

**SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE  
& DAVIDSON COUNTY**

Minutes of May 18, 2017 Meeting of the Board of Directors  
Nissan Stadium  
10:30 a.m.

**Board Members:** Kim Adkins, Cathy Bender, Lisa Howe, Margaret Behm, Catana Starks, Emmett Wynn, Bob Obrohta, Chuck Meriwether, Dudley West

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

**Titans/ Nissan Stadium:** Jenneen Kaufman, Walter Overton, Robbie Bohren, Burke Nihill, Steve Underwood, Mike Keith, Stuart Spears, Tina Tuggle

**Predators:** Kyle Clayton, David Kells, Danny Butler, Keith Hegger

**First Tennessee Park:** Doug Scopel, Adam Nuse

**Visitors:** Vilma Salinas (Country Music Association), Ed Henley (Commonwealth Development Group), Larry Atema (Commonwealth Development Group), Roxianne Bethune (Commonwealth Development Group), Mike Wooly (Venue Solutions Group), Jordan Wyman (Commonwealth Development Group), Brasher Burbank (Stewart Parking), Chase Oeser (Stewart Parking)

Chairwoman Kim Adkins called the meeting of the Sports Authority to order at 10:30 a.m. and welcomed all in attendance. Ms. Adkins congratulated the Nashville Predators for advancing to the Western Conference Finals and 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 20, 2017 meeting.**

***Executive Director's Report***

Chairwoman Adkins recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton began with an overview of the agenda, reporting that the board would be asked to consider requests from the Country Music Association (CMA) to split the cost of administrative fees associated with parking at Nissan Stadium and to approve Stewart Logistics, Inc. as the parking contractor for the festival. During the Finance Committee Report, the Board would also be asked to consider a resolution approving the proposed list of Capital Improvement Fund (CIF) projects at Bridgestone Arena. Following these two action items, Mr. Larry Atema will present the facility condition assessments of Nissan Stadium and Bridgestone Arena. Finally, Ms. Fawknorton noted that the agenda would also include a time for facility questions and the spotlight report from the Titans.

Ms. Fawknorton stated that since the last meeting, Mayor Barry held the annual State of Metro Address at Bridgestone Arena on April 26<sup>th</sup> at Bridgestone Arena. Ms. Fawknorton thanked the facility partners for their support and attendance at the Sports Authority Metro Council budget hearing on May 8<sup>th</sup>, and reported that the department's Public Investment Plan (P.I.P.) is recommended for funded in the Mayor's FY18 budget. She expressed her gratitude to the facility and community partners who are supporting the PIP.

### *Consideration of CMA Festival Parking Contractor & Expenses*

Chairwoman Adkins again recognized Ms. Fawknorton to give an overview of the request from the Country Music Association (CMA). Ms. Fawknorton stated that the Sports Authority and Cumberland Stadium Inc. allow the CMA to control the parking lots at Nissan Stadium for the duration of the CMA Festival. The License & Use Agreement between the CMA and the Sports Authority requires the parking contractor to be approved by the Board and Cumberland Stadium Inc. The CMA has decided, once again, to use Stewart Logistics as the parking contractor for this year's event.

Ms. Fawknorton then recognized Ms. Vilma Salinas, Senior Manager of Event Logistics, to continue the report. Ms. Salinas stated that currently 4,000 parking spaces have been sold and hangtags were mailed out last week. There are 50 different hangtags, which vary in design for the 16 parking lots and the different days of the festival. Last year \$101,850 was collected on-site, during the four-day festival. The cost for 13,000 hangtags is \$5,200 and the shipping of the hangtags to customers will cost \$1,375. There is also an administrative cost of \$5,825 that will allow for one person to oversee the design, ordering, organization and execution of the hangtags. The total cost of the expenses is \$12,400 and is shared equally between the CMA, Sports Authority, and Cumberland Stadium, Inc. Ms. Salinas noted that the revenue generated from the sale of parking is also split with CMA receiving 50%, and Sports Authority and Cumberland Stadium Inc. receiving 25%. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve Stewart Logistics as the parking contractor for the 2017 CMA Fest. Margaret Behm recused herself. Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the shared administrative expenses for the 2017 CMA Fest.**

### *Finance Committee Report*

Chairwoman Adkins then recognized Ms. Margaret Behm, Chair of the Finance Committee, to give the Finance Committee Report. Ms. Behm reported that on May 15<sup>th</sup>, the Committee received an update from the Titans, which included the addition of six new anticipated projects to the Cap-Ex Tool Spreadsheet:

- Padding for concrete walls near the field (\$49,016)
- ADA Companion Chairs (\$5,951.25)
- Picnic tables in the end zones (\$12,720)
- Bike racks (\$8,378)
- Paint doors throughout the stadium (\$25,665)
- Ride share pick-up and drop-off location-Lot T (\$63,722.47)

Ms. Behm stated that the Committee expressed some concern when discussing the door painting project and noted that additional conversations will be held. The Titans invited representatives from the audit firm Deloitte & Touche to discuss the audit of the user fee schedule to the box office statements. The auditors confirmed that the maximum number of comp tickets did not exceed 3,250 (per the lease agreement). They also confirmed that the \$3 in ticket tax is dispersed to the appropriate accounts and checked to make sure that all user fees were paid on time, in accordance with the schedule. The findings of the audit were clean and there were no exemptions.

