



ECONOMIC IMPACT REPORT

NASHVILLE PREDATORS
FEBRUARY 2012



March 27, 2012

Mr. Sean Henry, Chief Operating Officer
Nashville Predators and Powers Management
Bridgestone Arena
501 Broadway
Nashville, Tennessee 37203

RE: Economic and Fiscal Impacts of the Nashville Predators and Bridgestone Arena

Dear Sean:

From December of 2011 through February 2012, we prepared an analysis of the economic and fiscal impacts generated by the Nashville Predators hockey team and Bridgestone Arena after certain incentives were approved by Mayor Karl Dean and Metro Council in 2007. Our focus was on the annual spending, jobs and tax impacts enjoyed by the city of Nashville and Davidson County over the last four years since performance incentives were put in place.

The attached Executive Summary Report outlines our principal findings and will provide you with an explanation of the key impact figures identified during the course of our work. With the objective of advancing analytical work prepared by MZ Sports in 2007, we were also engaged to simulate the direct and indirect economic impacts of a Bridgestone Arena event calendar without Predators home games during the period 2007-08 through 2010-11.

As mentioned in the report, there is an ongoing debate amongst sports economists as to the sufficiency of evidence justifying community investment of public dollars in sports facilities made available for the use of privately owned sports teams. A great deal of media attention has been given to studies conducted during the late 1990's which opined that there are no measureable public sector benefits to be enjoyed by those communities investing in sports facilities and team financial incentives. While much of the data referred to in the literature appears compelling, recent academic research utilizing more current data and case specific methodology relevant to major league sports suggests otherwise.

Our analysis was based on a financial model designed to analyze team and arena operations as a means of estimating key economic and fiscal impacts. While results were compared to actual operating performance, job counts, payroll figures, and tax and other public revenue collections, actual future performance and results will vary depending on market conditions, cost of goods and services, competition, and the like.

We appreciate the opportunity to work with you and would be pleased to discuss these findings with you in more detail, as you require.

Leib Advisors, LLC

By:
Robert E. Leib, J.D., LL.M

BACKGROUND

When plans for an arena in Nashville began to take shape, then-mayor Phil Bredesen shared the following vision for the mission of the arena: "The mission of the (Arena) is to provide a state-of-the-art facility that can maximize utilization by hosting a full spectrum of events appealing to all constituencies in the Nashville area. The arena should help stimulate growth and enhance development in downtown Nashville, provide an attractive venue for entertainment, sports and learning, instill a renewed sense of pride in the city, and serve as a landmark for the image and reputation of Nashville as a premier place to live, visit, work and enjoy." Originally named Nashville Arena upon completion in 1996, Bridgestone Arena was essential to Mayor Phil Bredesen's vision for a rebirth of lower Broadway and efforts to put Nashville into the ranks of "Big League" convention and visitor destination cities. After leading the charge to gain popular support for this ambitious project since his election in 1991, Bredesen came one step closer to the realization of his vision when the Metro/Davidson County Council voted to approve funding and construction of the arena in 1993.

While the arena opened and held its first event during December of 1996, local officials were aware of the challenges faced by communities who constructed new sports facilities without an anchor tenant. To ensure that Nashville avoided this pitfall, Metro offered a \$20 million incentive for any investor who would bring a professional franchise to lower Broadway and call Bridgestone Arena "home." Mayor Bredesen recognized that having this anchor tenant was key to luring businesses and people—especially tourists—back to downtown Nashville.

Enticed by this new state-of-the-art facility as well as Metro's commitment to revitalizing downtown Nashville, Craig Leipold, in partnership with Gaylord Entertainment, took action and was granted an NHL expansion franchise to begin play at the outset of the 1998-99 NHL season. In conjunction with the acquisition of this major league tenant, a license and use agreement between the Sports Authority and the team soon to be known as the Predators, along with a separate facility operating and management contract with Predators' affiliate Powers Management, was put in place. Both agreements were executed in June 1997.

The Predators played their first game at the arena on October 10, 1997 before a sold out crowd of over 17,000 fans. The team notched its first NHL playoff berth in 2003-04, however during that season the team averaged less than 13,000 fans at each game. Attendance remained low following the NHL Lockout in 2004-05; the struggle to fill the arena continued through the 2006-07 season.

In May 2007, Craig Leipold notified Metro Government and Predators employees that, after funding recurring operating losses for a decade and experiencing dwindling attendance, he had reached an agreement in principle to sell the team to Jim Balsillie, one of the wealthiest businessmen in Canada. Leipold indicated that the team would play its 2007-08 season at Bridgestone Arena, but it was unclear whether the team would remain in Nashville beyond the 2007-08 campaign.



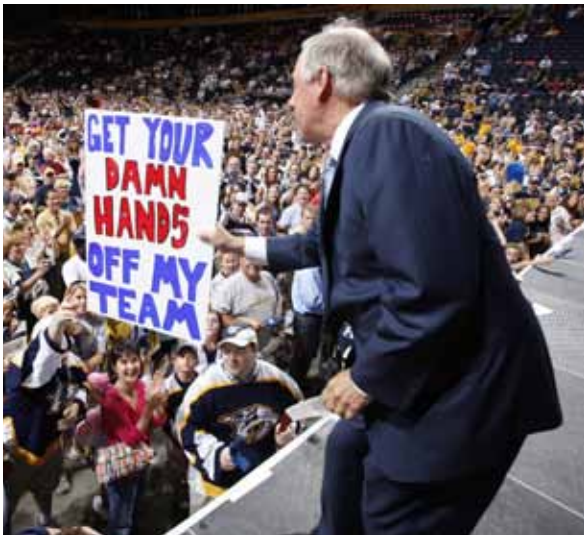
1993 Nashville Arena (Bridgestone Arena) Mission Statement

The mission of the (Arena) is to provide a state-of-the-art facility that can maximize utilization by hosting a full spectrum of events appealing to all constituencies in the Nashville area. The arena should help stimulate growth and enhance development in downtown Nashville, provide an attractive venue for entertainment, sports and learning, instill a renewed sense of pride in the city, and serve as a landmark for the image and reputation of Nashville as a premier place to live, visit, work and enjoy.

BACKGROUND CONTINUED...

Balsillie, aware of provisions in the Predators' 1997 license and use agreement with Metro which allowed for relocation in the event of declining attendance, entered into negotiations with Hamilton's Copps Coliseum for the 2008-09 season shortly after coming to an agreement with Leipold. In early June 2007, Balsillie began taking season ticket deposits for the "Hamilton Predators" in an attempt to demonstrate to the NHL that Southern Ontario had a large enough base of ticket buyers to justify the relocation of the Predators.

In July 2007, a group of local community leaders known as *Our Team Nashville* held a season ticket rally at Bridgestone Arena with the aim of helping the Predators meet the attendance figures needed to keep the team in Nashville. The rally drew approximately 10,000 fans and resulted in the sale of a high volume of season tickets. In response to the support shown by the Nashville community, a local investor group stepped forward and saved the team.



Mayor Karl Dean, recognizing the value of the Predators to downtown Nashville, helped to focus subsequent discussions on achieving a facility-based economic platform in amended license and use and operating and management agreements that would provide financial protections for Metro and forestall any need for future consideration of relocation of the Nashville Predators and its affiliate, Powers Management (collectively the "Organization").

Mayor Karl Dean insisted on certain safeguards for Metro:

- A cap on Metro's share of operating losses of the arena with the risk being borne by the Organization
- A local ownership requirement
- Stiff financial penalties to be levied against the Organization for an early termination of the amended lease agreements

The Organization agreed to take on risk that it had not previously assumed. In the amended agreements, the Organization received:

- Base Management fee of \$2 million to be paid to Powers out of Arena revenues
- 50% of newly generated revenues (in excess of 2006-07), capped at \$2 million
- A revised rent structure

Once this agreement had been reached with Mayor Dean, the NHL Board of Governors approved the sale of the Predators to the local investors on November 29, 2007. On April 15, 2008 Metro Council voted 30-8 to approve the amendment to the license and use and operating and management agreements, which under their terms were effective July 1, 2007.

"Predators Sold to Local Group"

NASHVILLE
BUSINESS
JOURNAL

December 10, 2007

"People forget that prior to the construction of the arena and knowing we had the Preds, lower Broadway was a ghost town. I've looked it up. Since the Preds came to town business has increased 10 fold."

**Ronnie Brown,
Manager, Jack's BBQ**

BENEFITS GENERATED BY 2007 INCENTIVES

The Return on Investment enjoyed by Metro since the incentives were put into place in 2007 are significant:

- Increase in annual attendance of over 40%.
- Improvement in National Pollstar Rankings from 33rd to 6th.
- Annual Economic Impact of \$410 million and 4 year Cumulative Fiscal Returns to Metro of \$25 million.
- Activity supporting over 2,350 jobs and household income of \$92.1 million annually.
- Spending by the Predators Foundation of \$1.0 million annually which generates \$5.0 million of economic impact and supports 31 local jobs.

POLLSTAR
2011 YEAR END NATIONWIDE TICKET SALES
TOP 20 ARENA VENUES

RANK	TICKETS	VENUE	LOCATION
1	633,374	Staples Center	Los Angeles, CA
2	616,874	Madison Square Garden	New York, NY
3	540,319	Phillips Arena	Atlanta, GA
4	489,526	Verizon Center	Washington, DC
5	479,097	American Airlines Center	Dallas, TX
★ 6	452,898	BRIDGESTONE ARENA	NASHVILLE, TN ★
7	410,496	American Airlines Arena	Miami, FL
8	397,033	The Palace of Auburn Hills	Auburn Hills, MI
9	395,353	Izod Center	East Rutherford, NJ
10	383,092	BankAtlantic Center	Sunrise, FL
11	359,696	Prudential Center	Newark, NJ
12	344,783	Quicken Loans Arena	Cleveland, OH
13	344,160	Toyota Center	Houston, TX
14	339,350	Oracle Arena	Oakland, CA
15	338,461	Sprint Center	Kansas City, MO
16	322,732	HP Pavilion At San Jose	San Jose, CA
17	317,658	Tampa Bay Times Forum	Tampa, FL
18	315,898	Honda Center	Anaheim, CA
19	309,060	Mohegan Sun Arena	Uncasville, CT
20	301,142	Allstate Arena	Rosemont, IL



ECONOMIC IMPACT:

- \$410 MILLION ANNUALLY
- OVER 2,350 AREA JOBS CREATED
- \$92.1 MILLION IN HOUSEHOLD INCOME
- 3:1 RETURN TO PUBLIC SECTOR
- \$73 MILLION IN STATE AND METRO REVENUE SINCE 2007-08 FISCAL YEAR
- NET PROFIT OF OVER \$25 MILLION TO PUBLIC SECTOR
- 65.1% OF BRIDGESTONE PATRONS SINCE 2003 HAVE COME FROM OUTSIDE DAVIDSON COUNTY

