

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Minutes of July 21, 2016 Meeting of the Board of Directors

First Tennessee Ballpark

10:30 a.m.

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

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

Titans/ Nissan Stadium: Jenneen Kaufman, Bob Flynn, Steve Underwood, Burke Nihill

Predators: David Kells, Kyle Clayton, Danny Butler, Michelle Kennedy, Keith Hegger

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

Visitors: Rich Riebeling (Mayor's Office)

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 May 19, 2016 meeting.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson began her report by stating that one agenda item would require approval from the Board- the branding and design of the electric vehicle chargers that have recently been installed at Nissan Stadium. After noting that Metro's Chief Operating Officer would discuss a plan that will address the capital needs of the stadium, Ms. Fawknotson reported that staff continues to work toward an agreement with Verizon Wireless for use of Bridgestone Arena's spire to increase wireless capacity on Broadway. Currently, a structural analysis is being done on the spire to understand limitations, not only for Verizon but for various carriers in the future as well. Metro ITS recently purchased a license to a model contract that will serve as a template to construct an agreement with Verizon. Ms. Fawknotson stated that a contract will be drafted and delivered within a week for Verizon's review.

Ms. Fawknotson also reported that Sports Authority staff recently met with the tenants at Bridgestone Arena which included the Tennessee Sports Hall of Fame, Register of Deeds, Nashville Visitor's Center, and Sirius XM Studios. This was the first time that all of the tenants came together with Powers Management to discuss daily operations within the Arena, and Ms. Fawknotson anticipates having tenant meetings twice a year moving forward.

Ms. Fawknotson next shared that Metro's Office of Internal Audit is currently conducting an audit on the construction of First Tennessee Park. General Services is taking the lead since they were responsible for the construction of the ballpark. Internal Audit will present the audit report to the Authority at the August or September meeting.

Finally, Ms. Fawknotson announced that the Titans and the Predators have both agreed to make a financial contribution towards the Sports Authority's new Special Events program/staff position that was approved in Metro's FY17 Operating Budget. She thanked them for their support.

Project Management Report

Chairwoman Adkins recognized Ms. Fawknotson to give the Project Management Report. Ms. Fawknotson reported that, to date, roughly 50,000 seats have been replaced. The target date for completion of the remaining seats is September. Ms. Fawknotson additionally reported that restrooms and concession stands have been completed, and that a rail extension installed for safety purposes in the upper deck, has been inspected and approved by Metro Codes. Concrete on the East and West concourses have been fixed and tested as well. While removing seats in the Club and lower level, leaks were found that is due to deterioration. Currently, the project management team and the engineering firm are investigating the leaks and will have more information by the next meeting.

The budget is tracking on schedule and currently 55% of the \$15,000,000 has been spent. DBE (Diversity Business Enterprise) participation is tracking steadily at 25%. Prior to Monster Jam, the CMA Music Festival, Guns N' Roses, and the Beachbody Convention, the project management team, Titans staff, and TSU students performed seat inspections that consisted of sitting in every new seat to ensure stability during the events.

Ms. Fawknotson then recognized Mr. Rich Riebeling to talk more about the improvements at Nissan Stadium. Mr. Riebeling reported that he met with Mr. Steve Underwood and others from Titans senior management to discuss Capital Projects will be necessary in the near future. They agreed that an independent assessment of the building is important in order to fully understand and anticipate upcoming capital expenditures. Once this is completed, then Metro will determine how the projects will be paid for. Mr. Dudley West asked Mr. Riebeling if this financial plan would only apply to upcoming expenditures because current unfilled reimbursements are currently over \$3 million. Mr. Riebeling stated that this study will benefit past and future money owed for capital expenditures, and projected it will cost \$200,000-\$300,000. He expects to have more information for the board by its next meeting.

Approval of Nissan EV Chargers Design and Branding

Chairwoman Adkins recognized Ms. Monica Fawknotson to give an overview on the Nissan EV chargers design and branding. Ms. Fawknotson reminded the board that in May they approved Nissan North America's proposal to install 3 EV (electrical vehicle) chargers in the north side of Lot R. Installation has been completed and, other than NES powering them on, all that is left is aesthetics. Nissan would like to add signage, branding, stenciling and also some hedges behind the chargers. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the design and branding of the EV chargers at Nissan Stadium.**

Nissan Stadium Report

Chairwoman Adkins recognized Mr. Bob Flynn, Vice President of Facilities, to begin the Nissan Stadium report. Mr. Flynn stated that the CMA Music Festival brought great weather and wonderful crowds for four days in a row. On June 18th Monster Jam also had its first event at Nissan Stadium and brought 30,000 people into the stadium. Guns N' Roses brought 45,000 to the stadium on July 9.

