EXECUTIVE SUMMARY
AMENDED AND RESTATED LICENSE AND USE AGREEMENT
BY AND BETWEEN THE SPORTS AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AND
NASHVILLE HOCKEY CLUB LIMITED PARTNERSHIP

The following is a summary of the material amendments to the License and Use Agreement. For purposes of this Summary, "Current Agreement" means the existing License and Use Agreement prior to any amendment or restatement. "Proposed Agreement" is the Amended and Restated License and Use Agreement.

1. **License Fee**: Under the Current Agreement, the rent ("Annual Ticket Receipts Fee") is an amount equal to five percent (5%) of net NHL ticket receipts (gross ticket receipts minus sales tax, ticket surcharge fee and suite and club seat basic rent).

Under the Proposed Agreement, the amount computed under the Current Agreement would be reduced by $750,000 each year, the Annual Ticket Receipts Reduction Amount ("Rent Reduction"). *See Section 3.1.*

2. **Non-NHL Advertising:** Under the Current Agreement, the Team receives fifty percent (50%) of non-NHL advertising and pays fifty percent (50%) of the expenses related to such advertising.

Under the Proposed Agreement, the Team would receive all non-NHL advertising and pay all expenses related to the non-NHL advertising. This provision would be in effect so long as the Rent Reduction is effective. *See Sections 16.1 and 16.2.*

3. **Concession Sales:** Under the Current Agreement, the Sports Authority receives forty (40%) to forty-eight percent (48%) of the Concession Sales under the Concession Agreement with a third party concessionaire. The Team receives a pass through of forty percent (40%) of such revenue and the Sports Authority retains any Concession Sales revenue in excess of forty percent (40%), i.e. five to eight percent (5-8%).

Under the Proposed Agreement, all Concession Sales under the Concession Agreement received by the Sports Authority is paid to the Team. *See Section 13.1(c).* For any Operating Year during which the Sports Authority has elected to terminate the Rent Reduction, the sharing of Concession Sales would revert to the terms of the Current Agreement.

4. **Early Termination Rights and Reimbursement**: Under the Current Agreement, if in two consecutive full seasons, average paid attendance is less than 14,000 per game (Required Attendance"), the Team may terminate the License and Use Agreement effective at the end of the following season ("Cure Season") by giving written notice within sixty (60) days following the end of the second consecutive full low attendance season that fails to attain the Required Attendance. If paid attendance averages 14,000 per game during the Cure Season, the early termination right is void. If during the Cure Season the average paid attendance is less than 14,000 per game, the License and Use Agreement terminates and the Team pays the Sports Authority the unearned portion of NHL expansion expenses ($28,000,000 amortized over thirty (30) years beginning with the first year of the License and Use Agreement with a floor of $10,000,000).

Under the Proposed Agreement, the early termination right does not exist until the Operating Year ending June 30, 2010. Thus, there is no right of termination for the current season or the seasons ending in 2009 and 2010. If for any Operating Year ending on or after June 30, 2010, the aggregate consolidated cumulative cash operating loss incurred by the Team and the Manager exceeds $20,000,000 and the average paid attendance is less than the Required Attendance, the Team may terminate the License and Use Agreement by giving notice on May 1 of such Operating Year effective the immediately following June 30 or the next succeeding June 30. If this right is exercised effective June 30, 2010, the early termination reimbursement amount is $20,000,000. If the termination is effective June 30, 2011, the early termination reimbursement amount is $25,000,000. For any year thereafter, the early termination reimbursement amount is $10,000,000. For any Operating Year after the Sports Authority terminates the Rent Reduction, if the average paid attendance is less than the Required Attendance, the Team may terminate the Proposed Agreement by giving written notice by May 1 of such year, effective the immediately following June 30 or the succeeding June 30. *See Sections 2.2 and 2.3.*

5. **Guaranty**: Under the Current Agreement, if the Team does not have and maintain a tangible net worth, excluding player contract amortization, equal to or greater than the Minimum Net Worth Amount, the Team must provide a guarantor with tangible net worth equal to the Minimum Net Worth Amount. The Minimum Net Worth amount was originally $35,000,000 amortized over thirty (30) years and adjusted for the Consumer Price Index, but with a floor of $10,000,000.

