

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Minutes of December 15, 2016 Meeting of the Board of Directors

First Tennessee Ballpark

10:30 a.m.

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

Staff: Monica Fawknatson, Ilesha Montesrin, Margaret Darby (Legal), Quinton Herring

Titans/ Nissan Stadium: Jenneen Kaufman, Bob Flynn, Steve Underwood, Walter Overton, Burke Nihill (Attorney)

Predators: Sean Henry, David Kells, Kyle Clayton, Danny Butler, Michelle Kennedy, Jill Ormandy, Danny Butler, Beth Snider

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

Visitors: Larry Atema (Common Wealth Development), Ed Henley (Common Wealth Development), Jordan Wyman (Common Wealth Development), Roxianne Bethune, Bob Lackey (Metro Finance), Kristina Kirby (Kraft CPA's), Vicki Gray (Kraft CPA's), Brasher Burbank (Stewart Logistics), Peter Heidenreich (Hall Strategies)

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 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 November 17, 2016 meeting.**

Resolution Honoring Coach Ed Temple

Chairwoman Adkins welcomed Ms. Edwina Temple, daughter of Coach Ed Temple, and Olympian and current TSU Track Coach, Chandra Cheeseborough, to the meeting. Chairwoman Adkins recognized Ms. Monica Fawknatson to read the resolution in honor of Coach Temple. Coach Temple served as the Head Coach of the Women's Track and Field program at Tennessee State University (TSU) for 44 years. He served as Head Coach of two USA Olympic Women's teams and an assistant coach of one Olympic team. He coached 40 Olympians, 23 Olympic Medalists, and 8 National Track and Field Hall of Fame inductees. He won 34 National Titles. Coach Temple has been inducted to at least 9 Hall of Fames, including the National Track and Field Hall of Fame and the United States Olympic Hall of Fame. He profoundly influenced the Nashville sports community as a founding member of the Metro Sports Authority, a member of the Nashville Sports Council, and a Board member of the Tennessee Sports Hall of Fame. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the Resolution honoring Coach Edward Stanley Temple.**

Executive Director's Report

Chairwoman Adkins recognized Ms. Monica Fawknatson to give the Executive Director's Report. Ms. Fawknatson began her report by stating that only one agenda item requires action by the Authority-

a Memorandum of Understanding (MOU) for Stormwater permit compliance with Sports Authority facilities. Ms. Fawknotson continued with a project management report for Nissan Stadium, noting that the waterproof coating on the upper deck has been completed and specialty cup holders have also been installed. Sealant and caulking has been completed on the East side club level. Ms. Fawknotson noted schematic drawings are being created for the expansion joint project and are expected to ship no later than February 1st. Diversity Business Enterprise (DBE) involvement in the project is currently at 30% and the budget is continuously on track with projections. Facility assessments have been completed at Bridgestone Arena and Nissan Stadium. Venue Solutions Group announced the drafts should arrive by the middle of the first quarter of 2017.

Finance Committee Report

Chairwoman Adkins next recognized Ms. Margaret Behm to give the Finance Committee Report. Ms. Behm began her report by stating that the Finance Committee recommends approval of all three items before the Authority. Ms. Behm then, as legal counsel for Stewart Logistics, Inc., recused herself and recognized Mr. Ralph Perrey to give the recommendation for Stewart Logistics' FY16 audit. Mr. Perrey reported that the audit was clean with an increase in revenue (as with previous years). Mr. Perrey stated that the contract with Stewart Logistics, Inc. expires in June of 2017 and that the Request for Proposal process should begin shortly. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the audit of Stewart Logistics, Inc. for FY16, with Margaret Behm abstaining.**

Chairwoman Behm then asked Ms. Vicki Gray, from Kraft CPA's, to give a summary of the FY16 Bridgestone Arena audit. Ms. Gray stated that Bridgestone Arena also had a clean audit with revenues increased over the previous year. Powers Management is scheduled to receive a management fee of \$1 million, the Incentive Fee (which caps at \$2.7 million), and the Performance Fee of \$287,000. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the FY16 audit of Bridgestone Arena/Powers Management.**

Chairwoman Behm stated that, contractually, Powers Management is required to present the budget to the Board no later than December 1st of each year, and then recognized Mr. Kyle Clayton, Director of Operations, to summarize the Operating Budget for FY18. Mr. Clayton stated that this year while building the budget, Powers Management took results from the previous year and added room for growth. Revenue from FY16 was \$10 million so they budgeted \$12.7 million in FY18. Expenses were \$15.2 million in FY16 and the budget for FY18 is \$17.7 million. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the FY18 Operating Budget of Bridgestone Arena/Powers Management.**