Ms. Behm also reported that the Committee received a Project Management Report from Commonwealth Development Group (CDG). Phase 2 work has been completed and includes work on the East Club level, specifically the replacement of 13 expansion joints, waterproofing work, and the extension of several guard rails in the seating area. Final invoices are coming in now. Once complete, reconciliations will be made to determine how much money is left. Also, during Phase 2 work an internal gutter was found to have failed, causing water damage in a storage room. According to Mr. Larry Atema with CDG, the gutter must be replaced and his team recommends paying for it with any left over money from Phase Two.

### ***Consideration of Bridgestone Arena's Proposed CIF Projects for FY18***

Ms. Behm then stated that the Finance Committee also received a request from Powers Management to approve the list of proposed Capital Improvement Fund (CIF) projects. Under the terms of the bank loan used to fund CIF projects, Metro is required to submit a list of capital projects to be financed with the proceeds of the loan 30 days prior to the beginning of the fiscal year (or by May 31). Sports Authority staff received the CIF letter from the Predators on May 1<sup>st</sup>. Ms. Behm stated that moving forward; staff would like to develop a less time-restrictive process. The proposed list of projects includes:

- Backstage Area of Bridgestone Arena (\$700,000)
- Restrooms (\$150,000)
- Internal/External Band Staging (\$200,000)
- Newly Created Premium Hospitality Space on Event Level (\$350,000)
- Emergency Power/Back Up System/Firewall (\$100,000)

Ms. Behm stated that the letter also names two projects Bridgestone Arena will seek approval for in the near future:

- Large Scale Video Enhancements (\$6,000,000)
- Arena Sound System (\$1,200,000)

Projects considered for Intermediate to Long Range Planning are:

- Fan Interaction Areas (\$100,000)
- Concourse Flooring (\$500,000-\$1,000,000)
- Zamboni (\$100,000)

There is roughly \$800,000 available in the CIF Fund and the projects total \$1.5 million. As funds are made available, the Predators will request project approval from the Board prior beginning work. Ms. Behm reported that the Finance Committee recommends approval of the resolution that is before them. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the resolution authorizing approval of the five projects on Bridgestone Arena's list of FY18 CIF projects.**

### ***Facility Condition Assessments***

Chairwoman Adkins recognized Ms. Fawknorton to discuss the Facility Condition Assessment. Ms. Fawknorton stated that the Sports Authority and the city initiated the assessments in order to gain a comprehensive understanding of the current condition and future capital needs of Bridgestone Arena and Nissan Stadium over the next 20 years. When these

discussions arose, Commonwealth Development Group (CDG) was currently working at Nissan Stadium for the seat replacement and the expansion joint work. Metro decided to extend CDG's contract to include the facility assessments in the scope of work.

Ms. Fawknotson recognized Mr. Larry Atema, Principal of CDG, to continue the report. Mr. Atema stated that both Bridgestone Arena and Nissan Stadium are rapidly approaching 20 years old and that the current lease agreements will expire in roughly 10 years. CDG subcontracted a local firm, Venue Solutions Group (VSG), to study the current physical condition of these two facilities. The primary objective of these assessments was to recommend improvements to the facility operations/procedures, recommend improvements to facility maintenance, and forecast capital expenditures for a period of 20 years. VSG brought in a team of more than 20 field experts (representing 8 firms) for a comprehensive review of the facilities which included:

- Architecture & Interiors
- Major Systems (Mechanical, Electrical, Plumbing, and Fire Protection)
- Structural
- Technology
- Roofs
- Vertical Transportation
- Food Service
- Playing Field (Stadium only)

Each firm compiled a report with recommendations for improvements in three categories, including operational/procedural items, maintenance/repair items, and capital expense items. VSG compiled all of the reports and created the assessments, which include a capital expenditure matrix for the next 20 years. Mr. Atema stated that next steps include talking with the facilities to discuss the improvements and drafting a capital spending plan. CDG would also like to develop a management system to monitor the implementation of recommendations and to track the work that has been completed. Mr. Atema stated that over 20 years, Bridgestone Arena will need approximately \$184 million and the Stadium will require almost \$300 million to remain in working condition.

