

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY  
Minutes of May 10, 2016 Meeting of the Finance & Audit Committee  
Peabody Conference Room in Lindsley Hall  
9:00 a.m.

**Board Members:** Margaret Behm (Chair), Ralph Perrey, Dudley West, Kim Adkins, Emmett Wynn

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

**Titans/ Nissan Stadium:** Jenneen Kaufman, Steve Underwood, Bob Flynn, Kayla Byars (Deloitte), Leo Cailleateau (Deloitte)

**Predators/ Bridgestone Arena:** Kyle Clayton, Michelle Kennedy

**Visitors:** Bob Lackey (Metro Finance), Vincent Bocci (Verizon), Matt Harris (Verizon), Nancy Vincent (Verizon)

Chairwoman Margaret Behm called the meeting of the Sports Authority Finance & Audit Review Committee to order at 9:00 a.m. and welcomed all in attendance. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the March 3, 2016 meeting.**

***Executive Director's Report***

Chairwoman Behm recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson stated that on April 28<sup>th</sup>, the State of Metro Address was held by Mayor Megan Barry where she discussed the city's budget. Following the address, the Mayor and Finance Director presented the recommended FY17 budget to the Metro Council. Ms. Fawknotson reported that the recommended budget includes funding for the Sports Authority's Public Investment Plan (P.I.P.) and stated that the Sports Authority's budget hearing with Metro Council's Budget and Finance Committee is scheduled for May 11<sup>th</sup> at 4:15 p.m. She concluded her report by stating that the next full board meeting will be held on May 19<sup>th</sup> at 10:30 in Bridgestone Arena's Lexus Lounge.

***Verizon Proposal for Bridgestone Arena Spire Antenna***

Chairwoman Behm recognized Ms. Fawknotson to begin the report on Verizon's Proposal. She stated that Verizon has proposed to lease space Bridgestone Arena's tower spire for the installation of two antennas to increase wireless capacity and coverage for lower Broadway. Metro ITS is currently working with a company to examine rate structures and the management of municipal buildings considering installing cell phone antennas. Verizon has proposed a five- year lease with the option of four additional five-year renewal terms at a monthly rental rate of \$2,000. Ms. Fawknotson stated that it is staff's recommendation to continue discussions once ample research has been completed.

Chairwoman Behm then recognized Mr. Matt Harris, Ms. Nancy Vincent, and Mr. Vincent Bocci from Verizon, to continue the presentation. Mr. Harris stated that the large number of people on Broadway, at any given time, makes this an important project. With the visitors to Downtown Nashville increasing, Verizon feels it is imperative to create a solution. Mr. Harris reported that the arena's spire is the perfect location due to the proximity of the busiest places and the fact that construction of a new

tower is not necessary. Mr. Harris stated that inside the arena is a Distributed Antenna System (DAS) developed by AT&T that serves as a neutral host. Verizon and AT&T currently use the DAS to serve the interior of the arena, but it is also available for external use as well. There is currently 270 square feet of space that is exclusively for Verizon, inside of the AT&T room, and they believe it is large enough to house the new equipment.

The proposal includes two antenna towers, approximately 8 feet in height, which would have the ability to be shielded by a wall. There is an existing circular wall on the top of the tower that will not shield it completely, but can be extended to cover the antennas. The installation will require three cabinets for equipment. Should there not be adequate room for this in Verizon's existing room, they will require a room that is roughly 100 square feet to accommodate this addition. Verizon is currently in the process of scheduling a meeting with Bridgestone Arena's engineers to have a walk-through so they can create a plan. According to Cisco, last year data use grew 43% across the country. With Nashville expanding as quickly as it has in the past year, Verizon feels that this could be a long term solution to ensure adequate Bandwidth.

In response to a question asked by Mr. Emmett Wynn, Mr. Harris stated that a structural analysis will be done to ensure the tower can hold the new 80 lb. antennas. Furthermore, he stated that there should not be any issues with AT&T because companies are used to coexisting in the same location. Mr. Vincent Bocci added that even after the installation of their antennas, he feels that there would be adequate space for additional antennas as well. Ms. Margaret Darby reported that the Metro ITS study on other Metro-owned buildings does not have a completion date at this time. She noted that while Metro has previously leased land to create a new tower for antennas, they have not yet leased a structure for this purpose. Ms. Darby recommended that an analysis of the spire be completed to ensure its ability to handle additional antennas in the future. Chairwoman Behm requested that the date of completion for the study be completed by the May 19<sup>th</sup> Board meeting.

### ***FY17 Arena CIF Projects***

Chairwoman Behm recognized Mr. Kyle Clayton to report on the proposed list of FY17 Bridgestone Arena CIF Projects. Mr. Clayton stated that the following list contains projects Powers Management would like to complete in FY17, assuming there is enough money in the Capital Improvement Fund (CIF):

- **Arena Bowl Renovations (\$1,800,000)** - Considered to be Phase 2 of the seat replacement project and additional enhancements to the lower bowl.
- **Master Visioning Future Study (\$100,000)** – This will consist of working with an architect to explore options for the Arena in the years to come.
- **Restrooms (\$150,000)** –A continuation of ongoing restroom renovations.
- **Internal/External Band Staging (\$100,000)** – Purchase of a new indoor stage and the relocation of the old stage to a semi-permanent location outside in the plaza.