Upcoming events include:

- Training Camp Practice- August 6th
- Preseason Games- August 13th and August 20th
- John Merritt Classic- September 3rd
- Regular Season Opener- September 11th
- Beyoncé- October 2nd
- Mexican National Soccer Game- October 8th

Mr. Flynn reported that the NFL is requiring certification from the U.S. Department of Homeland Security. Having this certification will limit both the stadium and the city's liability in the event of a terrorist act. It will take roughly 9 to 12 months to complete and receive the certification. The costs associated with this certification are being done solely at the Titans' 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 \$437,830.37 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 (\$723,757.78)
- 2015 Stadium Prior Bond Reserve (\$1,900,000.00)
- 2015 Stadium Construction Fund Summary (\$1,884.95)

Ms. Kaufman stated that the 2015 Stadium Loan is currently at \$7.1 million, which is cumulative for the seat and expansion joints replacement. The ticket tax paid to date (from inception) totals \$15,084,304.00. 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 five installments, each in the amount of \$162,000.00. Ms. Kaufman additionally reported that the Capital Stadium Fund has a balance of \$1,158,624.37, which includes a \$1 million contribution from Metro. The Unfiled Reimbursement Receivable is at \$3,889,731.88 and the Casualty Receivable is \$22,800.20.

In regards to projects listed on the Cap Ex Communication Tool, Ms. Kaufman reported a few updates. Club Renovations, equipment, and the Ticket Office renovation are three items on the current

project list where the costs incurred has been updated due to invoices being received and paid. Ms. Kaufman concluded her report with the announcement of two new hires into Special Event roles- an Event Sales Coordinator and a Service Coordinator.

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 May, Bridgestone Arena hosted 6 events which included three Predators' Playoff games, Avett Brothers, Pentatonix, and I Love the 90's. The Nashville Predators took one of their Playoff games into three overtimes and won with a goal from Mike Fisher at 1am. Unfortunately, the Predators saw their 2016 Stanley Cup Playoff run come to an end in game seven with the San Jose Sharks. Current revenues are tracking at \$350,000 ahead of last year's record- 3% ahead of last year. In response to a question asked by Ms. Margaret Behm, Mr. Clayton stated that expenses were more than last year due to Playoff games. During the second round (against the San Jose Sharks), Powers Management had additional cooling units on hand due to the high temperatures outside. He stated that they were not used but they did ensure they were on site in the event that they were needed. Currently they are 20% ahead of the budget overall, and Powers Management is also investing \$500,000 into improvements to the Arena for past projects that have already been completed. Mr. Clayton continued with an announcement that the Nashville Predators Foundation distributed over \$450,000 in grants to Middle Tennessee organizations. Cumulative, that is over \$1 million in contributions to the community this year. Ford Ice Center is seeing an increase in Public Skate with more kids coming to cool off and have fun now that school is out for the summer. The adult hockey league brought in 50 teams which is equivalent to 700 adult skaters.

Mr. Clayton then recognized Mr. David Kells to continue with the report. Mr. Kells began by stating that two staff members from the Arena have been recognized by the industry. Director of Public Safety, Mr. Chad Ludkey, was honored by National Sport and Safety Security with the 40 under 40 award. Mr. Ben Bosse, Director of Event Services, was honored by International Association of Venue Managers in the 30 under 30 class. A new addition to Powers Management is Mr. Keith Hegger, Senior Vice- President of Finance. The 2016-2017 Predators' schedule has been released and the first home game is scheduled for October 14th. The team also signed a six- year contract with their highest scorer, Filip Forsberg. The Predators also made a big trade for P.K. Subban by exchanging their team Captain, Shea Webber. P.K. Subban has reached the Eastern Conference Finals two times and also won the James Norris Memorial Trophy as the top defensive player in 2013. Renovations are still ongoing and with the hockey season over, the 200 and 300 level seats are now being installed. The seat replacement is expected to be complete by the end of August. Concession stands and bathrooms are still ongoing as well. Finally, there are four upcoming shows that are sold-out: the Dixie Chicks, Drake, and two Adele shows.

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 stating that the Sounds have not visited the Playoffs since 2007. Since May 24th, the Sounds have been in first place with high hopes of seeing the Playoffs this year. They currently have a five game lead and only 46 games left in the season- 20 of those being home games. On July 3rd, there was a record attendance at First Tennessee Park with 12,000 fans at the game. In the community, the Sounds participated in "Play Ball," the City of Hope Softball game, Hope to Dream Charity Event, and staff also built a new playground for the Buena Vista Elementary School. Finally, the 9-hole mini-golf course has officially been completed and Mayor Megan Barry attended the grand opening.

Chair's Remarks

Chairwoman Adkins concluded the meeting with a few additional notes. Ms. Adkins recognized Ms. Monica Fawknotson for completing the Metro Management Institute. She noted the next meeting will be held at Bridgestone Arena on August 18th at 10:30am.

There being no other business, the meeting was adjourned.