Under the Proposed Agreement, the Team is required to maintain a net worth equal to the Minimum Net Worth Amount. The Minimum Net Worth Amount is $50,000,000 for any termination on or before December 1, 2010 and $35,000,000 thereafter, decreasing $2,000,000 per year over the remaining term of the Agreement, but with a floor of $10,000,000.

Net Worth may be computed either (a) as the Team Fair Market Value minus Team liabilities or (b) pursuant to generally accepted accounting principles. *See Article 30.*

6. **<u>Local Ownership Group Guaranty</u>**: Under the Current Agreement there is no guarantee of the obligations of the Team by the ownership.

Under the Proposed Agreement, each of the Local Ownership Group must guarantee an amount equal to one hundred twenty-five percent (125%) of his/her percentage ownership multiplied by $25,000,000 (total guaranteed amount of $32,500,000). These guarantys guarantee all obligations of the Team and the Manager, including the Reimbursement Amount and the Liquidated Damages Amount. *See Section 2.4.*

7. **<u>Sports Authority Termination Rights</u>**: Under the Current Agreement, the Sports Authority has no right to terminate the Agreement prior to its expiration date unless there is a Team Default.

Under the Proposed Agreement, the Sports Authority has the right to terminate the Agreement effective July 1, 2014 or July 1, 2021, by giving two years prior written notice of such election. *See Section 2.5.*

8. **<u>Complimentary Tickets</u>**: Under the Current Agreement, the Team is allowed to distribute up to 750 Complimentary Tickets per home game without incurring the Ticket Surcharge Fee.

Under the Proposed Agreement, the Team will be permitted to distribute up to 40,000 Complimentary Tickets during any Operating Year without incurring the Ticket Surcharge Fee.

9. **<u>Local Ownership</u>**: The Current Agreement does not contain provisions related to local ownership.

Under the Proposed Agreement, the Team is required to give immediate written notice to the Metropolitan Government and the Sports Authority if legal residents of Middle Tennessee own less than fifty percent (50%) of the equity and voting control of the Team. *See Section 8.12.* If there is a voluntary Change of Control (residents of Middle Tennessee own less than fifty percent (50%) of the voting rights and equity of the Team), the Sports Authority may immediately terminate the Rent Reduction.

10. **<u>Ticket Price Commitment</u>**: Under the Current Agreement, there is no Ticket Price Commitment.

Under the Proposed Agreement, so long as the Rent Reduction is in effect, the Team shall cause the average ticket price paid for Team tickets to be less than the average price paid for NHL tickets. *See Section 8.13.*

11. **Debt Commitment:** Under the Current Agreement, there is no commitment with regard to the debt that may be incurred by the Team other than the requirement that the Team maintain a certain specified tangible net worth.

Under the Proposed Agreement, the Team may not incur Senior Debt (secured indebtedness for the acquisition of the Team or for working capital) in excess of the greater of $105,000,000 or sixty percent (60%) of the Team Fair Market Value. *See Section 8.14 and the definition of Senior Debt."*

12. **Common Ownership with Manager:** Under the Current Agreement, there is no requirement that the ultimate ownership of the Team and the Manager be identical.

Under the Proposed Agreement, identity of ultimate ownership of the Team and Manager is required. *See Section 8.15.*

13. **Naming Rights:** Under the Current Agreement, the Team has the right to name the Arena and the practice facility.

Under the Proposed Agreement, the Team would have additional naming rights for the rehearsal hall, and all other portions of the Arena other than the Reserved Areas. *See Section 18.1.* The Reserved Areas include the areas utilized by the Nashville Convention and Visitors Bureau, the Tennessee Sports Hall of Fame, the Broadcast Tower with associated antenna mask and base, XM Satellite Radio, the Metropolitan Government Register of Deeds Office, and the Central Precinct of the Nashville Police Department.

