

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY  
Minutes of May 19, 2016 Meeting of the Board of Directors  
Bridgestone Arena  
10:30 a.m.

**Board Members:** Kim Adkins, Cathy Bender, Ralph Perrey, Christie Wilson, Dudley West, Emmett Wynn, Khalat Hama, Lisa Howe, Rip Ryman, Bob Obrohta

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

**Titans/ Nissan Stadium:** Jenneen Kaufman, Steve Underwood, Bob Flynn, Walter Overton

**Predators:** Kyle Clayton, Rebecca King, Gerry Helper

**First Tennessee Park:** Doug Scopel (Senior Vice President), Adam Nuse (General Manager)

**Visitors:** Ed Henley (Commonwealth Development), Jordan Wyman (Commonwealth Development), Larry Atema (Commonwealth Development), Vilma Salinas (CMA), Brasher Burbank (Stewart Logistics, Inc.)

Chairwoman Kim Adkins called the meeting of the Sports Authority to order at 10:30 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. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the April 21, 2016 meeting.**

***Executive Director's Report***

Chairwoman Adkins recognized Ms. Monica Fawknotson to give the Executive Directors Report. Ms. Fawknotson stated that only three items on the agenda require approval from the board. They include the CMA parking contractor/expenses, the Finance Committee's recommendation of FY17 Arena Capital Improvement Fund (CIF) projects, and the Titans' proposed voluntary lessee improvements. She additionally reported that Nashville has been awarded a United Soccer League franchise which could begin play as soon as 2018. Since a new franchise has been acquired, more discussions of a new soccer specific facility (based on USL specifications) will ensue. Ms. Fawknotson concluded her report by stating that the Mayor's recommended budget includes the Sports Authority's request for the addition of a full-time staff member to coordinate Special Events. The proposed budget will now have to be passed by Metro Council. The Sports Authority's budget hearing with Metro Council's Budget and Finance Committee was held on May 11<sup>th</sup>.

***Approval of CMA Festival Parking Contractor & Expenses***

Chairwoman Adkins recognized Ms. Fawknotson to give an overview the Country Music Association's (CMA) request. Ms. Fawknotson stated that in 2012, the Sports Authority entered into an agreement with the CMA. The agreement allowed the CMA to utilize Nissan Stadium for the duration of the CMA festival each year. It further authorized them to manage, use, and control all of the parking spaces, including the ability to set, charge, and collect parking fees during the main event days. In exchange for the use of Nissan Stadium, CMA agrees to use a parking contractor that is approved by Sports Authority and Cumberland Stadium, Inc. They also agree to divide the net revenue from parking fees between Sports Authority (25%), Cumberland Stadium, Inc. (25%), and the CMA (50%). Under the

agreement, the Sports Authority is entitled to an accounting of the gross receipts from the sale of parking, as well as the expenses that will be incurred to operate the parking spaces. The CMA has named Stewart Transportation as their parking manager for the festival and the shared expenses are as follows:

- \$5,700.00 (Printing of 13,135 parking hangtags)
- \$1,434.00 (Shipping of pre-sold hangtags)
- \$5,825.00 (Terrie Aldridge, \$5,000 for Administrative fee & \$825.00 for FICA, SS, Medicare fees)

Combined, this totals \$12,959.00 of expenses that will be divided between the three involved parties. Ms. Fawknatson continued by stating that the expenses are similar to previous years.

Ms. Fawknatson then recognized Ms. Vilma Salinas from CMA to address any questions. Ms. Salinas began by giving an overview of the request. She reiterated that the requested reimbursement amount includes the printing of all of the hangtags, the shipping of hangtags previously sold on Ticketmaster, and the addition of a staff person to ensure all the tags are distributed appropriately. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve Stewart Transportation as the parking contractor for the CMA Festival. Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the administrative parking expenses as a shared expense between CMA, Sports Authority, and Cumberland Stadium, Inc.**

### ***Finance Committee Report***

Chairwoman Adkins recognized Mr. Dudley West to give the Finance Committee Report. Mr. West began his report with an overview of the presentations the committee received, which included a proposal from Verizon, Bridgestone Arena's Capital Improvement Fund (CIF) projects, and a report from the Titans. Ms. Jenneen Kaufman, Titans' CFO, provided a financial update which included the ticket tax summary. Accompanying her were representatives from Deloitte, who discussed the application of the Agreed Upon Procedures in the audit of the Titans' User Fee from the 2015 season. The auditors reported that they found no inconsistencies between the Titans' Box Office, the User Fee schedule, the team's general ledger, and the amounts disbursed to Metro. He also stated that the Titans had agreed to pay \$10,000 towards the audit.