INCREASED ATTENDANCE

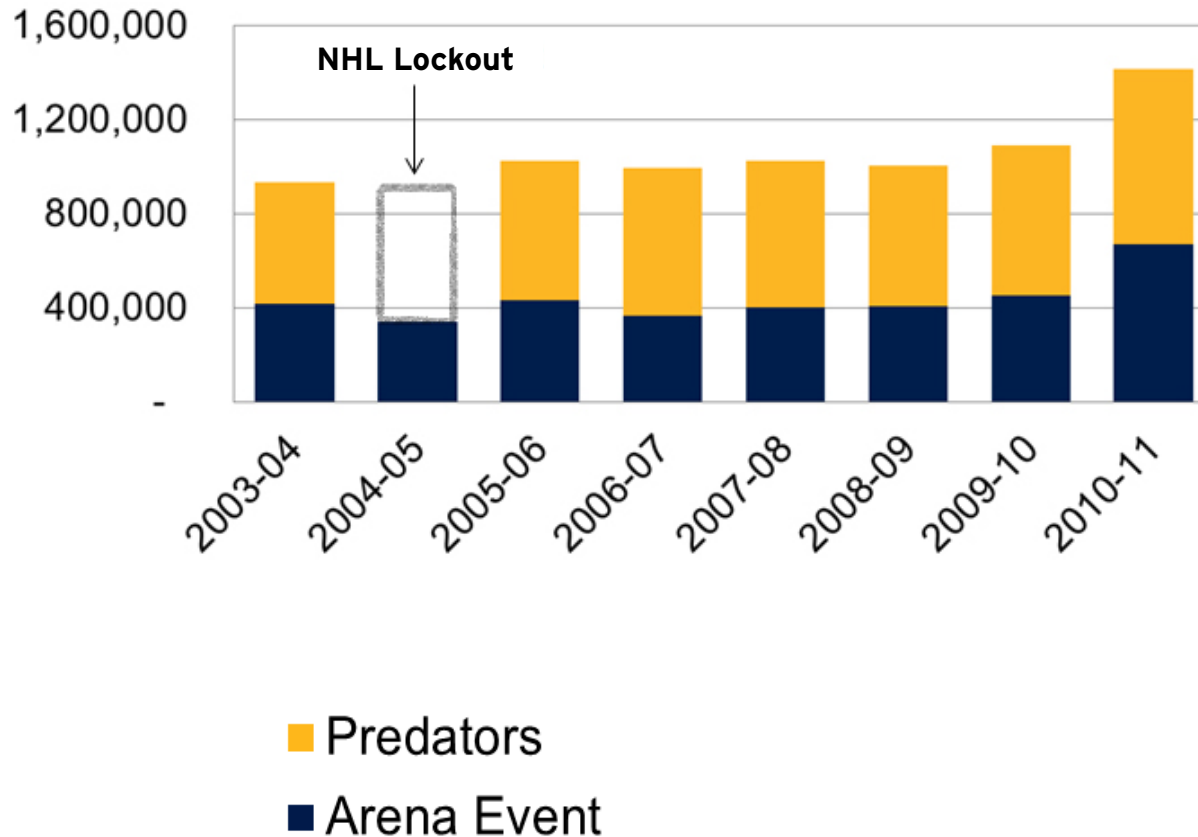
The Organization has built a diverse event calendar, comprised of concerts, family shows, sporting events and conferences, by leveraging its experience in managing a world class sports and entertainment facility.

The enhanced quality of the calendar of concerts and other events hosted by Bridgestone Arena is evident in the trending growth of event attendance. In 2010-11 Bridgestone Arena hosted 1.4 million attendees, a 30% increase since 2009-10 and a 40% increase since 2006-07. It should also be noted that this surge in attendance has come during a national and global recession.

"20 years ago Nashville was being compared to Little Rock, Charlotte and Austin. Now we're measured against New Orleans, Los Angeles, Orlando and Dallas."

**Butch Spyridon,
President,
Nashville Convention
and Visitors Bureau**

BRIDGESTONE ARENA PAID ATTENDANCE



INCREASED ATTENDANCE CONT...

BRIDGESTONE ARENA

POLLSTAR RANKINGS SINCE 2002-03

YEAR	WORLD RANK	US RANK
2003	34	28
2004	33	26
2005	69	49
2006	50	32
2007	46	25
2008	56	33
2009	36	18
2010	17	6
2011	20	6

Pollstar, the concert and music industry's leading trade publication, publishes an annual ranking of the leading US and international event venues based on information obtained primarily from agents, managers and concert promoters who are producing concerts. Bridgestone Arena's ranking has improved dramatically since 2007-08, recently receiving the distinction as the United States' 6th busiest building. The facility received this ranking despite the selectivity of Pollstar criteria, which excludes consideration of major events hosted at Bridgestone Arena like the CMA Awards, NCAA Tourneys, and trade shows.

"We compete with New York and L.A. for national events, without the Nashville Predators we would not have the 'WOW!' factor."

**J.D. Elliot,
Chairman,
Metro Sports Authority**



LOCAL TAX REVENUES GENERATED BY VISITORS FROM OUTSIDE METRO

Debt service related to bonds issued by Metro and the Sports Authority for the construction of the arena is, in large part, being serviced by increases in ticket sale revenues and other in-arena tax revenues generated by the spending of Predators fans and concertgoers traveling to Nashville from outside Metro, the state and, in some cases, outside of the country.

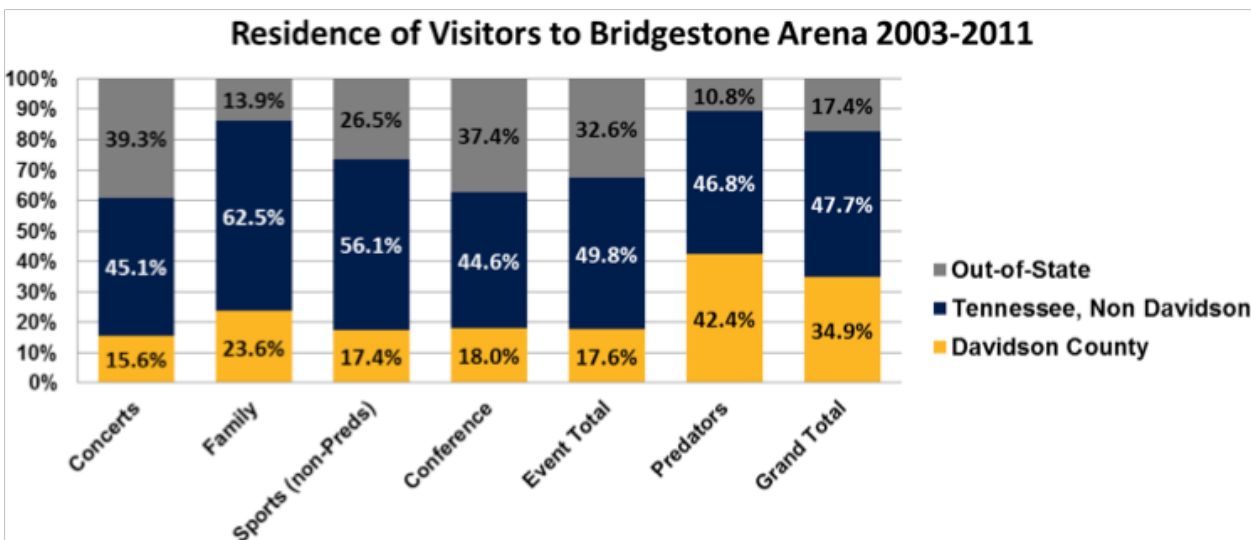
Economists acknowledge that spending by out of market visitors creates "pure" economic impacts. Given the importance of quantifying "new" dollars to the Metro economy generated by out of town visitors, rather than using sampling techniques that allow for a statistical variance, we precisely identified the zip code of residence of all Predators and non-hockey event ticket buyers from 2003 to 2011 by using address information provided by the customer at the time of their purchase. The results indicated that 57.6% of the Predators game attendees live outside of Davidson County and an inordinately high percentage, 10.8%, come from out of state.

A statistic that is just as compelling in terms of weighing net economic and fiscal impacts to Metro, is that 84.4% of concert ticket purchasers live outside Metro, and 39.3% travel to Nashville from out of state. In most cases the out-of-state visitors come to Nashville for an overnight stay, which creates additional sales, increasing local option and lodging tax intake for Metro's benefit. The spending by visitors to Metro creates an "importation" of sales and consumption tax revenue. In other words, visitors spend money on tickets, food, beverage and lodging they might have ordinarily spent on entertainment where they reside.

"New ticket sales generated by out-of-town fans is a benefit that can be measured... Attracting new out-of-town spending is the only certain way to measure benefit..."

Another benefit that can be measured is additional revenue for area businesses"

**PAYING TO PLAY,
An Analysis of Funding
for the FedEx Forum;
Patrick Crouch,
Rhodes College Institute, 2005**



RETURN ON INVESTMENT TO PUBLIC SECTOR

Mayor Dean's approach to the 2007 lease amendments and the Organization's response to incentives has paid off through significant returns to Metro in the form of spending in the Metro economy, jobs, household income and state and local taxes generated by activities at Bridgestone Arena. Using a conservative multiplier of 1.87, we estimated that annual spending during fiscal year 2010-11 produced \$410 million of net economic impact to Metro, and a 4-year cumulative return to the public sector of \$25 million. In addition, economic activity generated by the Predators and Powers Management supported 2,350 in-arena jobs and personal income to local households of over \$92 million.

Overall, based on the cumulative return of \$25 million and the net economic impact of \$410 million, the Public Sector has achieved a return on its investment in excess of 3:1 and 30:1 respectively.

Since the local ownership group saved the franchise and new incentives were put in place in 2007, state and Metro tax revenue generated by Bridgestone Arena has totaled \$73.7 million. With a cumulative return of \$25 million to the public sector and a net economic impact of \$410 million to the community, the public sector has achieved returns on its investment in excess of 3:1 and 30:1 respectively.

