesday, the Titans will participate in additional community events for Thanksgiving. The cheerleaders will participate in the Tracey Lawrence Turkey Fry, where they will cook turkeys and hand them out to the homeless. On November 24th the entire Titans organization will assist the Bridge Ministries in handing out food, clothes and a Thanksgiving meal.

Ms. Kaufman turned her attention to the financials, reporting that the \$2.00 ticket tax fund is currently at \$437,545.32. She noted that Metro transferred \$2.5 million from the \$1.00 ticket tax, along with the CMA concessions revenue, to the Stadium Improvement Bond Funds which include:

- 2015 Stadium Revenue Fund
- 2015 stadium Prior Bond Reserve Summary

- 2015 Construction Fund

In regards to seat user fees, Ms. Kaufman reported that the Titans have been making payments to Metro in equal disbursements of \$162,000 for each game. This figure was calculated before the season began based on an estimate of how much the user fee tax would be. After the box office totals up the ticket sales, the Titans do a true up and pay the difference to Metro the following month.

Ms. Kaufman continued by reporting that the Capital Fund Summary has a current balance of \$1,212,418.96. In December she will sit down with Ms. Monica Fawknottson, Ms. Margaret Darby and Mr. Bob Lackey to discuss the Titans capital reimbursements request. That list will go before the Finance Committee. Total unfiled reimbursement receivables are currently at \$2,718,476.77. The \$2.7 million that is in the reimbursement receivables is made up of 27 projects that range from \$10,900 to \$418,286. Ms. Kaufman ended by noting that the only projects that they will be seeking reimbursements for are the projects from 2014 and anything prior to that.

Stadium Refurbishment- Project Manager Report

Next, Chairwoman Adkins recognized Mr. Larry Atema and Mr. Ed Henley, with Commonwealth Development Group, to give the stadium refurbishment project update. Mr. Henley started with an overview of the project. The seating replacement will cost roughly \$6.2 million for a one to one exchange of over 65,000 seats. The expansion joints, running two miles long, will be replaced for the structural integrity of the building and to reseal, for waterproofing purposes. The expansion joints have reached their maximum life and in order to replace them, some seats will have to be removed. Doing the projects together will save money. The estimated cost to replace the expansion joints is roughly \$5.9 million. Since the expansion joints run throughout different sections of the stadium, objects other than the seats will likely be disturbed. An additional \$600,000 has been designated for potential repairs while making these improvements.

Mr. Henley continued with how the budget (and project) has been broken down into three categories: construction, design or engineering, and project management. The construction portion includes the seating replacement, the expansion joints and the potential repair allowance. The design and engineering covers the contract with SKA Engineering, procured under the Titans, SKA's reimbursables, an additional consultant fee allowance, and 5% of these totals as a contingency. The project management category includes material testing and inspection, commissioning, permits, insurance, financing, management fee and, again, that 5% contingency. Mr. Henley stated that it is essential to have the materials tested and inspected by an independent party to ensure that the work is done correctly. The budget for commissioning is set aside should an issue arise while replacing the expansion joints. This is to ensure that everything is in working order when it is completed. \$10,000 has been budgeted for permits and insurance, but the Commonwealth Development Group hopes that they will not need a permit for the seat replacements as it is not structural. They will need a permit for the expansion joints. The financing portion is set aside for budgetary items that will be used. The project management fee will be paid to Commonwealth Development Group and there is a 5% contingency for this category as well. There is also a 5% contingency for the entire project which totals \$750,000.

Mr. Atema then spoke briefly about what to expect throughout this project. A seat vendor will soon be awarded a notice, conditioned on a final contract and the installer having a Tennessee DBE contractor. Mr. Atema stated that the draft of the contract has been completed and the potential installer has begun pre-installation work. Installation is scheduled to begin immediately after the season is over, and the installer will work around other events that are scheduled at the stadium. Mr. Atema will work closely with Mr. Jeff Rhinehart and Mr. Jordan Wyman. The goal is to have this project completed by the start of the 2016 season, but, should there be unforeseen circumstances, they will have to finish up during the 2017 off season.

Bridgestone Arena/ Ford Ice Center Report

Chairwoman Adkins recognized Mr. Sean Henry, President of the Predators, to give the Bridgestone Arena report. Mr. Henry began by stating that five years ago he was hired, alongside Jeff Cogen, with the intention of having a President and a successor. In that time, they set up an executive team that would be in place for the transition period. Mr. Cogen has accepted a front office position with the Tampa Bay Rays but will stay with the Predators until after the All-star game. Mr. Henry reported that Bridgestone Arena has, once again, been nominated for Arena of the Year by Pollstar and has been named the second busiest venue in America. Bridgestone Arena was also named Arena of the Year by the International Entertainment Buyers Association (IEBA) and David Kells was named Executive of the Year by Pollstar. All of these awards help bring in more events and, in turn, make Bridgestone Arena more successful. Upcoming events to look forward to include: Harlem Globetrotters, Madonna, Dixie Chicks, Justin Bieber, Barry Manilow and more. Mr. Henry stated that this July, August and September were the busiest three months that Bridgestone Arena has seen, and that the fall schedule took place during a \$10 million seat replacement and expansion joint renovation. As of September, Bridgestone Arena was \$1.2 million above the bottom line for FY16. It is currently 123% ahead of revenues for previous years. In September alone, Bridgestone Arena was 30% ahead of last September's revenues and is also ahead of the budget by 20% as well.

In regards to hockey, Mr. Henry reported that the Predators are currently 2nd in the conference and 2nd in the division. They are ranked 4th in the overall league. The preseason launched in September and the Predators hosted a rookie camp at Ford Ice Center. Last year the Predators awarded scholarships totaling \$250,000 to teach children how to play hockey, loan and give them equipment and outfits. The Predators have also teamed up with the NHL to infuse Learn to Skate and youth hockey with \$4 million. This will introduce 75,000 kids to the ice. In September, Shea Webber and Pekka Rinne, with the 365 Pediatric Cancer Fund, presented Monroe Carell Jr. Children's Hospital with \$395,424.74. The Predators also launched the first two Hockey Fights Cancer Nights. Money raised will go back into the 365 Cancer Fund.

Mr. Henry concluded his report by noting that the Bridgestone Winter Park will open on December 12th. Along with the Winter Park there will be a double header with a NCAA basketball followed by a Predators game. Mr. Henry announced that the All-star weekend is scheduled for January 30th and 31st.

First Tennessee Park Report

Chairwoman Adkins recognized Mr. Doug Scopel to give the First Tennessee Park report. Mr. Scopel began his report by stating that, although this is the slow time of the year for the Sounds and Minor League Baseball, 72 events are planned between now and the start of the 2016 season. On October 28th, the Sounds hosted an event called Suites N Treats, where suite holders and the staff of First Tennessee Park came together to give out candy to underprivileged and special needs children. Almost 500 children attended this event and were able to Trick or Treat in a safe environment. The National League of Cities held an event at the Ballpark on November 5th and the Minor and Major Leagues' baseball winter meetings will be held December 6-10 at the Opryland Hotel.

There being no other business, the Sports Authority Meeting adjourned.