Mr. West continued the report with discussions of Verizon's proposal for the installation of two antennas on Bridgestone Arena's Spire. The antennas would allow for an increase in capacity and coverage for lower Broadway. The antennas are approximately eight feet tall and weigh about eighty pounds each. The proposal also includes the leasing of space inside the Arena to house the equipment. Verizon has also given the option of extending an existing wall on the Spire, so the antennas will not be visible. The proposed term is for five years with the option to renew the agreement four additional times, each for five years. This would be in exchange for payments of \$2,000 a month to the Sports Authority. Since this is the first request from a cellular carrier to use a Sports Authority facility, the committee recommended establishing a policy for Sports Authority facilities in the event other carriers make similar proposals. Metro's Information Technology Services (ITS), is currently conducting a study of rate structures for Metro-owned buildings. Ms. Fawknatson added that the committee directed staff

to speak with ITS to help create a plan for the Verizon's proposal, and future ones as well. Ms. Fawknorton met with Ms. Margaret Darby (Legal), Ms. Margaret Keck (ITS), and Mr. Brian Mefford (Connected Nation Exchange) to discuss the study Metro engaged and how the broadband plan is progressing. The study is a collaborative effort between Metro ITS, Connected Nation Exchange (CNX), the Mayor's Office, and Public Works. As of now, they do not have a completion date; however, they have received recommendations and are beginning to implement them.

Ms. Fawknorton recognized Ms. Margaret Keck and Mr. Brian Mefford to give their recommendation on proceeding with the proposal from Verizon. Ms. Keck began by stating that ITS' goal is to work with all of the cellular carriers to ensure exceptional coverage throughout Davidson County. After viewing the report that Verizon provided, it is Metro ITS' recommendation to open the discussion to all carriers so that they may utilize the space collectively. This has been accomplished in other cities and it will provide each company with the same advantage. Ms. Keck stated that she would assist the Sports Authority in contacting the other carriers, should this be something of interest. In response to a question asked by Ms. Christie Wilson, Ms. Keck stated that Verizon's proposed antennas (8 feet tall) would most likely not accommodate all of the carriers. Should this be the case, they would potentially install a larger antenna as opposed to having each carrier have their own separate antenna. Ms. Keck is unsure of how many carriers might be interested, but stated that it would likely take a few weeks to find out. She noted that the carriers are not only approaching Bridgestone Arena, but are attempting to utilize most high-rises in Nashville.

Chairwoman Adkins recognized Ms. Nancy Vincent with Baker Donelson, to provide additional information on the antennas. Ms. Vincent stated that from what she understands, cellular companies cannot share antennas externally, like they can internally. Verizon has proposed the installation of two antennas due to the exponential demand for additional coverage in the lower Broadway region. She also stated that Verizon is not proposing for exclusive rights to the Spire. Ms. Margaret Darby with Metro Legal, stated that she recommends a policy be created and applied to all Sports Authority's facilities. . In response to a question asked by Mr. Ralph Perrey, Ms. Darby stated that there are some issues that would still need to be worked through before making a decision on Verizon's proposal. One of these issues is conflicting information in regards to whether or not multiple carriers can use the same antenna.

Mr. West continued the Finance Committee Report with an overview of Bridgestone Arena's FY17 Capital Improvement Fund (CIF) projects. The slate of proposed improvements include:

- **Arena Bowl Renovations (\$1,800,000)** - Considered to be Phase 2 of the seat replacement and expansion joints replacement, as well as 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)** – This will be 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 more semi-permanent location outside in the plaza.

- **Ice Cover (\$160,000)** – The current cover has damaged corners, which causes a safety hazard, and the new cover will provide better insulation to ensure a higher quality of the ice.
- **Emergency Power/Back-Up System/Firewall (\$100,000)** – This will include upgrading the current generator to allow the server room, Wi-Fi system, and the phone room to be connected. This improvement will also allow an upgrade to the firewall heighten the security and the bandwidth capacity.
- **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 were new when the facility was built and have just about reached the end of their useful life.

According to the lease, Powers Management is required to present anticipated projects, for the following fiscal year, to the Board by May 1<sup>st</sup>. Once projects have been approved, the Sports Authority is required to submit the list to the lender, First Tennessee Bank, before May 31<sup>st</sup>. It was the Finance Committee's recommendation to accept the list of improvements but only approve the arena bowl renovations. **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.**

#### ***Bridgestone Arena/Ford Ice Center Report***

Chairwoman Adkins recognized Mr. Kyle Clayton, Director of Financial Reporting, to give the Bridgestone Arena/Ford Ice Center Report. In the month of March, Bridgestone Arena hosted 12 events which included seven hockey games, two Blake Shelton shows, SEC Men's Basketball Tournament, Kris Kristofferson, and Rihanna. Additionally, newly announced shows include: Carrie Underwood, G-Eazy, Hillsong United, Cirque du Soleil, Drake, Florida Georgia Line, and Keith Urban. In the month of March, the Nashville Predators hit a 14-game point streak that secured their spot in the Stanley Cup Playoffs. They also held their 6<sup>th</sup> and final practice at Ford Ice Center with more than 2,000 fans in attendance. The Scott Hamilton Academy hosted a 2-day clinic with participation from a World Champion, a British National Champion, and a US National Champion. Ford Ice also hosted two tournaments that invited over 60 teams to Antioch. Current revenues are at \$10 million- 6% ahead of last year. Bridgestone Arena expenses are tracking about 4% above last year due to ongoing renovation projects. Currently they are 17% ahead of the budget overall. Mr. Clayton then recognized Rebecca King with the Nashville Predators Foundation to give an update on their involvement with the community. Ms. King stated that the Predators Foundation was established in 1998 and they have just recently revised their mission statement. The updated vision for the Foundation is to build philanthropic partnerships within the community to successfully leverage the unique assets and skills of the entire organization to improve the lives of youth and their families. The first year of the Predators Foundation, they awarded roughly \$100,000 and now, sixteen years later, they present \$1 million annually. This includes grants, scholarships, and the Pediatric Cancer Fund. Additionally, they give over \$1 million a year by means of in-kind donations. Ms. King then presented a series of videos that all contained a different story, to better articulate the role the Predators play in the community.

