MINUTES OF THE
FINANCE & AUDIT COMMITTEE MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The Finance & Audit Committee Meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on April 21, 2011 at 8:00 a.m., in Room 212 at the Nashville Convention Center, Nashville, Tennessee.

FINANCE COMMITTEE MEMBERS PRESENT: Mark Arnold, Marty Dickens, Ken Levitan, and Willie McDonald

FINANCE COMMITTEE MEMBERS NOT PRESENT: Francis Guess

OTHERS PRESENT: Debbie Frank, Ryan Johnson, Scott Black, Natasha Blackshear, Bob Lackey, Rich Riebeling, Elisa Putman, Brian Ivey, Jason Close, Charles Starks, and Harriett Royer

The meeting was opened for business by Chairman Mark Arnold.

ACTION: Willie McDonald made a motion to approve the Finance & Audit Committee minutes of January 27, 2011. The motion was seconded by Ken Levitan and approved unanimously by the committee.

Charles Starks announced that newly appointed CCA member Francis Guess will be serving on the Finance Committee replacing Darrell Drumwright.

Charles Starks presented the Nashville Convention Center proposed operating budget and some operational items for the Music City Center for Fiscal Year 2012. (Attachment #1) There were questions and discussion.

ACTION: Luke Simons made a motion to approve the Nashville Convention Center proposed FY 2012 operating budget as presented for presentation to the Convention Center Authority for approval. The motion was seconded by Willie McDonald and approved unanimously by the committee.

ACTION: Willie McDonald made a motion to authorize the Music City Center to move forward on the hiring of the four positions presented subject to a review of the overall

pre-opening budget at the next CCA meeting. The motion was seconded by Ken Levitan and approved unanimously by the committee.

With no additional business a motion was made to adjourn, with no objection the Finance & Audit committee of the CCA adjourned at 9:05 a.m.

Respectfully submitted,

Charles L. Starks
Executive Director
Nashville Convention Center

Approved:

Mark Arnold, Chairman
CCA Finance & Audit Committee
Meeting Minutes of April 21, 2011

Nashville Convention Center Budget

Fiscal Year 2012

Nashville Convention Center

Number of Events

FY08	223
FY09	234
FY10	243
FY11	236 (est.)

Attendance

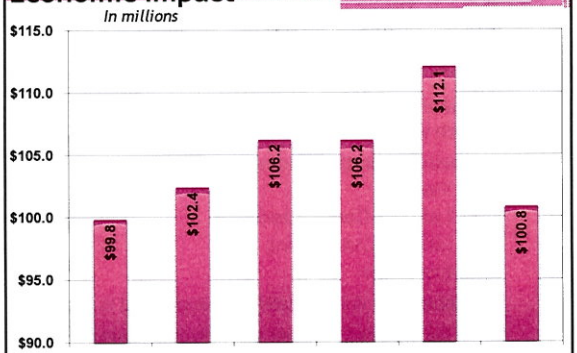
FY08	307,916
FY09	296,776
FY10	340,960
FY11	306,643 (est.)

Economic Impact

FY08	$106,214,142
FY09	$106,180,837
FY10	$112,087,852
FY11	$100,813,830 (est.)

Economic Impact

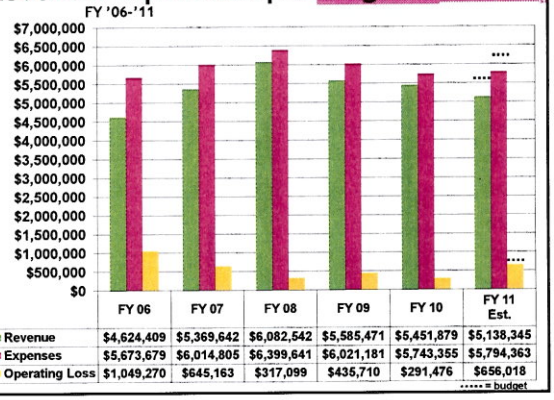
In millions



Economic Impact = number of attendees X number of days X the International Association of Convention & Visitors Bureau's daily expenditure average based on event type, ranging from $85 to $237 per day.