14. **Assignment, Pledging and Subletting:** Under the Current Agreement, the Team is not permitted to assign, pledge or sublet the Agreement except for (a) pledging revenues payable to or retained by the Team under the Agreement or (b) assigning the Agreement to another entity with the prior consent of the Sports Authority and the satisfaction of certain requirements described in Section 25.2. There is no limitation in the Current Agreement upon a Change of Control in the ownership of the Team.

Under the Proposed Agreement, the Article 25 contains the following provisions addressing the assignment, pledge or subletting of the Agreement.

> A. The Team may Assign the Proposed Agreement to another Entity with the consent of the Sports Authority if, at such time, there is no Team Default, no Material Breach and no Guarantor Default, and the requirements of Section 25.2(b) are satisfied. These

requirements are substantially the same as those in the Current Agreement. If there is an Assignment to an Entity in which residents of Middle Tennessee own less than fifty percent (50%) of the voting rights and equity, the Sports Authority may terminate the Rent Reduction and all other incentives under this Agreement and the Operating and Management Agreement.

B. While the Rent Reduction is in effect, the Team may permit a Change of Control with the consent of the Sports Authority if, at such time, there exists no Team Default, Material Breach or Guarantor Default and the conditions described in Section 25.2(c) are satisfied. If the Sports Authority does not consent to the requested Change of Control, the Team may permit the Change of Control, but the Sports Authority has the right to immediately terminate the Rent Reduction and all other incentives under this Agreement and the Operating and Management Agreement.

C. At any time when the Rent Reduction is not in effect, the Team may permit a Change of Control if the requirements of Section 25.2(c)(i)-(iii) are satisfied.

D. The Team may Pledge the Agreement to its Senior Lender if the Senior Lender agrees to (i) promptly notify the Sports Authority of any default under the indebtedness, and (ii) give the Sports Authority sixty (60) days notice prior to accelerating the indebtedness.

E. The Senior Lender may, in the exercise of its foreclosure remedies, Assign the Agreement so long as: (i) the Agreement and the Team Franchise are owned by the same Entity; (ii) the same Entity owns the Team Franchise and the Manager; (iii) the Entity assumes all obligations of the Team under the Agreement and agrees to be bound by all terms of the Agreement; and (iv) the Assignment is approved by the NHL.

F. The Senior Lender has a security interest in the ownership of the Team. The Senior Lender may transfer that ownership interest to another Entity ("Change of Control") so long as (i) the Senior Lender commits to give the Sports Authority notice of any default under the debt documentation and notice of any acceleration of the indebtedness; (ii) following the Change of Control, the ultimate ownership of the Team Franchise and the Manager is identical; (iii) the documents effecting the Change of Control recite and acknowledge that the Change of Control does not cure any Team Default or waive or extend the time for curing such Team Default;

and (iv) the Senior Lender gives the Sports Authority prompt notice of the Change of Control.

15. **Release**. Under the Proposed Agreement, the Sports Authority agrees to release the former owners of the Team, the Team and the Manager from any liabilities under the Current Agreement. The former owners, the Team and the Manager agree to release the Sports Authority and Metropolitan Government from any liabilities associated with the Current Agreements in consideration of a payment to the Manager of $682,000 representing Performance Fees previously earned but not paid.

15. **Report of Expert:** The Team and the Manager have delivered to the Sports Authority a report of Sports Value Consulting concluding that the terms of the Proposed Agreement and the Proposed Operating and Management Agreement are reasonable to the Sports Authority and Metropolitan Government.

16. **Transition***:* The Proposed Agreement would be effective retroactively to July 1, 2007. Because there are material changes between the Current Agreement and the Proposed Agreement, *Article 34* provides the methodology for the parties to account for the transition so that for the Operating Year ending June 30, 2008, the financial relationship between the parties will be accounted for as if the Proposed Agreement had been in effect since July 1, 2007.