PUBLIC SECTOR RETURN ON INVESTMENT

Fiscal Results Since 2007 Lease Amendments

	2007-08	2008-09	2009-10	2010-11	Cumulative 4 Year
Public Sector Revenues					
Total Public Sector Revenues	\$16,550,044	\$16,086,221	\$17,466,410	\$23,586,162	\$73,688,837
Less: Public Sector Expenses	(\$12,061,295)	(\$12,317,390)	(\$12,203,990)	(\$11,568,880)	(\$48,151,555)
Public Sector Profit	\$4,488,749	\$3,768,831	\$5,262,420	\$12,017,282	\$25,537,282

RETURN ON INVESTMENT TO PUBLIC SECTOR

FISCAL RESULTS SINCE 2008 LEASE AMENDMENTS

	2007-08	2008-09	2009-10	2010-11	Actual 4 Year Cumulative
Hockey and Non-Hockey Bridgestone Paid Attendance	1,026,551	1,003,720	1,091,864	1,414,205	4,536,340
State Revenues					
Sales Tax (Inside Arena) Net of Sports Authority Share	\$2,562,568	\$2,898,165	\$3,404,041	\$4,123,245	\$12,988,019
Sales Tax (Outside Arena)	4,134,386	4,109,380	4,510,981	5,940,765	18,695,513
Liquor Taxes (Inside Arena)	43,709	48,466	50,671	126,133	268,979
Liquor Tax (Outside Arena)	411,163	402,018	437,323	556,710	1,807,214
Franchise Taxes	109,878	153,472	61,637	40,870	365,857
Less: Arena Share of Sales Tax on Non-Hockey Events	(1,068,980)	(1,539,716)	(1,808,652)	(2,053,738)	(6,471,085)
Metro Revenues					
Sports Authority Share of Sales Tax (In Arena)	\$1,673,948	\$1,412,879	\$1,393,216	\$1,677,399	\$6,157,443
Metro Share of State Sales Tax (I) (Inside Arena)	847,625	960,692	1,113,185	1,335,573	4,257,075
Local Option Tax (In Arena)	927,662	932,038	1,056,537	2,535,061	5,451,298
Sales Taxes (Outside Arena)	1,127,560	1,120,740	1,230,268	1,620,209	5,098,776
Local Option Tax (Outside Arena)	1,691,340	1,681,110	1,845,401	2,430,313	7,648,164
Hotel Tax (Outside Arena)	873,470	914,902	1,032,270	1,426,153	4,246,795
Liquor Taxes (Inside Arena)	53,628	59,465	62,170	213,870	389,133
Liquor Taxes (Outside Arena)	697,164	681,658	741,520	943,423	3,063,764
Incremental Residential Property Taxes	954,981	828,244	896,999	1,031,183	3,711,406
Personal Property Taxes	19,122	18,715	23,086	22,520	83,442
Seat Use Charges	1,467,389	1,438,991	1,456,913	1,669,409	6,032,702
Municipal Parking Revenues	169,201	174,962	205,557	227,120	776,840
Less: Arena Share of Local Option Taxes	(145,770)	(209,961)	(246,713)	(280,055)	(882,500)
Total Public Sector Revenue	\$16,550,044	\$16,086,221	\$17,466,410	\$23,586,162	\$73,688,837
Public Sector Expenses					
Metro's Portion of Arena's Operations	\$3,442,035	\$3,592,478	\$3,482,512	\$4,080,047	\$14,597,072
Debt Service on Series 1996A Bonds	1,915,970	1,916,940	1,915,321	1,914,290	7,662,521
Debt Service on Series 1997A Bonds	949,385	949,175	950,195	949,140	3,797,895
Debt Service on Series 1998 Revenue Bonds	1,857,905	1,858,797	1,855,962	1,854,251	7,426,915
NPV of Bond Refunding Savings				(1,228,848)	(1,228,848)
Base Management Fee	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Incentive Fee	1,896,000	2,000,000	2,000,000	2,000,000	7,896,000
Less: Public Sector Expenses	(12,061,295)	(12,317,390)	(12,203,990)	(11,568,880)	(48,151,555)
Public Sector Profit	\$4,488,749	\$3,768,832	\$5,262,420	\$12,017,282	\$25,537,282
Multiple on Cumulative Public Sector Investment					2.97

"I increase my staff by at least 35% on game nights and on the evening of a major concert."

Jonathan Scott
General Manager,
The Palm, Nashville
3rd Busiest Palm in US

NASHVILLE WITHOUT THE PREDATORS AND POWERS MANAGEMENT

Fiscal Results of No Preds or Powers (Past Four Years)

	2007-08	2008-09	2009-10	2010-11	No Preds or Powers 4 Year
Public Sector Revenue	\$10,248,846	\$10,493,534	\$11,565,716	\$13,187,923	\$45,496,019
Less: Public Sector Expenses	(12,819,650)	(11,618,213)	(11,553,759)	(12,016,194)	(\$48,007,816)
Public Sector Loss	(\$2,570,804)	(\$1,124,678)	\$11,957	\$1,171,729	(\$2,511,796)

COMPARATIVE FISCAL RESULTS SINCE 2008 LEASE AMENDMENTS

	Actual 4 Year Cumulative	No Preds and Powers 4 Year Cumulative	Cumulative Cost to Public Sector if No Preds and Powers
Hockey and Non-Hockey Bridgestone Paid Attendance			
Public Sector Profit/Loss	\$25,537,282	(\$2,511,797)	\$28,049,079

Were it not for the efforts of Mayor Dean, *Our Team Nashville*, and the local investors, the Predators would have almost certainly been lost to another market. The economics of this removal of the team from Bridgestone Arena and downtown would have had far reaching consequences. In addition to analyzing the economic impact that the team has on downtown Nashville on an annual basis, we were asked to simulate an arena calendar on the assumption that Metro had not come to an accord with the Organization's ownership group in 2007 that kept the Predators in Nashville. While the effects of the 2004-05 NHL Lockout season on Metro were instructive, we modeled the fiscal impacts of a Predators and Powers absence in Nashville as if no accord had been reached in 2007-08. Simply modeling off the lockout year would have proven insufficient as a permanent

removal of the Organization would represent the loss of an experienced operator in addition to the Predators home games that provide a reliable source of attendees to the Arena.

NHL games represent roughly 35% of Bridgestone Arena's event calendar and 40% of annual admissions. Replacing a major league tenant is difficult given the scarcity of "moveable" teams. In addition, typically, communities that have lost teams find it more costly to lure another team into relocation than it would have cost to retain its former home team. It would have been unlikely another professional team (NHL or NBA) would have replaced the Predators had the Mayor not created incentives to keep the Predators in 2007.

If the Predators had left Nashville:

- Operating losses over the last four years of \$30.3 million (not subject to a cap) would be entirely borne by the Metro Government.
- Annual debt service over the period of roughly \$20.0 million would have continued without offsetting seat use charge revenue.
- Almost \$18 million of Predators' related rent, seat user charges, parking revenue and direct and indirect sales tax, liquor taxes and property taxes would have disappeared without a source of replacement income generation, severely impacting the local economy, and specifically, the funding of local schools.
- Since its inception, the Predators Foundation has distributed \$5 million (\$4 million of which has come since 2007-08) to local charities. These distributions would have ceased.
- Over 1,400 direct and indirect jobs would have been eliminated resulting in a reduction of household income of \$64 million.

"It's not about being a fan. It's about how you have a community that has these exciting attractions that have tourists to spread money, provide jobs in the community and provide economic opportunity."

Seattle Mayor Greg Nickels,
Seattle Times,
April 18, 2005

ARENA WITHOUT THE PREDATORS AND POWERS MANAGEMENT

PROJECTED FISCAL RESULTS SINCE 2008

	2007-08	2008-09	2009-10	2010-11	No Predators 4 Year Cumulative
Hockey and Non-Hockey Bridgestone Paid Attendance	1,026,551	1,003,720	1,091,864	1,414,205	4,536,340
State Revenues					
Sales Tax (Inside Arena) Net of Sports Authority Share	\$1,599,860	\$2,089,106	\$2,389,049	\$2,727,755	\$8,805,771
Sales Tax (Outside Arena)	2,961,113	2,818,282	3,053,563	3,131,594	11,964,551
Liquor Taxes (Inside Arena)	32,083	34,194	35,326	70,229	171,831
Liquor Tax (Outside Arena)	294,481	275,711	296,031	293,462	1,159,686
Total State Revenues	\$4,887,537	\$5,217,293	\$5,773,970	\$6,223,040	\$22,101,839
Less: Arena Share of Sales Tax on Non-Hockey Events	(39,397)	(56,746)	(66,658)	(75,691)	(238,492)
Metro Revenues					
Sports Authority Share of Sales Tax (In Arena)	\$0	\$0	\$0	\$0	\$0
Metro Share of State Sales Tax (1) (Inside Arena)	427,576	560,702	641,993	732,825	2,363,096
Local Option Tax (In Arena)	320,018	390,284	437,213	1,061,392	2,208,908
Sales Taxes (Outside Arena)	807,576	768,622	832,790	854,071	3,263,059
Local Option Tax (Outside Arena)	1,211,364	1,152,933	1,249,185	1,281,107	4,894,589
Hotel Tax (Outside Arena)	625,593	627,455	698,762	751,777	2,703,587
Liquor Taxes (Inside Arena)	47,815	52,329	54,498	157,966	312,607
Liquor Taxes (Outside Arena)	499,320	467,493	501,948	497,312	1,966,073
Incremental Residential Property Taxes	805,684	698,760	756,766	869,973	3,131,183
Seat Use Charges	640,949	647,632	726,159	918,792	2,933,532
Municipal Parking Revenues	121,185	119,992	139,145	119,723	500,045
Less: Arena Share of Local Option Taxes	(145,770)	(209,961)	(246,713)	(280,055)	(882,500)
Total Public Sector Revenues	\$5,361,309	\$5,276,242	\$5,791,746	\$6,964,883	\$23,394,180
Public Sector Expenses					
Metro's Portion of Arena's Operations	\$8,096,390	\$6,893,301	\$6,832,281	\$8,527,361	\$30,349,333
Debt Service on Series 1996A Bonds	1,915,970	1,916,940	1,915,321	1,914,290	7,662,521
Debt Service on Series 1997A Bonds	949,385	949,175	950,195	949,140	3,797,895
Debt Service on Series 1998 Revenue Bonds	1,857,905	1,858,797	1,855,962	1,854,251	7,426,915
NPV of Bond Refunding Savings				(1,228,848)	(1,228,848)
Base Management Fee					
Incentive Fee					
Total Metro Expenses	\$12,819,650	\$11,618,213	\$11,553,759	\$12,016,194	\$48,007,816
Metro Revenues Less Expenses	(\$7,458,341)	(\$6,341,971)	(\$5,762,013)	(\$5,051,311)	(24,613,636)
Public Sector Profit/Loss	(\$2,610,201)	(\$1,181,425)	(\$54,701)	\$1,096,038	(\$2,750,289)

"We are at full capacity for major concerts that Powers Management has brought to the city and enjoyed hosting 35-40% of visiting NHL teams."