Revenue/Expenses/Operating Loss

FY '06-'11

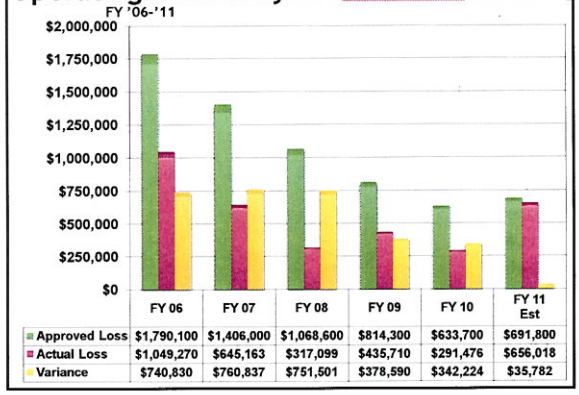


	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11 Est.
Revenue	$4,624,409	$5,369,642	$6,082,542	$5,585,471	$5,451,879	$5,138,345
Expenses	$5,673,679	$6,014,805	$6,399,641	$6,021,181	$5,743,355	$5,794,363
Operating Loss	$1,049,270	$645,163	$317,099	$435,710	$291,476	$656,018

..... = budget

Operating Loss Analysis

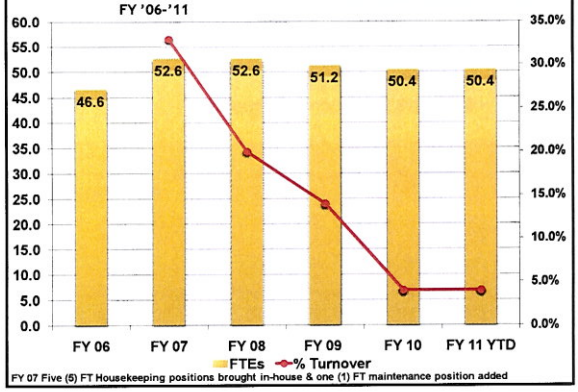
FY '06-'11



	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11 Est
Approved Loss	$1,790,100	$1,406,000	$1,068,600	$814,300	$633,700	$691,800
Actual Loss	$1,049,270	$645,163	$317,099	$435,710	$291,476	$656,018
Variance	$740,830	$760,837	$751,501	$378,590	$342,224	$35,782

NCC Annual FTEs

FY '06-'11



FY 07 Five (5) FT Housekeeping positions brought in-house & one (1) FT maintenance position added

FY 2012 Budget Summary

- Revenue down $155,000 to FY '11
- Operating Expenses down $106,700 to FY '11
- Utility Expenses flat
- 3% Personnel Merit Pool
  - Last merit increase FY '09

Basic Change: Cannot absorb LOCAP of $45,300
Insurance of $3,000

Increase of operating loss over FY '11 $48,300

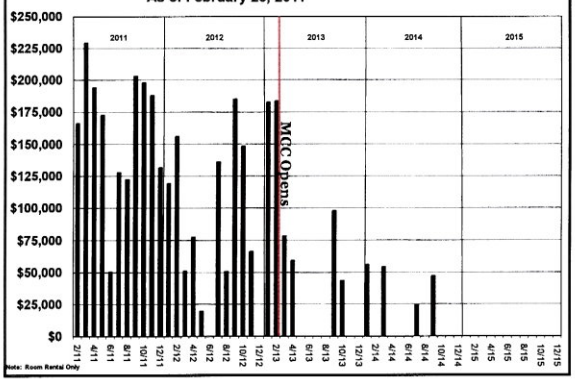
Projected FY '12 operating loss of $740,100 (includes $48,300)

*Note: Internal services fees and LOCAP subject to adjustment LOCAP = Local Cost Allocation Plan

Revenue

Future Business on the Books

As of February 28, 2011



Note: Room Rental Only

FY 2012 Projections

How we project revenues…

- Historical baseline is December 1st snapshot each year
- **Business on the Books** includes:
  - Firm
  - Letter of Commitment
  - License Outstanding
  - License In
- **Tentatives**: Any tentative business that is active
- **To Be Booked**: Based on historical projections

FY 2012 Projections

Next year projecting….

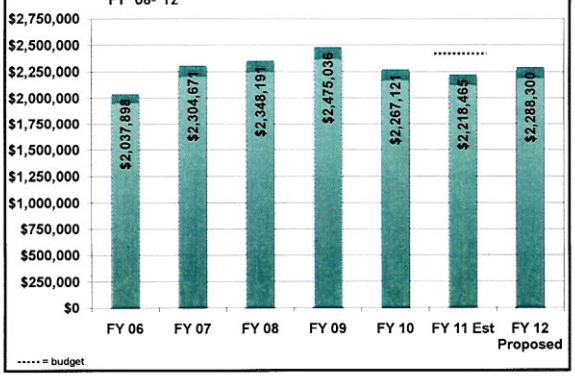
- 232 events
- 301,645 attendance
- $100,615,795 Economic Impact