EXECUTIVE SUMMARY
AMENDED AND RESTATED OPERATING AND MANAGEMENT AGREEMENT
BY AND BETWEEN THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AND
POWERS MANAGEMENT, LLC

The following is a summary of the material amendments to the Operating and Management Agreement. For purposes of this memorandum, the Nashville Hockey Club Limited Partnership shall be referred to as the "Team" and Powers Management, LLC will be referred to as the "Manager." The existing Operating and Management Agreement will be referred to as the "Current Agreement" and the Amended and Restated Operating Management Agreement will be referred to as the "Proposed Agreement."

1. Base Management Fee: Under the Current Agreement, the Base Management Fee consists of a monthly fee of $16,750 increased by the CPI since the first year of the agreement. For the fiscal years ending June 30, 2006 and June 30, 2007, the Base Management Fee totaled $235,092 and $245,244 respectively.

Under the Proposed Agreement, the Base Management Fee would be $2,000,000 per year paid in equal monthly installments. *See Section 4.1*. The Sports Authority may reduce the Base Management Fee for any Operating Year beginning after June 30, 2012 to $250,000 or immediately if there is a voluntary Change of Control of the Team (residents of Middle Tennessee own less than fifty percent (50%) of the voting rights and equity of the Team and Manager) and the Sports Authority does not consent to such Change of Control.

2. Incentive Fee: Under the Current Agreement, the Manager is paid a Performance Fee consisting of two parts: (a) seventy percent (70%) of the potential Performance Fee is based upon fifty percent (50%) of operating improvement over the preceding year not to exceed $175,000; and (b) thirty percent (30%) of the potential Performance Fee is based upon the number of Convention Events and Community Events at the Arena during the year, not to exceed $75,000. Thus, the potential performance fee was $250,000 for the Operating Year ended June 30, 2001. Each of the amounts specified above have been increased annually by the CPI not to exceed five percent (5%) per year.

Under the Proposed Agreement, the Incentive Fee is an amount not to exceed $2,000,000 in any Operating Year and computed as fifty percent (50%) of the amount the revenue from the items listed below exceeds, in the aggregate, the revenue from the same items for the Operating Year ending June 30, 2006:

(a) Local sales taxes (net of the education portion and the state administrative fee).

(b) The state portion of Hockey Event sales tax rebated by the State to the Sports Authority.

(c) The State portion of the Non-Hockey Event sales taxes rebated by the State to the Sports Authority, if any.

(d) Seat use charges.

(e) Facility rent (excluding rent for Reserved Areas).

(f) Food and beverage revenue.

(g) Parking and other revenue based upon the audited financial statements of the Arena.

(h) Merchandising revenue.

(i) Royalties from Ticket Master or any other third party ticket broker.

As a portion of the Incentive Fee and subject to the $2,000,000 Incentive Fee cap, the Manager will be paid an amount equal to one hundred percent (100%) of the facility rent derived from Special Events. Special Events are events designated by the Manager and reported to the Sports Authority not to exceed fifteen events per year, five (5) of which events may be multi-day events. Finally, in addition to the potential Incentive Fee of $2,000,000 per year, the Manager may retain one hundred percent (100%) of any funds paid by the Nashville Convention and Visitors Bureau to the Manager. The Incentive Fee is due and payable on October 31 immediately following the end of the Operating Year for which the Incentive Fee was earned. *See Section 4.2.*

3. <u>Operating Expenses</u>: Under the Current Agreement, the operating loss for the Arena is not capped. The Sports Authority pays all operating expenses except those related to the Team Exclusive Area.

Under the Proposed Agreement, the net operating loss is capped at the 2006 level, subject to a CPI adjustment not to exceed five percent (5%) for any Operating Year. The Sports Authority will continue to be responsible for depreciation and amortization of the Arena, facility insurance, and debt service on bonds. *See Sections 7.1 and 8.2.*

4. **Guaranty:** Under the Current Agreement, the Team guarantees all obligations of the Manager under the Agreement. *See Article 16.* The owners of the Manager do not guarantee the Manager's performance.

Under the Proposed Agreement, the Team continues to guarantee all obligations of the Manager and the definition of the required Minimum Net Worth for the Team is modified consistent with the License and Use Agreement. In addition, the Local Ownership Group Guarantee secures all obligations of the Manager. Pursuant to the Local Ownership Group Guaranty, the Local Owners guarantee $32,500,000 in the aggregate on a joint and several basis with individual limits on liability.