In response to Board member Dudley West's question about having a plan, Mr. Rich Riebeling, COO of Metro Finance, stated that as of now there is no plan. Now that the assessments have been completed, the recommended improvements will need to be compared to the lease in order to determine whether the team, food service operator, or Metro is responsible for each improvement. Mr. Riebeling also noted that the bonds issued for construction of the facility could very well be paid off by the end of the lease agreements. Should that be the case, these revenues would be freed up and could potentially be used for the improvements.

Chairwoman Adkins then recognized Mr. Mike Wooly, Principal of VSG, to discuss his company's experience. Mr. Wooly stated that VSG has been in business for 6 years and previously worked for Populous and HOK Sport. Most recently, the firm has completed facility assessments on PNC Arena, FedEx Field, and the American Airlines Arena.

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

Chairwoman Adkins next recognized Mr. Steve Underwood, CEO, to begin the Nissan Stadium/Tennessee Titans Report. Mr. Underwood expressed his gratitude to the Metro Government and Commonwealth Development Group, for their leadership with the facility assessments. He stated that the Titans organization is happy to call Nissan Stadium home and that they intend to call it home for the foreseeable future. Mr. Underwood congratulated the Nashville Predators for making it to the Playoffs and wished them the best of luck while they fight for the Stanley Cup.

Mr. Underwood recognized Mr. Mike Keith, Voice of the Titans, to continue the report. Mr. Keith gave an update on the newest additions to the Titans, which include:

- Free Agency
  - CB: Logan Ryan
  - S: Johnathan Cyprien
  - DT: Sylvester Williams
  - LB: Brynden Trawick
  - LB: Daren Bates
  - KR: Eric Weems
- Draft
  - WR: Corey Davis
  - CB: Adoree' Jackson

Mr. Keith then recognized Mr. Stuart Spears, Senior Vice President & Chief Revenue Officer, to continue with the report. Mr. Spears stated that the staff has initiated "Season Ticket Member Engagement," where fans will have opportunities to attend events such as:

- Tailgate & Tuxedos
- Season Ticket Member Prizes
- Movie Night
- Coffee with Coach
- Titan Talk
- Titans Draft Party
- NFL Draft Experiences

Mr. Spears recognized Ms. Tina Tuggle, Community Relations Director, to discuss the Titans' Community Outreach. In the past month, the Titans have hosted three annual events, which included the Tennessee Titans Regional Spelling Bee, the High School Football Recruiting Fair and the Titans Caravan.

Ms. Tuggle recognized Ms. Jenneen Kaufman, CFO, and she noted that upcoming events include:

- CMA Music Festival (June 8<sup>th</sup>- 11<sup>th</sup>)
- Monster Jam (June 24<sup>th</sup>)
- Gold Cup (July 8<sup>th</sup>)
- International Champions Cup- Manchester City vs. Tottenham (July 29<sup>th</sup>)

Ms. Kaufman followed with an update on the financials. She 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 \$497,930.41 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 (\$1,217,995.52)
- 2015 Stadium Prior Bond Reserve (\$1,900,000.00)
- 2015 Stadium Construction Fund Summary (\$2,182.78)

Ms. Kaufman reported that the 2015 Stadium Loan is currently at \$12,307,335.84, which is cumulative for the seat and expansion joints replacement. The ticket tax paid to date (from inception) totals \$17,531,335.00. 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. As of 4/20/17, the Titans have paid three installments, each for \$162,000.

Ms. Kaufman additionally reported that the Capital Stadium Fund has a balance of \$801,122.72, following the Capital Expense Reimbursement of \$360,627.48 (some of the requested projects has been deferred and/or are pending on stadium loan availability) and a \$1 million contribution from Metro. The Unfiled Reimbursement Receivable currently sits at \$4,719,782.80 while the Casualty Receivable is \$4,217.17. Ms. Kaufman stated that the Titans are paying for the suite renovations which are estimated to cost roughly \$11 million.

In regards to projects listed on the Cap Ex Communication Tool, Ms. Kaufman reported that changes to the Cap-Ex Tool Spreadsheet have been made since last month. Several projects have been added to the anticipated list, which Ms. Behm spoke of during the Finance Committee Report. The Titans have also moved several projects from the anticipated list to the current list because and will begin work soon. These projects include:

- Security video surveillance system
- Door replacement throughout the stadium
- Padding for concrete walls
- ADA companion chairs
- Picnic tables in the end zones
- Bike racks
- Paint doors throughout the stadium
- Ride share location

The Titans concluded their report by providing a video that shows all of the events that staff, players, and fans have been involved in this year.

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