- **Ice Cover (\$160,000)** – The current cover has damaged corners, which causes a safety hazard. The new cover will mitigate risk of safety hazard and provide quality insulation of the ice.
- **Emergency Power/Back-Up System/Firewall (\$100,000)** –Upgrading the current generator to allow the server room, Wi-Fi system, and phone room to be connected. This improvement will also upgrade the firewall to enhance the security and bandwidth .
- **Cameras (\$25,000)** – Purchase of two new HD, multi-use cameras. The current cameras are roughly 5-6 years old and are not completely HD capable.
- **Zamboni (\$100,000)** – The current Zambonis are original to the facility.

Ms. Darby stated that according to the lease, Capital improvements are to ensure the facility's condition meets the standard set by other comparable facilities. She noted that Zambonis are covered under the License and Use Agreement, within the stadium equipment provision. Ms. Darby recommended that the Finance Committee accept the proposed FY17 list so that Metro Finance can submit it to First Tennessee Bank, who holds the revolving loan. The bank requires the board's approval of projects prior to funding them so they are aware of the anticipated projects. Mr. Bob Lackey added that, according to the lease, Metro must submit the list of improvements that are expected to be completed to First Tennessee Bank no later than May 31<sup>st</sup>. The loan amount each year is for 5 times the amount of CIF revenue that was collected from the prior fiscal year. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the first project (Arena Bowl Renovations) and accept the list of improvements.**

Mr. Clayton concluded his report by discussing projects the arena anticipates in the next 3-5 years:

- **Training Facility/Locker Room/Dressing Room Continuation of Improvements (\$100,000)** – This would include minor refurbishments along with a full scale renovation to untouched rooms.
- **Fan Interaction Areas (\$100,000)** – This will make enhancements to the fans' experiences.
- **Arena Sound System (\$600,000)** – This would include a complete replacement of the current system, which is more than a decade old.
- **Concourse Flooring (\$250,000-\$500,000)** – This is for the main concourse (100 level). The 250k estimate is for a substantial repair and the 500k estimate is for complete replacement.
- **Large Scale Video Enhancements (\$6,000,000-\$8,000,000)** – This estimate includes a comprehensive upgrade of the video entertainment platform

## ***Titans/Nissan Stadium Report***

Chairwoman Behm recognized Ms. Jenneen Kaufman, CFO of the Titans, to give her report. Ms. Kaufman reminded the board that the \$3.00 ticket tax is divided into two separate categories (\$2.00 ticket tax and the \$1.00 ticket tax for 2015 Stadium Improvement Bonds). The \$2.00 ticket tax is currently holding \$388,141.04 and has been pledged to pay the bonds for previous improvements in 2012. The Stadium Improvement Bonds have been broken down into three separate funds.

- 2015 Stadium Revenue Fund Reserve (\$581,568.13)
- 2015 Stadium Prior Bond Reserve (\$1,900,000.00)
- 2015 Stadium Construction Fund Summary (\$1,880.14)

Ms. Kaufman stated that the ticket tax paid to date (from inception) totals \$14,581,804.00. Contributions thus far, for FY16, total \$2,020,038.00. Ms. Kaufman discussed the User Fee Recap which was initiated last season at the request of the Board. The Titans estimate they will pay \$1.6 million into the ticket tax during the season and have divided this amount into installments to be paid over 10 months. After each game the box office will provide a true up of actual tickets sold and pay the difference. Thus far, the Titans have paid three installments, each in the amount of \$162,000.00. Ms. Kaufman additionally reported that the Capital Stadium Fund has a balance of \$158,559.66. The next \$1 million contribution from Metro is scheduled to be disbursed in July. The Unfiled Reimbursement Receivable is \$3,448,207.73, and the Casualty Receivable is \$22,800.20.

In regards to projects listed on the Cap Ex Communication Tool, there have been a few changes. The Storm Water Pump Generator and the Light Pole Project have moved from the current project list to the completed list. Ms. Kaufman stated the Light Pole Project had an original estimate of \$30,000, but the Titans realized there was a large invoice that was not calculated into that figure. The final cost of that project was \$121,377.60. The LED Video Walls, Light Raker Painting Project, and the Club Renovation Project costs incurred have also been updated due to new invoices. The LED Video Walls project has also been moved to the completed project list and the Freight Elevator Project has moved to the current list now that the Titans have issued the Purchase Order. Other projects moved from the anticipated list to the current list are the Bathroom Renovation Project (which will receive a coating on the floor, as well as new paint) and the Concourse High Bay Lighting which will replace the lights on the concourse and make them 50% brighter.

Ms. Kayla Byars and Mr. Leo Cailleateau discussed how Deloitte applied the Agreed Upon Procedures (AUP) for the Titans' User Fee from the 2015 season. Mr. Cailleateau noted that it is a three-way engagement between Deloitte, Tennessee Football, Inc., and the Metro Government. Ms. Kaufman stated that the Titans have agreed to pay \$10,000 of the cost for the auditors. The Titans prepare the User Fee schedule, which is part of the report itself, and it ties in with the amounts that were paid to Metro during the 2015 playing season. Mr. Cailleateau reported that the auditors have three steps for applying the procedures:

- First, they match up the playing schedule with the Titans' Box Office statements. The box office statements are reported to the NFL, which the league and the opposing team sign off on.
- Second, the user fee schedule and the team's general ledger are also checked against each other to ensure accuracy.
- Finally, they check these documents against what has been dispersed to Metro to ensure the correct amount of money has been accounted for.

He noted that the auditors found no discrepancies.

**There being no other business, the meeting was adjourned.**