### ***Nissan Stadium Refurbishments- Project Manager's Report***

Chairwoman Adkins recognized Mr. Larry Atema with Commonwealth Development Group, to give the Project Manager's report on Nissan Stadium's refurbishments. Mr. Atema stated that so far 30,000 seats have been replaced, 35,000 remain in order to complete the project. As of now, 50% of the concrete work and replacement of the expansion joints is complete. This is equal to one mile of expansion joints throughout the stadium. In the upper deck, roughly 80% of the restrooms have been remodeled and a guardrail has been added to the stair landings. This includes the addition of a step at the bottom of the risers with safety stripes around the edges, to ensure it is up to date with codes. There has also been extensive replacement of the concrete on the concourse. Financially, 38.5% of the entire project has been paid to date, leaving roughly 61% remaining. The project is currently tracking within the budget and this includes the additional improvements to the concrete throughout the stadium. Mr. Atema assured the Board that the stadium will be ready to host the CMA Festival in June. Commonwealth Development Group has also been tracking the percentage of diversity participation within this project and it is currently at 25%.

### ***Nissan Stadium Report***

Chairwoman Adkins recognized Mr. Bob Flynn, Vice President of Facilities, to begin the Nissan Stadium report. Mr. Flynn stated that there are two new updates to the calendar at the stadium and they include:

- Beyoncé (rescheduled)- October 2<sup>nd</sup>
- Mexican National Soccer Game- October 8<sup>th</sup>

Mr. Flynn reported that the Mexican National soccer team is represented by Soccer United Marketing, which is owned by the Major League Soccer division. This is a positive step towards hosting more soccer games at Nissan Stadium. Mr. Flynn additionally reported that last year the owners of the Titans purchased all new suite furniture for the season ticket holders at a cost of roughly \$1 million. Over the next three to four years, they have plans to renovate the suites as well. This will include new countertops, tile, full size refrigerator, induction warmers, and more throughout 180 suites. This renovation will cost roughly \$11 million, and will be at the owners' expense.

Chairwoman Adkins recognized Ms. Jenneen Kaufman, CFO, to give an update of the financials. 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, which include:

- 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. Ms. Kaufman also 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 at \$3,448,207.73 and the Casualty Receivable is \$22,800.20.

In regards to projects listed on the Cap Ex Communication Tool, Ms. Kaufman reported 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 has also 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 include the Bathroom Renovation Project (which will receive a coating on the floor and new paint) and the Concourse High Bay Lighting which will replace the lights on the concourse and make them 50% brighter.

### ***Titans' Proposed Voluntary Lessee Improvements***

Chairwoman Adkins recognized Mr. Bob Flynn to report on the Titans' proposal for a voluntary lessee improvement. Mr. Flynn stated that their intentions are to create a solid surface for fans to convene before and after events on the south lawn. This will include a stage for live music and can serve as a tailgating experience for those who do not have a parking pass. The estimated cost for this project is \$500,000 and is to be paid by the Titans' organization. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the Titans' voluntary lessee improvement.**

### ***Nashville Sounds/First Tennessee Park Report***

Chairwoman Adkins recognized Mr. Doug Scopel, Sounds' SVP, to give the Nashville Sounds/First Tennessee Park report. Mr. Scopel began his report by introducing Adam Nuse, the Sounds' new General Manager. First Tennessee Park has recently placed a bid for the privilege to host the SEC Tournament next year and they are expecting a response either the last week of May or the first week of June. The construction on the mini-golf course is still in progress and is expected to be finished July 1<sup>st</sup>. On April 30<sup>th</sup>, the ballpark was a part of the St. Jude's Rock N' Roll Marathon where they had a live video feed of the participants up on the scoreboard. On May 7<sup>th</sup>, the Sounds hosted "Pink Out the Park Night" where players wore pink to show their support for breast cancer awareness. May 9<sup>th</sup> was "Bark in the Park" with 200 dogs in attendance. The Sounds' field manager and players visited Vanderbilt's Children Hospital on May 9<sup>th</sup> while wearing capes to show the children that they are the superheroes.

They also hosted the Sertoma Club Clinic to help teach deaf and hard-of-hearing children about the fundamentals of baseball. Mr. Scopel concluded his report by stating that the Sounds were proud to dedicate their Umpire Room to friend and current Sports Authority board member, Mr. Chuck Meriwether, a longtime MLB umpire.

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