5. **Cross Default**: Under the Current Agreement, the Management Agreement and License and Use Agreement are not cross-defaulted. Under the Proposed Agreement, any default under either agreement will result in a corresponding default under the other agreement.

6. **Identity of Ownership**: Under the Current Agreement there is no requirement that ownership of the Manager and Team be identical. Under the Proposed Agreement, ultimate ownership of the Team and Manager must be identical at all times.

7. **Assignment, Pledge and Subletting**: Under the Current Agreement, the Manager is not permitted to assign, pledge or sublet the Agreement except for (a) pledging revenues payable to or retained by the Manager under the Agreement or (b) assigning the Agreement to another entity with the prior consent of the Sports Authority and the satisfaction of certain requirements described in Article XVI. There is no limitation in the Current Agreement upon a Change of Control in the ownership of the Manager.

Under the Proposed Agreement, the Article XVI contains the following provisions addressing the assignment, pledge or subletting of the Agreement.

A. The Manager may Assign the Proposed Agreement to another Entity with the consent of the Sports Authority if, at such time, there is no Team Default, no Material Breach and no Guarantor Default, and the requirements of Section 16.2(b) are satisfied. These requirements are substantially the same as those in the Current Agreement. If there is an Assignment to an Entity in which residents of Middle Tennessee own less than fifty percent (50%) of the voting rights and equity, the Sports Authority may terminate the Incentive Fee, reduce the Base Management Fee and terminate all other incentives under this Agreement and the License and Use Agreement.

B. Prior to the reduction of the Base Management Fee and elimination of the Incentive Fee, the Manager may permit a Change of Control with the consent of the Sports Authority if, at such time, there exists no Team Default, Material breach or Guarantor Default and the conditions described in Section 16.2(c) are satisfied. If the Sports Authority does not consent to the requested Change of Control, the Manager may permit the Change of Control, but the Sports Authority has the right to immediately terminate all incentives under this Agreement and the License and Use Agreement.

C. At any time when the Base Management Fee has been reduced and the Incentive Fee has been eliminated, the Manager may permit a Change of Control if the requirements of Section16.2(c)(i)-(iii) are satisfied.

D. The Manager may Pledge the Agreement to its Senior Lender if the Senior Lender agrees to (i) promptly notify the Sports Authority of any default under the indebtedness, and (ii) give the Sports Authority sixty (60) days notice prior to accelerating the indebtedness.

E. The Senior Lender may, in the exercise of its foreclosure remedies, Assign the Agreement so long as: (i) the same Entity owns the Team and the Manager; and (ii) the Senior Lender promptly notifies the Sports Authority of the Assignment.

F. The Senior Lender has a security interest in the ownership of the Manager. The Senior Lender may transfer that ownership interest to another Entity so long as (i) the Senior Lender commits to give the Sports Authority notice of any default under the debt documentation and notice of any acceleration of the indebtedness; (ii) following the Change of Control, the ultimate ownership of the Team and the Manager is identical; (iii) the documents effecting the Change of Control recite and acknowledge that the Change of Control does not cure any Material Breach or waive or extend the time for curing such Material Breach; (iv) all requirements of Section 25.2(e)(iii) of the License and Use Agreement have been satisfied and (v) the Senior Lender gives the Sports Authority prompt notice of the Change of Control.

8. **<u>Community Event</u>**: Under the Current Agreement, the Manger is to use commercially reasonable efforts to make the Arena available for Community Events. Under the Proposed Agreement, as long as the Net Operating Loss Cap is in effect, the Manager is required to make the Arena available for at least the same number and type of Community Events as provided in the operating year ending June 30, 2006. At any time the Net Operating Loss Cap is not in effect, the provision reverts to the terms of the Current Agreement.

9. Transition: Article 24 describes the process by which the financial accounting for the Operating Year ending June 30, 2008 will be reconciled due to the fact that the Agreement is being executed during the Operating Year retroactively effective to July 1, 2007.