	Business on the Books	Mtrlization of Business on the Books	Tentative Business on the Books	Mtrlization of Tentative Business	To Be Booked Business	Mtrlization of To Be Booked Business
FY 2008	$1,529,097	94.2%	$339,515	47.4%	$351,388	212.5%
FY 2009	$1,835,301	90.4%	$287,180	19.2%	$162,519	467.9%
FY 2010	$1,661,650	99.1%	$421,950	41.4%	$258,800	172.3%
FY 2011	$1,806,406	* 91.4%	$432,794	* 19.8%	$123,200	* 389.5%
FY 2012	$1,627,389	n/a	$237,976	n/a	$412,935	n/a

Based on building rental
* Projected

Building Rental

FY '06-'12



----- = budget

Ovations Commission to NCC

$0 - $2,500,000 = 29%

$2,500,000 - $3,300,000 = 32%

Over $3,300,000 = 34%

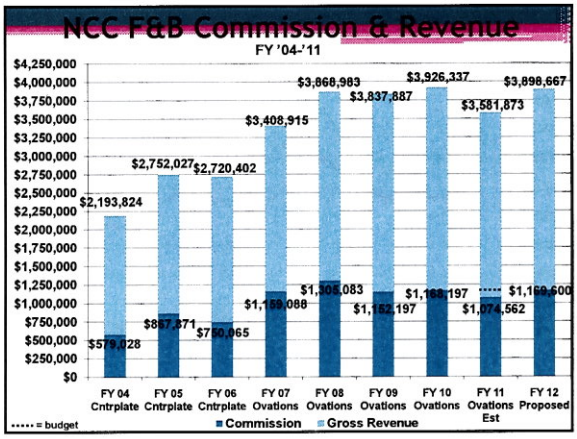
Average commission received over life of the contract:
35.6%

Contract Expires July 31, 2011
5 year renewal option with 30 day out clause

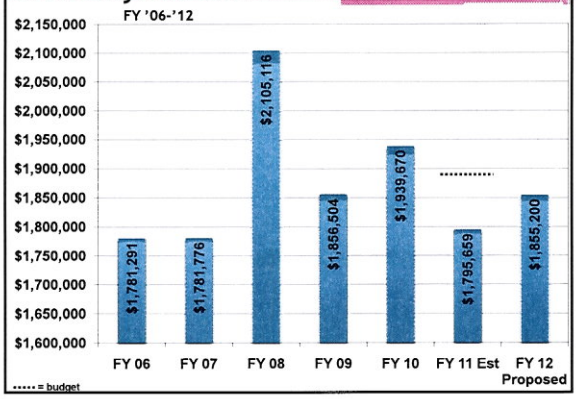
Other items paid by Ovations:

- Utility Reimbursement - 2% of gross sales
- Telephone/Computer Reimbursement - $425.83/month
- Capital Reserve Fund - 3.25% of gross sales

NCC F&B Commission & Revenue



Ancillary Revenue

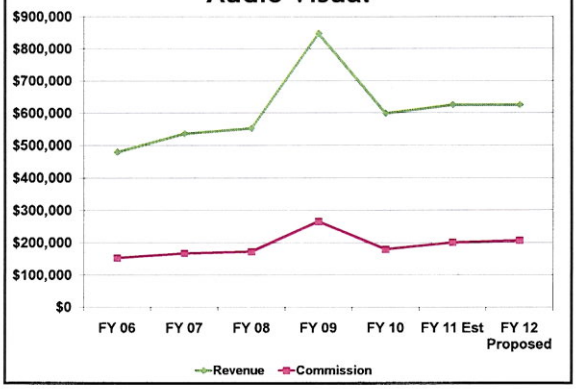


Audio Visual Contract with Renaissance

- Commission is a percentage of gross revenue
- Current contract is July 2008 to June 2013
- Three revenue streams with different commission rates
- This contract added Labor as a revenue stream not on previous contract
- Guaranteed $150,000 minimum per year

AV Rates	FY09	FY10	FY11	FY12	FY13
Equipment	35.0%	35.0%	37.5%	37.5%	37.5%
Rigging	20.0%	20.0%	22.5%	25.0%	25.0%
Labor	5.0%	7.5%	10.0%	10.0%	10.0%