Ray Waters,
GM Downtown Nashville Hilton

CONCLUSION

The Predators and Powers Management operations have made a significant contribution to the economy of Metro Nashville that can be estimated using accepted measurement techniques and applying a conservative multiplier of 1.87. We estimated that the activity generated by the Predators and Powers Management's operation of Bridgestone Arena, using 2010-11 operating data, contributed \$410 million to the Metro economy. Related spending by Predators fans and event goers supported 2,350 local area jobs and over \$92 million in household income. We calculated that over a 4-year period the public sector recognized \$73.7 million in revenues related to the Organization's activities, a large percentage of which were provided through the spending of out-of-town visitors.

In addition to the measureable impacts, there are intangible benefits enjoyed by Metro and Davidson County, which, although difficult to quantify, exist nonetheless and are significant. These include:

- The Predators contribution to Nashville's national image as a "Major League City"
- Predators events as a showcase for Tennessee and Metro business and industry
- Anchor contributor to the safety and well-being of downtown Nashville
- Provider of diverse and wholesome sports entertainment for Nashville families

In addition, we were asked to simulate the fiscal impacts which would occur during the period since 2007-08 on the assumption that no accord was reached between the Organization and Metro. The results of the analysis are illustrated in the comparative table (see page 12).

Essentially, the loss of all Predators events and related team and fan spending as well as the reduced attendance due to a soft event calendar and related suite and premium seating price discounting would have created a cumulative increase in Metro's share of arena operating deficits of \$15.8 million.

Despite the savings related to the Base Management Fee and Incentive Fee, the diminished level of tax receipts along with increased operating losses would create a negative differential for Metro of \$28 million had the Predators and Powers been absent from the economy. In addition, while not reported in the table, given the very substantial percentages of spending by out-of-market participants which would not be subject to substitution, there would be the loss of a significant portion of the \$410 million in spending, 2,350 of direct, indirect and induced jobs, and \$92.0 million in personal income of area residents.



"Nashville named #3 "Boom Town" by Forbes Magazine"

- CBRE: MarketView,
Nashville Office,
Third Quarter 2011;
www.cbre.com/research

CONCLUSION CONT...

COMPARATIVE FISCAL RESULTS SINCE 2008 LEASE AMENDMENTS

	Actual 4 Year Cumulative	No Preds and Powers 4 Year Cumulative	Cumulative Cost to Public Sector if No Preds and Powers
Hockey and Non-Hockey Bridgestone Paid Attendance			
State Revenues			
Sales Tax (Inside Arena) Net of Sports Authority Share	\$12,988,019	\$8,805,771	\$4,182,248
Sales Tax (Outside Arena)	18,695,513	11,964,551	6,730,962
State Share of Liquor Taxes (Inside Arena)	268,979	171,831	97,148
State Share of Liquor Tax (Outside Arena)	1,807,214	1,159,686	647,528
State Franchise Taxes	365,857		365,857
Less: Arena Share of Sales Tax on Non-Hockey Events	(6,471,085)		(6,471,085)
Metro Share of Revenues			
Sports Authority Share of Sales Tax (In Arena)	\$6,157,443	\$2,363,096	\$3,794,346
Metro Share of State Sales Tax (1) (Inside Arena)	4,257,075	2,208,908	2,048,167
Local Option Tax (In Arena)	5,451,298	3,263,059	2,188,239
Sales Taxes (Outside Arena)	5,098,776	4,894,589	204,187
Local Option Tax (Outside Arena)	7,648,164	2,703,587	4,944,577
Hotel Tax (Outside Arena)	4,246,795	312,607	3,934,188
Liquor Taxes (Inside Arena)	389,133	1,966,073	(1,576,940)
Liquor Taxes (Outside Arena)	3,063,764	3,131,183	(67,419)
Incremental Residential Property Taxes	3,711,406	2,933,532	777,874
Personal Property Taxes	83,442		83,442
Seat Use Charges	6,032,702	500,045	5,532,657
Municipal Parking Revenues	776,840	(882,500)	1,659,340
Less: Arena Share of Local Option Taxes	(882,500)		(882,500)
Total Public Sector Revenues	\$73,688,837	\$45,496,019	\$28,192,817
Public Sector Expenses			
Metro's Portion of Arena's Operations	14,597,072	30,349,333	(15,752,261)
Debt Service on Series 1996A Bonds	7,662,521	7,662,521	
Debt Service on Series 1997A Bonds	3,797,895	3,797,895	
Debt Service on Series 1998 Revenue Bonds	7,426,915	7,426,915	
NPV of Bond Refunding Savings	(1,228,848)	1,228,848	
Base Management Fee	8,000,000		8,000,000
Incentive Fee	7,896,000		7,896,000
Total Expenses	\$48,151,555	\$48,007,816	\$143,739
Public Sector Profit/Loss	\$25,537,282	(\$2,511,797)	\$28,049,078
Multiple on Cumulative Public Sector Investment	2.97		

"The business activity in and around the central precinct has generated tax dollars that have allowed us to maintain our force of officers."

Commander
Jason Reinbold,
Nashville Central Precinct

GLOSSARY OF TERMS

HOCKEY AND NON HOCKEY

Bridgestone Paid Attendance	Actual paid attendance at Bridgestone Arena events according to detailed annual breakdown by event.
State Revenues	
Sales Tax (Inside Arena)	The sales tax payable on taxable purchases by Predators, Powers, and their subcontractors and by fans on tickets, concessions and merchandise retained by the State of Tennessee.
Sales Tax (Outside Arena)	State sales tax on taxable sales inside Davidson County of food, beverage, merchandise and lodging by overnight visitors, "day trippers" and local event attendees.
Liquor Taxes (Inside Arena)	Portion of liquor by the drink, wholesale beer tax and wholesale liquor tax related to beverage sales during Bridgestone Arena events per historical tax reports.
Liquor Tax (Outside Arena)	Liquor taxes relating to spending by attendees outside arena before and after Bridgestone Arena events based on data provided by distributors and sales volumes obtained from local hotels, restaurants, and bars.
Tennessee State Franchise Tax	Taxes on holding partnership of Nashville Hockey Club, LLC and Powers Management, LLC.
Arena Share of Sales Tax on Non-Hockey Events	Arena's share of state sales tax imposed on taxable purchases by Predators, Powers, and their subcontractors and spending by fans on tickets, concessions and merchandise based on state enabling legislation.

METRO REVENUES

Sports Authority Share of Sales Tax (in Arena)	Sports Authority share of state sales tax generated by taxable purchases of Predators, Powers, and their subcontractors and spending by fans on tickets, concessions and merchandise based on state enabling legislation.
Metro Share of State Sales Tax (Inside Arena)	Mandated share of state sales tax distributed to Metro and allocated to school district for tax imposed on taxable purchases by Predators, Powers, and their subcontractors and spending by fans on tickets, concessions (including liquor), and merchandise.
Local Option Tax (In Arena)	Local option tax imposed on taxable purchases by Predators, Powers, and Their subcontractors and spending by fans on tickets, concessions (including liquor), and merchandise.
Sales Tax (Outside Arena)	Metro's mandated share of state sales tax imposed on taxable sales inside the region of food, beverage, merchandise and lodging by overnight visitors, "day trippers" and local event attendees.
Local Option Tax (Outside Arena)	Local option tax on taxable sales inside the region of food, beverage, merchandise and lodging by overnight visitors, "day trippers" and local event attendees.
Hotel Tax (Outside Arena)	Lodging tax relating to hotel room nights purchased by overnight visitors while attending events at Bridgestone Arena.
Liquor Taxes (Inside Arena)	Liquor taxes relating to concession and suite spending on liquor by event attendees during Bridgestone Arena events along with wholesale beer and liquor taxes imposed on distributors.
Liquor Taxes (Outside Arena)	Liquor taxes relating to spending by attendees at restaurants, bars in the region along with wholesale beer and liquor taxes imposed on distributors relating to consumption before and after Bridgestone Arena events.
Incremental Residential Property Taxes	Portion of Metro residential property taxes based on Team, Bridgestone, and subcontractor employees who own homes subject to real property taxes.
Personal Property Taxes	Personal property tax paid by Team and Powers Management on furniture and fixtures subject to ad valorem taxes per personal property returns.
Seat Use Charges	Seat Use Charge of 5% per ticket capped at \$2.00 for concerts and \$1.75 for Nashville Predators games imposed by Metro on event goers to fund debt service on 1998 Revenue Bonds.
Municipal Parking Revenues	Parking revenues for Downtown Library Parking Structure owned by Metro attributable to hockey and non-hockey events.
Arena Share of Local Option Taxes	Portion of local option taxes shared with Bridgestone Arena. The Arena is entitled to .75% of 2.25% of the local option tax

PUBLIC SECTOR EXPENSES

Debt Service on Series 1996 A Bonds	Proceeds of the 1996A Bonds were used to complete construction of the arena. Debt service is per amortization in bond documents provided by Metro.
Debt Service on Series 1997 A Bonds	Proceeds of the 1997A Bonds were used to fund arena construction enhancements. Debt service is per amortization in bond documents provided by Metro.
Debt Service on Series 1998 Revenue Bonds	The Series 1998 Revenue Bonds were issued to fund an inducement fee to ensure the arena had a major league tenant. Debt service is per amortization in bond documents provided by Metro.
NPV of Bond Refunding Savings	NPV of Savings relating to January 2012 refunding of 1998 Revenue Bonds per analysis provided by Metro.
Base Management Fee	Under 2007 amendment to the Bridgestone License and Use Agreement, in exchange for taking on a much greater share of operating risk the Organization is entitled to a Base Management fee of \$2.0 million.
Incentive Fee	Under the 2007 amendments to the Bridgestone License and Use Agreement, to incentivize the Organization to increase attendance and support the booking of more non-hockey events an incentive based Performance Fee of up to \$2.0 million a year was put in place.
Public Sector Revenue Profit/Loss	Total revenue of Public Sector (State and Metro) in excess of Public Sector expenses including Metro share of Bridgestone Arena operations and debt service on arena related bonds net of refunding.
Multiple on Cumulative Public Sector Investment	Return realized by Public Sector divided by Public Sector investment.