Bridgestone Arena/Ford Ice Center Report

Chairwoman Adkins recognized Mr. Kyle Clayton, Director of Business Operations, to give the Bridgestone Arena/Ford Ice Center report for the month of October. Opening weekend consisted of a

concert with Florida Georgia Line, a Predators game against the Blackhawks that ended with a victory, and two sold out Adele shows. Bridgestone Arena also hosted eight Disney on Ice shows in the month of October. Revenues are currently pacing \$60,000-\$70,000 behind last year after only four months into the fiscal year. Expenses are trending approximately 7% below last year and 1% under budget for the current year. Mr. Clayton stated that small renovation projects are sometimes funded through an excess in operating expenses and a few bathrooms have been renovated this year. Ford Ice Center has welcomed 18 Middle Tennessee high school hockey teams for the new season and that is 2 more than last year. MTSU and Vanderbilt have also started their hockey seasons. Additionally, Lipscomb and Sewanee are also utilizing Ford Ice Center. Adult hockey leagues have begun and there are already 630 participants.

Mr. Clayton recognized Mr. David Kells, Vice-President of Booking, to continue the Bridgestone Arena report. Mr. Kells stated that this week the arena will celebrate 20th year of business. The Smashville Outdoor Skating Rink is open for its second year in Walk of Fame Park. New events this year include a Pond Hockey League that starts on January 9th and Frosty's First Steps (a beginner skate program). The Predators foundation will participate in Dolly Parton's Tell-a-thon to help raise money for the My People Fund, a benefits for those affected by the fires in East Tennessee. During the month of December, Bridgestone Arena will host 22 events, including multiple Cirque de Soleil shows, a Kelly Clarkson show, 5 Predators games, WWE Wrestling and Widespread Panic.

MOU for Stormwater Permit Compliance at Sports Authority Properties

Chairwoman Adkins next recognized Ms. Fawknorton to summarize the Memorandum of Understanding (MOU) for Stormwater Permit Compliance at Sports Authority Properties. Ms. Fawknorton stated that stormwater control measures must be created when significant redevelopment or development occurs. The MOU will require the submission of a long-term maintenance plan and annual status report to Water Services for all Sports Authority projects that require a grading permit-including the Titans' plaza upgrades at Nissan Stadium. Currently, stormwater control measures are in place at Nissan Stadium, First Tennessee Park, and Ford Ice Center. Should changes need to be made the Sports Authority will notify Metro Water and make corrections to the long-term maintenance plan. The MOU states that if the property is sold the Sports Authority will convey this agreement to the new buyer and require them to execute a new agreement with Metro Water Services. Ms. Fawknorton stated that the Sports Authority staff will work closely with the facility managers to accomplish these new requirements. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the MOU for Stormwater Permit Compliance at Sports Authority Properties.**

Nissan Stadium Report

Chairwoman Adkins recognized Mr. Bob Flynn, Vice President of Facilities, to begin the Nissan Stadium report. Mr. Flynn stated that Nissan Stadium's upcoming events include:

- Music City Bowl (December 30th)

- Titans vs. Texans (January 1st)

Chairwoman Adkins then recognized Ms. Jenneen Kaufman, CFO, to give an update on the financials. Ms. Kaufman reminded the board that the \$3.00 ticket tax is divided into two separate categories (\$2.00 ticket tax and \$1.00 ticket tax for 2015 Stadium Improvement Bonds). The \$2.00 ticket tax is currently holding \$754,339.76 and has been pledged to pay the bonds for previous improvements in 2012. The Stadium Improvement Bonds are divided into three separate funds, which include:

- 2015 Stadium Revenue Fund Reserve (\$1,707,275.95)
- 2015 Stadium Prior Bond Reserve (\$1,900,000.00)
- 2015 Stadium Construction Fund Summary (\$2,127.76)

Ms. Kaufman reported that the 2015 Stadium Loan is currently at \$10.9 million, which is cumulative for the seat and expansion joints replacement. The ticket tax paid to date (from inception) totals \$16,629,784.00. 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 ten installments each in the amount of \$162,000.00. Ms. Kaufman additionally reported that the Capital Stadium Fund has a balance of \$1,159,737.79, which includes a \$1 million contribution from Metro. The Unfiled Reimbursement Receivable currently sits at \$4,940,687.27 while the Casualty Receivable is \$6,617.17.

In regards to projects listed on the Cap Ex Communication Tool, Ms. Kaufman reported that the final invoice was received for the Light Raker Paint Project (the final total is \$575,000). Artificial turf was also added to the Communication Tool with a cost of \$16,300.00.

Nashville Sounds/First Tennessee Park Report

Chairwoman Adkins recognized Mr. Doug Scopel, Nashville Sounds V.P., to give the Nashville Sounds/First Tennessee Park report. Mr. Scopel stated that at the Winter Baseball meetings the Pacific Coast announced that the League has the highest amount of community participation in all of minor league baseball. Sounds' staff regularly works with Buena Vista Elementary School and other partners to better the local community.

Chairwoman Adkins concluded by stating that the next Board meeting will be held on January 19th at Bridgestone Arena.

There being no other business, the meeting was adjourned.