Audio Visual



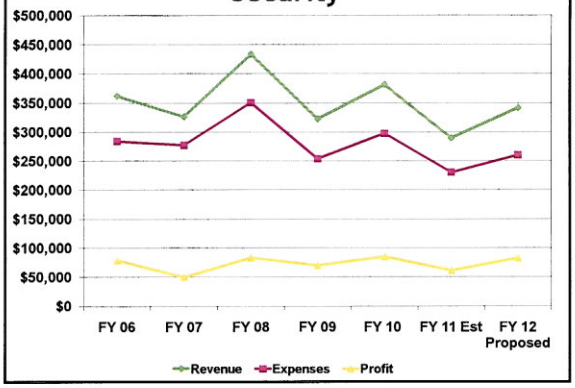
Security

Per Hour	Revenue	Expense	Profit
Guard	$18.00	$13.85	$4.15
Supervisor	$21.00	$18.54	$2.46
Police	$45.00	$40.17	$4.83

Average Profit is 20%

(July 2009-January 2011)

Security



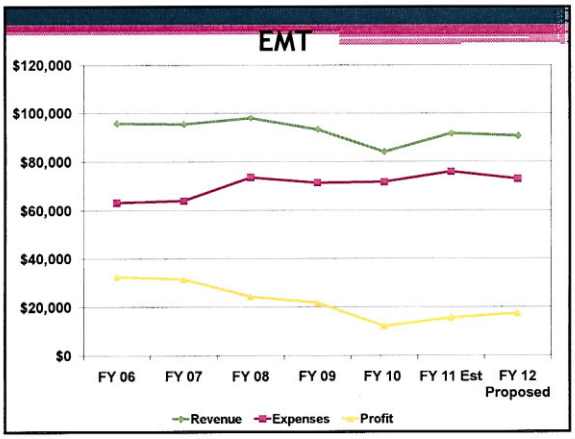
EMT

Per Hour	Revenue	Expense	Profit
EMT	$21.00	$19.50	$1.50

Average Profit is 16.9%

(July 2009-January 2011)

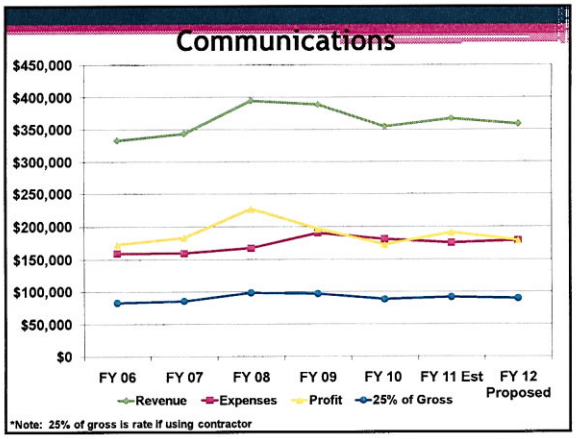
EMT



Communications

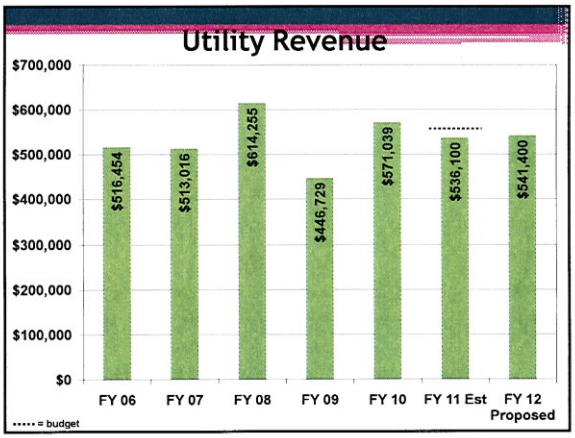
- Contract was 25% of gross revenue
- 2003 brought in-house
- Average profit is 52.5%
- Current staffing = 2 FTEs

Communications



*Note: 25% of gross is rate if using contractor

Utility Revenue



FY '11 YTD Revenue Variances

July - February

	YTD Budget	YTD Actual	Variance
Building Rental	$1,505,500	$1,538,805	$33,305
F&B	$719,700	$683,262	($36,438)
Utility	$337,300	$324,969	($12,331)
Security	$194,700	$155,439	($39,261)
Communications	$219,400	$260,173	$40,773
All Other	$417,300	$427,886	$10,586
Total Revenues	$3,393,900	$3,390,534	($3,366)

FY '11 Revenue Budget vs. Forecast

	Budget	Forecast	Variance
Building Rental	$2,362,400	$2,218,465	($143,935)
F&B	$1,214,600	$1,074,562	($140,038)
Utility	$556,400	$536,100	($20,300)
Security	$373,000	$289,203	($83,797)
Communications	$348,500	$367,018	$18,518
All Other	$671,400	$652,997	($18,403)
Total Revenues	$5,526,300	$5,138,345	($387,955)