METHODOLOGY

NASHVILLE PREDATORS
FEBRUARY 2012

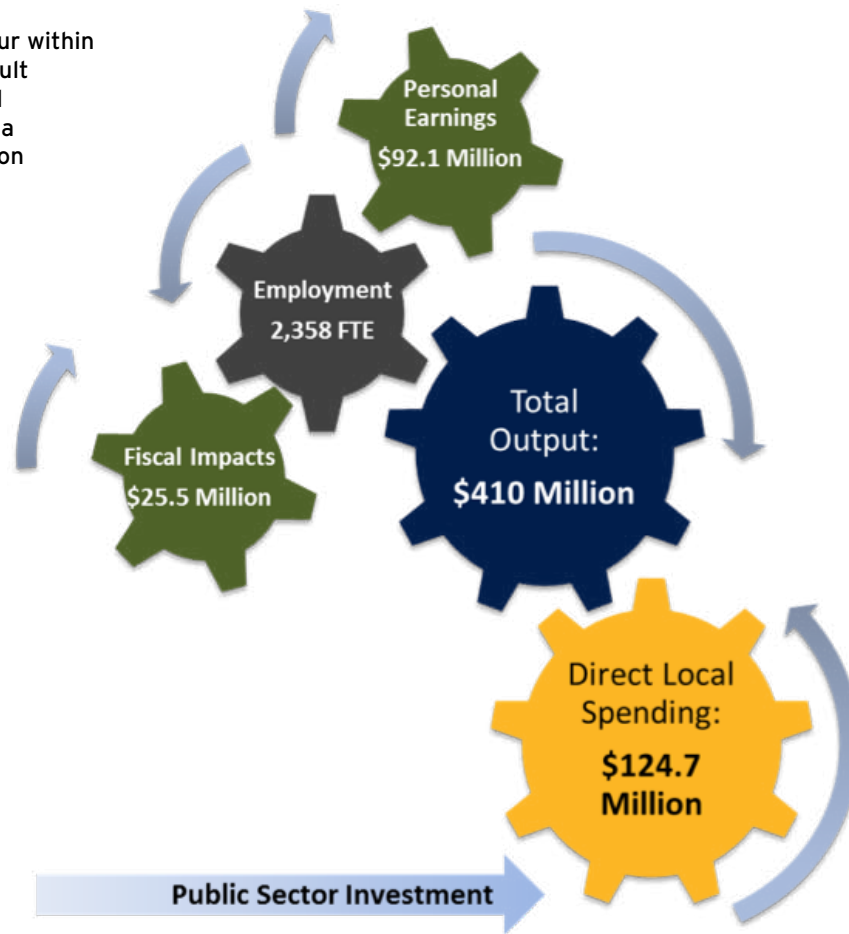


INDIRECT IMPACTS AND THE OUTPUT MULTIPLIER

The indirect economic impacts that occur within Metro Nashville (the area of impact) result from the “re-spending” of the combined total of direct in-arena and outside arena spending of \$217.2 million. As the portion of team, arena and fan spending is directed to local businesses for various goods and services it is “re-spent” within Metro Nashville on salaries and wages of employees, on their cost of materials, on rent, on utilities and professional services, sales taxes and property taxes and the like.

When one business within Metro that is a direct recipient of event-related spending purchases goods from another business within Metro in order to produce its output, the second business also realizes economic benefit through the “ripple” (or indirect effect) of the original expenditure.

For example, when a Predators’ fan purchases food and beverage during a game at the arena, the concessionaire must purchase goods from purveyors, producers and manufacturers to maintain inventory levels. To the extent that “re-spending” occurs in Metro Nashville, the initial dollars spent with the concessionaire have secondary effect on the local economy. As a portion of it is received by the employees of the purveyors, etc., in the form of salaries and wages, it is “re-spent” on housing, groceries, education, clothing, entertainment, and related sales tax and property taxes, etc. The total of each successive round of re-spending generates the estimate of indirect impacts.



“Multipliers can be estimated for the ultimate total employment impact, income impact, and output impact, of any given project...”

Data on thousands of different production processes has been accumulated over time and introduced into input-output models that allow such models to estimate the impact of a given project on thousands of businesses...”

Economic and Fiscal Impact Analyses;
Tennessee Advisory Commission to Intergovernmental Relations;
Staff Research Brief;
Stan Chervin, Ph.D. and Reuben Kyle, Ph.D.; May 2009

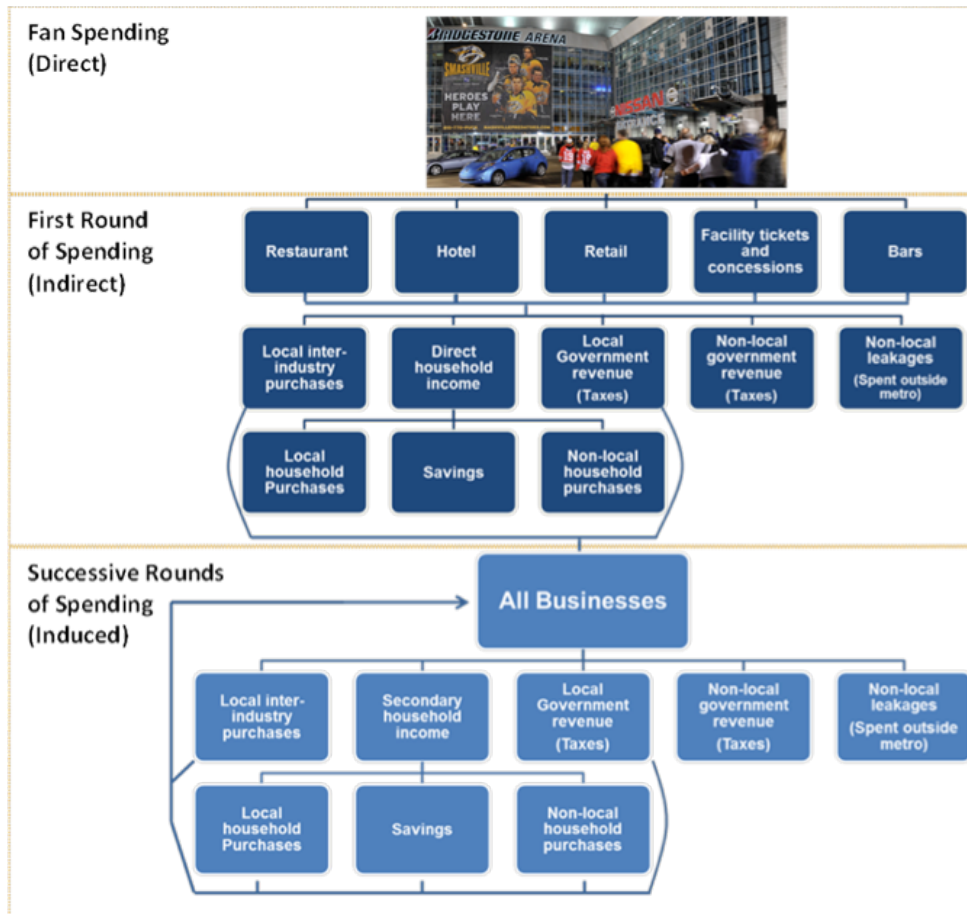
ECONOMIC MULTIPLIERS - "THE RIPPLE EFFECT"

While our analysis focused on direct and indirect spending, we also measured the multiplier effect of in-arena and outside of arena spending. Often referred to as the "Ripple Effect," the amount of related spending and re-spending is estimated using economic multipliers.

Multipliers are a statistically derived means of quantifying how much of each round of spending and re-spending occurs within a particular economy (in this case, Metro Nashville) and how much occurs outside that particular economy. The cumulative amount spent within an area through all rounds of spending is considered the total economic impact. The total economic impact divided by the direct and indirect economic impact is the multiplier.

The first type of multiplier is generally referred to as the "output" multiplier. Economic multipliers can range from 1.5 for small, rural economies up to 10+ for very large and very self-contained economies. Multipliers relate tourism expenditures to increases in business financial turnover generated by a specific activity. The effect of the multiplier continues until re-spending terminates, or "leakage" occurs, e.g. the re-spending occurs outside Metro (see illustration below).

Multipliers are available for 528 industries. Studies conducted to measure the impact of sports facilities and their tenants typically reduce the industry sectors to 39 related sectors.



"The broad interpretation of independent economic research... is that empirical evidence cannot support a positive relationship between (sports) facilities and economic development. According to many, the case appears to be closed. This study reports new evidence... with current data, which contradicts this conclusion."

The Economic Impact of Sports Stadiums: Recasting the Analysis in Context; Journal of Urban Affairs, Volume 27, Number 2, Pages 177-191; Charles Santo; 2005

ECONOMIC MULTIPLIERS - "THE RIPPLE EFFECT"

To be useful in assessing the impact of the Predators and Bridgestone Arena in the context of a discussion of local fiscal policy, we felt that the application of an output multiplier needed context and comparability with other relevant impact studies of Metro Nashville activities. We reviewed the RIMS II and IMPLAN multipliers employed by studies conducted over the

last 12 years, including those relating to the Predators, Nashville Sounds, Music City, the Music Industry, and the MAAA Airports. In addition, we referenced two studies conducted on behalf of the Memphis Grizzlies. For conservatism, we are using an output multiplier of 1.8700 in estimating total economic impacts.

Relevant Economic Studies Conducted				
Study Author	Date Published	Impact Subject	Multiplier Calculator	Output Multiplier
Barrett Sports	November 2011	Sounds Ballpark	IMPLAN	1.8700
Younger Associates	September 2010	Memphis Grizzlies	RIMS	2.0833
HVS	January 1, 2010	Music City	IMPLAN	1.5577
Wilbur Smith Associates	November 1, 2007	MAAA Airports	IMPLAN	1.6769
Belmont University	January 1, 2006	Music Industry	IMPLAN	1.6111
University of Memphis	May 1, 2001	Memphis Grizzlies	IMPLAN	1.9347
Oliver Report	July 1999	Nashville Predators	IMPLAN	1.8692

An "Earnings Multiplier" (also referred to as an income multiplier) measures the direct, indirect and induced effects of fan and visitor spending on the level of household income in a local economy. Mathematically, it is the ratio of the change in income to the expenditure that brings it about. Many economists feel that increases in household income is the best reflection of economic impact on the residents of the local community.

A third type of multiplier relevant to this study is an employment multiplier. We've applied an Employment Multiplier to measure the direct, indirect and induced effects of fan and visitor spending on employment in Metro Nashville to measure how many full time equivalent jobs (FTE) are supported in the local economy as a result of fan and event goer spending.



"Any multiplier in excess of 2 should be initially suspect."

Economic Multipliers and the Economic Impact of Spending in New Mexico; Lloyd J. Dumas

METRO NASHVILLE ECONOMY

Metro Nashville's economic strength rests on a solid foundation—its economic diversity. Metro continues to be an area of consistent, strong increases in population and is poised for favorable employment and economic growth prospects. It is the internationally recognized "Home of Country Music," capital of Tennessee, and has devoted public dollars to highly ranked colleges and universities. Its major employers are leading companies in finance and insurance, healthcare, publishing, transportation technology, biotechnology, plastics, and tourism and conventions.

Nashville tends to outperform the state and the nation throughout all stages of the economic cycle, benefitting from low unemployment, consistent job

growth, heavy outside investment and expansion, and a broadening of labor force. While unemployment levels increased during the recessionary period of 2007-2010, Nashville's unemployment levels were not as severe as the US and Tennessee as a whole, and saw the creation of replacement jobs at a faster rate.

We interviewed a number of local business owners of restaurants and bars and managers of hotels and parking lots adjacent to the Bridgestone Arena who saw revenues increase slightly during the recession, saw steady increases in sales volumes during 2010 and enjoyed record years in 2011. Hotel room nights in the area continued to increase in direct relationship to Predators and non-hockey activity at the Arena.

ECONOMIC & FISCAL IMPACTS

DIRECT IMPACTS: INSIDE ARENA		DIRECT IMPACTS: OUTSIDE ARENA		TOTAL ECONOMIC IMPACT	
Organizational Spending	\$69,763,012	Fan Spending Outside Arena	\$91,119,822	Total Economic Impacts	\$410,082,559
Fan Spending	\$43,019,605	Predators Foundation	\$1,074,374	Direct Impacts	\$124,695,844
Team Salaries	\$11,913,228	Visiting Media and NHL Officials	\$318,171	Indirect Impacts	\$92,512,367
				Multiplier (Including Foundation)	1.888
Direct Spending	\$124,695,845	Indirect Spending	\$92,512,367	"Ripple Effect"	\$192,874,348

The spending, jobs, income, and state and local taxes generated by the Predators and Bridgestone Arena are "Gross Impacts" reflective of the total economic activity generated by the Club and its management of Bridgestone Arena.

The incremental dollars and jobs introduced into the Metro economy over and above that which would have existed without the Predators presence in Metro Nashville are "Net Impacts." The difference between the Gross Impact and the Net Impact is the money which would have existed in the economy without the team. When money is simply shifted from one benefactor to another within a single economy, it is known as the "Substitution Effect."



"...the issue is not whether overall economic activity increased or decreased, but whether the vitality or centrality of the downtown area was enhanced or sustained."

-The Economic Impact of Sports Stadiums: Recasting the Analysis in Context; Journal of Urban Affairs, Volume 27, Number 2, Pages 177-191; Charles Santo; 2005

METRO NASHVILLE ECONOMY

ECONOMIC AND FISCAL IMPACTS

Spending	Jobs	Income	State and Local Revenue
INSIDE ARENA			
Admissions	Administration	Salaries	State Sales & Use Taxes
Concessions	Maintenance	Wages	Local Option Sales Tax
Parking	Concessionaires	Business Profits	Liquor Taxes
Premium Seating	Ticketing Personnel	Foundation Giving	Property Taxes
Advertising	Parking Personnel		Seat User Charges
	Security Guards		
	Non-Player Hockey Staff		
	Foundation Stewardship		
OUTSIDE ARENA			
Restaurants	Waiters/Waitresses	Salaries	State Sales & Use Taxes
Bars	Bartenders	Wages	Local Option Sales Tax
Lodging	Hospitality Management	Business Profits	Hotel Taxes
Transportation	Hotel Employees	Charitable Giving	Car Rental Taxes
Music Entertainment	Transportation Workers		Liquor Taxes
Other Retail	Musicians		Property Taxes
	Retail Sales People		
CAPEX			
Architectural and Engineering	Professionals	Salaries	State Sales & Use Taxes
Trades	Management	Wages	Local Option Sales Tax
Materials	Skilled and Unskilled Labor	Business Profits	Hotel Taxes
Equipment	Vendors and Suppliers	Charitable Giving	Car Rental Taxes
Other Costs			Liquor Taxes

“I’ve tracked crime in this precinct since 2003 and we’ve seen a 38% reduction in serious crime in the downtown area.”

Commander Jason Reinbold,
Nashville Central Precinct

IN-ARENA SPENDING

The economic and fiscal impacts of the Predators are generated by the various activities that take place in Bridgestone Arena year in and year out, the “calendar of events.” Including the Predators home games and excluding pre-season and play-offs, there are approximately 130 events conducted in the Arena each year, which during 2010-11, drew over 1.4 million people into downtown Nashville.

In order to fund the activities that produce these events, the Predators and the third parties that stage these events “consume” a variety of goods and services produced by:

- Full and part-time employees
- Local service providers (advertising, bank)
- Security (off duty police officers)
- Public utilities
- Local vendors (printing, plumbing, carpentry)
- Local food purveyors and beverage wholesalers

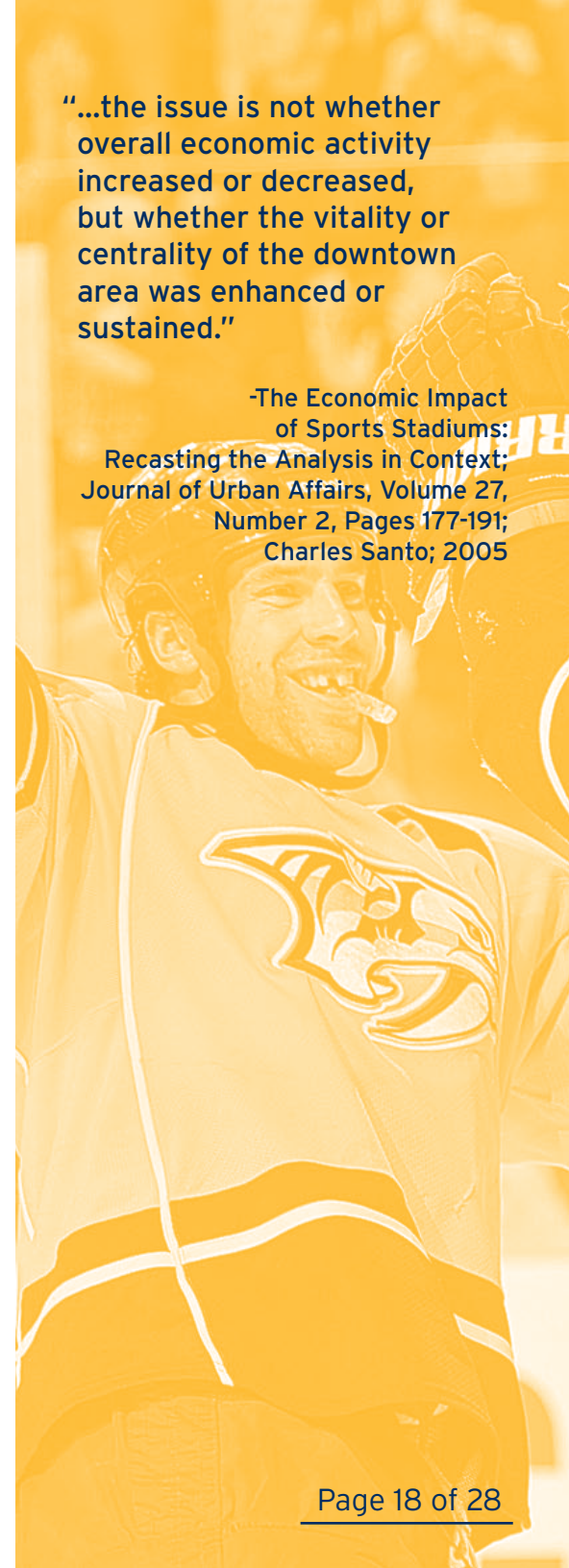
Direct Impacts: Inside Arena	
Type	Gross Dollars
Organizational Spending	\$69,763,012
Fan Spending	\$43,019,605
Team Salaries	\$11,913,228
Direct Spending	\$124,695,845

The direct economic impact of spending “In Arena” can be determined by identifying operational expenditures made by the Predators, Bridgestone Arena, concessionaires, promoters, and event producers along with spending that occurs during events by fans and event attendees. Fan spending is attributable to attendance at Predators games and non-hockey events such as concerts, family shows and other sporting events and the related purchases of luxury suites, club seating, banquet facilities and general concessions, retail and novelty options.

Nashville is an internationally recognized destination city. As such, a greater proportion of visitors come from outside the region to attend Predators’ games and major events requiring hotel and restaurant accommodations disproportionate to the Metro population, creating “pure” economic impact.

“...the issue is not whether overall economic activity increased or decreased, but whether the vitality or centrality of the downtown area was enhanced or sustained.”

-The Economic Impact of Sports Stadiums: Recasting the Analysis in Context; Journal of Urban Affairs, Volume 27, Number 2, Pages 177-191; Charles Santo; 2005



IN-ARENA SPENDING

Based on zip code data sorts, we determined that 57.6% of the Predators' game attendees come from outside Davidson County and 10.8% come from outside the state of Tennessee -- in some cases travelling from Canada. This means that the majority of dollars spent by fans in Bridgestone Arena are incremental to the local economy.

In addition to the significant portion of incremental fan spending inside the arena, based on the zip code sort mentioned above, we determined 82.4% of non-hockey event ticket buyers originate outside of Davidson County, and 32.6% are visitors to Nashville from outside the state.

The high percentage of incremental fan attendance can be explained by a number of unique team, facility and market features:

- A drivable central location of Metro Nashville relative to Tennessee-based fans and those of surrounding states (Alabama, Kentucky, Mississippi, Georgia);
- Relatively inexpensive airfares for those visitors utilizing air travel;
- Recognizable professional athletes that are active in Metro and surrounding communities;
- Arena-based (indoor) events not subject to "rain checks" or rain delays;
- Premier country music entertainment venues and sites operating year round that provide visitors with access to multi-dimensional sports and music experiences that support overnight stays;
- Fan friendly arena design and safe and hospitable downtown location;
- Absence of NHL hockey in neighboring counties and states;
- Accessible tickets that are priced below league average NHL ticket prices, which fosters travel by out-of-state traditional hockey fans who are priced out of attending games in their home markets, and;
- Winter weather that is less severe than that experienced in snow-belt states, which fosters travel to Nashville for winter getaways



Each year, the Nashville Predators and Bridgestone Arena spend an average of \$2 million to promote events. The money gets re-invested into the local economy in the form of tv/radio spots and print/internet campaigns.

OUTSIDE OF ARENA SPENDING

Bridgestone Arena sits in an ideal location to harness the net economic benefits emanating from Predators' games as well as major concerts and shows and family events. Based on visitor data prepared by the Nashville Convention and Visitors Bureau and records obtained from area restaurants, hotels, and bars, a large percentage of out-of-state visitors book a hotel stay in conjunction with event attendance. These visitors also complete food, drink and retail purchases in and around games, concerts and other events.

Similarly, we also know that there are "day trippers" who return home the same day but enjoy spending time and money in local restaurants, bars and shops. Consistent with similar studies, we also know that in addition to purchasing food, beverages and merchandise inside the arena during an event, a portion of local visitors will also purchase food, beverage and retail goods outside the arena on a game day or event occasion.

The additional economic impact, beyond the \$125 million of direct in-arena impacts, in the case of the Predators and Bridgestone Arena is created through two principal avenues:

- Spending by fans, spectators, visiting teams, performers and out-of-town workers on transportation, lodging, food and beverage, parking and retail goods outside of the arena in relation to an arena event (this spending is estimated at approximately \$91.4 million per year in relation to Bridgestone Arena events);
- Annual spending by the Predators Foundation in furtherance of its support of educational and social welfare organizations of Metro Nashville. The Nashville Predators Foundation has contributed almost \$5 million in support to community educational and charitable activities over the last eight years, all of which generates incremental impacts beyond those noted above. Of that amount almost 60% of the contributions supporting Foundation expenditures was provided by Predators front office staff, coaches, players and corporate sponsors.

"As our unemployment rate in the MSA climbs, we continue to have a lower rate than our competing cities Memphis, Atlanta and Charlotte."

CBRE: MarketView, Nashville Office, Third Quarter 2011;
www.cbre.com/research

Direct Impacts: Outside Arena	
Type	Gross Dollars
Fan Spending	\$91,119,822
Predators Foundation	\$1,074,374
Visiting NHL Teams and NHL Official	\$318,171
Indirect Spending	\$92,512,367

JOBS AND EMPLOYMENT

Jobs and Payroll (Full-Time Equivalents)					
	Direct	Indirect and Induced Multiplier of 1.74	Total	Household Income	Household Income
Inside Arena	422		422	\$18,568,177	\$43,963
Outside Arena	910	986	1897	\$73,141,247	\$38,549
Predators Foundation	31		31	\$1,152,000	\$37,161
Total Direct, Indirect and Indu	1363	986	2350	\$92,861,424	\$39,519
Per Chamber of Commerce		Metro			\$44,926
Average Salary from Establishment Pay		MSA			\$42,304

The Predators, Powers Management and Bridgestone Arena employ 625 people. These employees hold 192 full-time jobs (excluding the Nashville Predators players) and 433 part-time positions. For purposes of our analysis we converted the part-time positions into 230 "full-time equivalent" jobs which (again, excluding NHL players) carry an annual payroll of \$18.6 million.

Other jobs, outside the arena, are supported by the goods and services purchased by arena operations from area businesses and by the spending of fans, spectators, and visiting teams for lodging, meals, and retail items. We estimated 910 jobs created by attendee spending -- a number derived by applying labor rates to gross revenue ratios and average hourly wage figures for the relevant industries based on total estimated spending in these categories.

We did not include the 30 NHL players on the Nashville Predators roster (excluding minor league players since they are outside the Nashville region) in the jobs and household income buildup.

Relying on the industry specific multipliers published in the RIMS II and IMPLAN studies we arrive at an earnings and employment multiplier of 1.74. By applying this multiplier to direct jobs and payroll numbers, we derived the direct, indirect and induced effects on job creation and household income generated by Predators games and non-hockey events. Over 2,350 total jobs and more than \$92.8 million of household income are supported by the Predators games and other events hosted at Bridgestone Arena.

There have been several frequently cited studies indicating that the economic benefits of publically funded arenas are overstated. However, recent academic research, such as the study conducted by Charles Santo of Portland State University, that utilizes more current data and case specific methodology, suggests otherwise. His research highlights Metro Nashville as a case study which demonstrates the net economic value of sports teams and positive rewards resulting from the expenditure of public funds. In particular, a study conducted by the University of Memphis in 2005 concluded that in contrast to earlier studies which ignored city-specific economic characteristics, there is a significant positive relationship between sports related variables and regional income share for Nashville.

"The Predators routinely employ off duty officers from the central precinct on their own initiative, which creates a supplementary income for these officers."

Commander Jason Reinbold,
Nashville Central Precinct

FISCAL IMPACTS

REVENUES

The activities occurring in and around events at Bridgestone Arena trigger a number of taxable transactions and events. These include sales and use taxes, liquor related taxes, property taxes, ticket surcharges, and parking fees in municipal lots. In addition, based on commercial and residential property ad valorem assessment rolls and interviews with local property owners and hotel operators, it appears that the Predators and Bridgestone Arena have accelerated downtown development and increased property values with a resultant increase in Nashville's property tax base since its opening in 1996.

Public sector revenues in the form of state sales tax, local option sales tax, liquor tax and property tax flow, in varying amounts, based on state and local revenue sharing formulas, to the City of Nashville, Davidson County, the State of Tennessee and are then redirected in part to local schools.

EXPENSES

On the other hand, Metro is responsible for funding a share of the operating budget of Bridgestone Arena. Additionally, there are Series 1998 Revenue Bonds issued by Metro Sports Authority and the annual debt service on these bonds is funded by a user tax in the form of ticket surcharges. In addition, there are two bond series (1996A and 1997A) which were used to complete construction of the arena.

THE BOTTOM LINE

Based solely on direct public sector revenues and expenses, Bridgestone Arena is paying for itself and creating a profoundly positive impact on the Metro Nashville / Davidson County economy. This is without regard to the larger economic impacts on the region generated by the Predators and the arena event calendar the Organization manages or their contribution to the vitality of downtown Nashville and to the region's quality of life and civic pride.

"Multipliers can be estimated for the ultimate total employment impact, income impact, and output impact, of any given project..."

Data on thousands of different production processes has been accumulated over time and introduced into input-output models that allow such models to estimate the impact of a given project on thousands of businesses..."

-Economic and Fiscal Impact Analyses; Tennessee Advisory Commission to Intergovernmental Relations; Staff Research Brief; Stan Chervin, Ph.D. and Reuben Kyle, Ph.D.; May 2009

BRIDGESTONE ARENA WITHOUT PREDATORS & POWERS

In addition to analyzing the economic impact that the Organization has on downtown Nashville on an annual basis, we were asked to simulate the public sector fiscal impacts under the assumption that Metro had not come to an accord with the Organization's ownership group in 2007 that kept the Predators and Powers in Nashville. The "No Preds or Powers" simulation we conducted included two key areas of impact, an altered arena calendar and changes to the Arena's operations. Using attendee information supplied by the Predators, fiscal detail made available to us by local government, sales data provided by local vendors and business groups and case studies from facilities in other markets that had lost a primary tenant, we modeled the fiscal impacts of a Predators and Powers absence in Nashville over the past four years. The following is a further justification of the assumptions made during this simulation. For the results of this simulation please reference page 10 of this report.



EVENT CALENDAR - The driving factor of the "No Preds or Powers" fiscal impact model was the assumed shift in the event calendar. Factors such as the hiring of a replacement booking agent, the availability of additional event dates and a loss of the team's resources were all taken into account when forecasting the change in the annual Arena event portfolio. We calculated shifts not only in the total number of events, but also in the frequency of each event type. Establishing the occurrence of each event type is important to forecasting total fiscal impact on Metro as each category (Concert, Family, "Other" Sports) draws different audiences of unique sizes, demographics and spending habits.

Using a number of inputs, such as event booking decreases in facilities losing an anchor tenant in other markets, as well as historical information in the Nashville market including the effects of the 2004-05 NHL Lockout season, we were able to model the negative impact on the Bridgestone Arena event calendar that would be suffered if the Predators had relocated immediately after the 2007-08 season.

Professional Sports

The Nashville Predators generally represent 35% of Bridgestone Arena's annual number of events and about 40% of admissions. If the Predators had left Nashville in 2008, it is unlikely another professional team (NHL or NBA) could have been attracted to relocate to Nashville or, if it could, the financial terms would be prohibitive and make it a very impractical proposition from a public sector standpoint. Our model assumed no replacement professional sports team came to the Arena.

Extra Event Dates

Without the Nashville Predators, there would have been around 43 extra event dates for which to book shows. Experiences in other markets show that facilities that had recently lost an NBA or NHL tenant including Key Arena in Seattle, Philips Arena in Atlanta, Prudential Center in NJ, and Vancouver's Rogers Arena were able to fill some of the vacated event dates, however when compared to an average Predators game, these substitute events receive less attendees and lower per

"I was here before Nashville had an NHL team, the Preds lit up that arena."

Ruble Sanderson
Owner
Legends Corner
and The Stage

BRIDGESTONE ARENA WITHOUT PREDATORS & POWERS CONT...

cap spending on merchandise and concessions. The inability of NBA buildings to replace dates lost as a result of the recent NBA lockout provides further validation for this point. Our model assumed that extra event dates had no impact on total even counts.

Concerts

We assumed that a shift in management of the arena would have resulted in a less experienced booking agent and that this loss of experienced personnel would have resulted in fewer concerts. This loss of total concerts would be compounded by a substitution of several of the premier acts that came through Bridgestone, with shows in a lesser tier. Two observations drove these assumptions. First, during the NHL Lockout season 21 concert dates were booked, a number that is at best flat to prior years, when hockey was being played. Given this observation we had no reason to assume that there would be external forces positively influencing an increase in concert bookings. Second, strong personal relationships between a booking agent and concert promoters is key to procuring concerts for any building, but especially those in mid-sized markets such as Nashville. The loss of Powers Management would have represented a severing of these ties, which take time to build, leading to a decrease in the relative attractiveness of Nashville as a stop for some promoters. Our modeling assumed fewer concerts.

Family Shows

To account for trends in other markets as well as Nashville, we added several family shows to the current annual total. As a reference, we observed that during the NHL Lockout one such show was added to the Bridgestone Arena event calendar. These events are generally smaller shows, which draw a smaller, more local crowd (see page 6) when compared to concerts and with a low volume of alcohol sold, concession per caps are typically lower for these events as well. Our modeling assumed more family shows.

Other Sports

During the 2004-05 fiscal year, (excluding the defunct Nashville Kats who were playing their initial season) there was one fewer sports event from the prior year. In addition, the total sports events booked for FY 2005 and FY 2007 (6 events and 10 events respectively) included NCAA basketball tournaments that, with new management, may take time to replicate. Generally these sporting events are excellent for drawing out-of-town attendees, however they are sporadic and seasonal and there are many facilities in competing markets vying to host these events. Any perceived weakness in operational competitiveness due to lack of an experienced operator could easily drive this number down. Despite these negative pressures, we felt date flexibility and the need to bring in events by the new operator would create opportunity. Our modeling assumed an additional sporting event.

“A city’s image in many ways can be described by the environment created by its sports teams and the image these teams or team project through their respective leagues.”

Patrick Napier
University of Memphis
School of Urban Affairs Sports,
Image, Economy; 2006



BRIDGESTONE ARENA WITHOUT PREDATORS & POWERS CONT...

OPERATING RESULTS- Having accounted for the shift in the calendar of events, we can now calculate the fiscal impacts of the subsequent changes to the operations of the facility on Metro and Davidson County. It is here that the loss of the Organization's benefits, such as guaranteed events for multiyear suite and premium licensees as well as a shared and robust sales staff, would be felt the greatest. The loss of these benefits would represent more than just foregone revenue and would ultimately lead to additional hard costs.

Premium Seat Revenue

The absence of a major league anchor tenant significantly devalues premium seating, particularly in a market like Nashville where corporate and wealthy individual patrons have a number of entertainment alternatives if the Predators were eliminated as an option. We developed a suite revenue assumption based on a review of arena suite and club seat economics during the 2004-05 NHL lockout season and 2011-12 NBA lockout period. In addition, we obtained suite and premium seat pricing detail for facilities that had recently lost an NBA or NHL tenant including Key Arena in Seattle, Philips Arena in Atlanta, Prudential Center in NJ, and Vancouver's Rogers Arena. Repricing of suites created shortfalls in contractually obligated income resulting in more risk and a greater emphasis on suite marketing which involves additional costs.

While the severity of impacts varies, the data consistently points to significant decreases in revenue for periods following the loss of a team. We found that, after normalizing for the variability of ticket packages (need to purchase tickets separately rather than in a full season format) and after accounting for directly related expenses (marketing, suite relations, cap ex), in comparable situations, the demand for suites decreases along with the market's perception of value. That is, a lesser number of suites are sold on a contracted basis at a discounted average license fee.

Assuming tickets would still need to be purchased separately for each event, the expectation would be that ticket prices would be reduced to compensate for surplus inventory comprised of unsold tickets of those suites that "go dark." While there may be some premium that could be charged on an event day rental

basis for major concerts, the yield on event-by-event rental of luxury suites is dramatically lower than that of a fiscal year contract suite license.


In many cases, facility managers have countered the reduced demand for suites and premium seating with a redesign of suite units, concourse footage and the arena bowl. In many cases, the suite areas least likely to be sold are converted into general admission or club type seating available for annual contracts or single event purchase. Retrofitting suite or club seat areas is quite costly and may interrupt an already impaired event schedule. From a financing standpoint retrofit construction funding often requires the public sector facility owner to issue general obligation bonds since revenues that might ordinarily support special purpose bonds are typically inadequate to support debt service at the level necessary to accomplish the desired retrofit. Our modeling assumed premium seat revenues would fall and additional costs for converting suites to general seating were incurred.

Naming Rights

Seattle is the only recent example of an arena losing its only major league tenant. Atlanta, Newark and Vancouver lost one team of a combined NHL/ NBA tenancy. While it is difficult to quantify the "devaluation" of naming rights, the loss of an anchor tenant generally results in a reopener of the naming agreement for no other reason than adjusting the annual fee to reflect the elimination of game tickets and the related reduced value of luxury suites, premium seating and media impressions typically made part of the naming package. In Bridgestone Arena's case, this naming rights deal would be immediately nullified, as well as most other corporate sponsorship deals, leaving a sizeable hole in the revenues generated by the building that the replacement operators would need to fill quickly. Our modeling assumed smaller revenues for naming rights.

Operating Expenses

While non-event specific costs may decrease if the Predators left Nashville, savings, if any, would be directly related to the level of current operating costs that are borne by the Predators relating to arena operations that are not directly reimbursed.



"Since Bridgestone Arena first opened, the city has seen significant development that has transformed downtown Nashville into one of the top tourist destinations in the country... We couldn't be more proud to attach the Bridgestone name to this thriving downtown venue."

-Gary Garfield
CEO,
Bridgestone

Cited from: Bridgestone extends arena-naming rights deal; Nashville Post; J.R. Lind; December 15, 2011

ECONOMIC IMPACTS OF THE PREDATORS LOSS ON METRO

If the Predators left Nashville, it's assumed that Metro would take over management responsibility for Bridgestone Arena. Any operating losses (no longer subject to a cap) would be entirely borne by the Metro Government budget without Predators' related rent, seat user charges, parking revenue and related sales tax, liquor taxes and property taxes.

Annual bond payments would remain the same with the likelihood that the benefit of bond refunding in the future would be compromised by the reduction in event revenues created by losing the Predators as a tenant and transitioning management responsibility from an experienced private manager to a municipal steward. Additionally, the reduction in spending would lower the level of the annual economic impacts of the arena, and eliminate a support for local area jobs and salaries. The loss of in-arena and outside-arena spending by Predators' fans would reduce sales tax, local option tax and liquor taxes with a resultant impact on funds currently directed to schools. Our modeling assumed increased operational costs borne by the public sector.

SPENDING

Overall, the direct spending attributable to Predators' home games (as well as pre- and post-season games not accounted for in this study) would disappear and would be replaced by the spending attributable to replacement events on the arena's calendar. That said, it is likely that the replacement bookings would not be at the same level of ticket price or generate the same level of food and beverage consumption. Similarly, unless replaced with major concerts, replacement events are unlikely to either draw out-of-town attendees or involve an overnight stay. The level of "day tripping" may also be reduced and replaced with event goers who are residents of Metro.

With a reduction in out-of-market attendance, the level of substitution spending elevates. Substitution is the


replacement of spending by non-Metro event goers with spending by locals that would have generated tax revenue for Metro anyway (movies, restaurants and bars); this shift in spending does not replace lost Predators' fiscal impacts. Such spending only "substitutes" for other entertainment spending in the region. We have assumed that 30% of the Predators fans living in Metro will substitute the spending they currently devote to the Predators to other spending in the region, from which Metro will derive no net incremental benefit

A note about spending: Unlike other studies of this kind we did not include players' salaries in the calculation of local spending. In addition to this, we didn't include visiting team spending as part of our calculation of local impacts or fiscal revenue. We assumed that visiting teams' spending was a proxy for similar out-of-market expenditures by the Predators.

Our model does not take into account loss of jobs and payroll if the Nashville Predators leave (probably half of the non-player jobs and payroll noted above plus, of course, the player payroll). It also does not take into account the reduced economic impact and possibly a diminishing effect on real estate values and development activity in downtown Nashville.

JOBS AND HOUSEHOLD INCOME

Spending by the Predators has supported job creation within Metro that currently numbers 2,350 jobs and annual household income of \$92 million. While there would be some replacement of spending attributable to replacement events it is unlikely to restore more than 20% of lost jobs and household income. The impact of job loss has the same "ripple effect" that job creation does. In other words, the impact of direct job loss translates into further unemployment throughout the region and translates into a loss of roughly 150% of the jobs supported by the Predators.



"We are thankful for the Nashville Predators and the difference they make in our community."

Tom Crow, Assistant Pastor, First Baptist, Downtown Nashville

APPROACH

This report summarizes the results identified during our analysis of the economic and fiscal impacts generated by the Nashville Predators hockey team and the Bridgestone Arena conducted in January 2012. Our examination was focused on the measurement of the annual economic and fiscal impact experienced by Metro Nashville and Davidson County as a result of event-related activity in the region. This Executive Summary reviews the principal findings of that analysis and provides an explanation of the key impact figures.

The attached report summarizes scope, methodology, analysis, and findings and provides an explanation of the key impact figures. We understand that this analysis will be referenced during discussions with Metro public officials and shared with members of the local media and consent to such use.

ACKNOWLEDGMENTS

Information both empirical and qualitative used in preparing this report was obtained from a number of public and private sources. Leib Advisors would like to acknowledge the assistance of the following organizations:

- Downtown Nashville Partnership
- Nashville Convention and Visitors Bureau
- Metro Sports Authority
- Metro Nashville Government
- Greater Nashville Chamber of Commerce

In evaluating the consequence of out of stadium activity we relied on fan and attendee information provided by the Nashville Predators, proprietary analyses of other National Hockey League and National Basketball Association markets and data obtained through interviews of local Metro hospitality and downtown business owners and operators, local law enforcement and fans as well as information compiled in connection with the development of the new Music City Center.

Features of Metro Nashville general obligation debt and arena related revenue bonds were obtained from bond transcripts relating to the 1998 Metro Nashville Sports Authority Revenue Bonds.



LIMITATIONS AND CONDITIONS

This report, in its entirety, was prepared for the purpose of providing information on the annual economic and fiscal impacts of the Nashville Predators and Powers Management. It is not intended for any other purpose. In particular, the report is not a forecast or projection of financial results for the Nashville Predators, Powers Management or Bridgestone Arena. As such, it should not be made part of or referred to in any financing document.

In that our findings were based on assumptions and conditions developed solely for the purpose of this analysis, there may be differences between estimated and actual economic and fiscal impacts and those actually experienced. Such differences may be material. Leib Advisors, LLC is not responsible for updating the report to reflect events and circumstances occurring or which come to light subsequent to the date of issuance.

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PROFESSIONAL CREDENTIALS

Bob Leib has a legal and accounting background and began independent consulting in June 1999. His Mequon, Wisconsin-based firm provides business and financial advice as he had over a 25-year career as a CPA with Arthur Andersen, LLP where he had global responsibility as the lead tax partner in Andersen's Professional Sports Industry Group reporting to the World Wide Head of Tax.

His experience is quite broad and has covered a wide range of services to teams and facility owners in MLB, NFL, NBA, NHL, and MLS. He has also worked extensively with facilities, teams and municipalities at all levels of minor league hockey, baseball, basketball and soccer rendering opinions of value, feasibility and tax consequences in connection with this work. Bob has authored economic impact studies for MLB, NFL, NBA, NHL and MLB teams and facilities on behalf of both team ownership and public sector stakeholders. In addition, he has been engaged by acquirers of Barclays Premiership clubs in the UK and teams in the Swedish Elite League.

He has extensive experience in preparing valuation reports that conforming to AICPA and USPAP standards. His expert testimony has been accepted by courts in the US and Canada and he has provided legislative testimony in connection with stadia and arenas before governmental bodies in the US and Canada.

Bob earned a Bachelor's in Business Administration from the University of Wisconsin, Madison (1973). He received his Juris Doctorate from the University of La Verne College of Law (1976) and a Masters of Laws in Taxation from Boston University School of Law (1977). He is a member of the AICPA, AICPA Forensic and Valuation Services Section and the WICPA, the ABA State and Local Tax Committee and is an appointee to the American Bar Association Sports and Entertainment Forum

Bob is a long time member of the Executive Committee of the National Sports Law Institute (NSLI) of Marquette University Law School, and has served as an Adjunct Professor of Accounting, Valuation and Tax Aspects of Professional Sports. He has lectured on the economics of professional sports teams and facilities at Marquette University, the Institute of International Research, Financial Executives International, and has Wisconsin Bar and American Bar Association Sports and Entertainment Section Annual Meetings.