FY '11 vs. FY '12 Revenue

	FY '11 Budget	FY '11 Forecast	FY '12 Budget	Variance
Building Rental	$2,362,400	$2,218,465	$2,288,300	$69,835
F&B	$1,214,600	$1,074,562	$1,169,600	$95,038
Utility	$556,400	$536,100	$541,400	$5,300
Security	$373,000	$289,203	$340,700	$51,497
Communications	$348,500	$367,018	$358,700	($8,318)
All Other	$671,400	$652,997	$672,600	$19,603
Total Revenues	$5,526,300	$5,138,345	$5,371,300	$232,955

* Variance is FY '12 Budget to FY '11 Forecast

Note: FY '12 Budget is $155,000 less than FY '11 Budget

Expenses

FY 2012 Budget

Fixed Expenses	FY06	FY07	FY08	FY09	FY10	FY11 Est.	FY12 Proposed
Personnel Services	$2,422,855	$2,673,769	$2,905,853	$2,883,104	$2,865,985	$2,932,403	$3,049,800
Utilities	$1,258,938	$1,326,719	$1,357,618	$1,469,349	$1,309,583	$1,410,924	$1,424,500
Security	$282,930	$276,240	$349,313	$252,382	$296,180	$228,623	$258,600
EMT	$63,249	$63,974	$73,643	$71,430	$71,772	$75,937	$73,000
Internal Service Fees	$185,181	$210,366	$281,127	$236,576	$238,596	$210,951	$277,200
Insurance	$82,047	$75,429	$88,599	$92,079	$97,200	$100,900	$106,900
Landscaping	$18,508	$18,900	$18,900	$19,152	$19,918	$20,912	$18,900
Bldg Maint Contracts	$50,635	$81,463	$79,783	$86,931	$90,222	$90,632	$90,000
Total	$4,364,343	$4,726,860	$5,154,836	$5,111,003	$4,989,456	$5,071,282	$5,298,900
Total % of Expenses	76.9%	78.6%	80.5%	84.9%	86.9%	87.5%	86.7%

Fixed expenses include personnel services, utilities, internal service fees, insurance, and contracts (i.e.: security, EMT, landscaping, maintenance)

Utilities YTD FY 10 vs. FY 11

July - February

	2011 YTD Actual	2011 YTD Budget	2010 YTD Actual
Electric	$395,075	$365,500	$361,091
Water	$23,520	$33,400	$22,026
Gas	$3,055	$6,900	$2,913
DES	$535,331	$577,400	$506,298
Ovations Reimbursement	($37,074)	($42,500)	($40,067)
Total Utilities	$919,907	$940,700	$852,261

FY '11 YTD Expense Variances

July - February

	YTD Budget	YTD Actual	Variance
Personnel	$2,028,384	$1,892,802	($135,582)
Electric	$323,000	$358,001	$35,001
DES	$577,400	$535,331	($42,069)
Temp Labor	$131,100	$137,860	$6,760
Travel	$48,625	$25,401	($23,224)
Security	$153,200	$124,288	($28,912)
All Other	$712,546	$589,154	($123,392)
Total Expenses	$3,974,255	$3,662,837	($311,418)

FY '11 Expenses Budget vs. Forecast

	Budget	Forecast	Variance
Personnel	$3,089,400	$2,932,403	($156,997)
Electric	$503,400	$540,646	$37,246
DES	$874,100	$828,161	($45,939)
Temp Labor	$206,000	$194,642	($11,358)
Travel	$75,400	$49,027	($26,373)
Security	$293,600	$228,623	($64,977)
All Other	$1,176,200	$1,020,861	($155,339)
Total Expenses	$6,218,100	$5,794,363	($423,737)

FY '11 vs. '12 Expenses

	FY '11 Budget	FY '11 Forecast	FY '12 Budget	Variance
Personnel	$3,089,400	$2,932,403	$3,049,800	$117,397
Electric	$503,400	$540,646	$505,900	($34,746)
DES	$874,100	$828,161	$865,100	$36,939
Internal Svcs	$231,900	$210,951	$277,200	$66,249
Temp Labor	$206,000	$194,642	$198,500	$3,858
Travel	$75,400	$49,027	$65,100	$16,073
Security	$293,600	$228,623	$258,600	$29,977
All Other	$944,300	$809,910	$891,200	$81,290
Total	$6,218,100	$5,794,363	$6,111,400	$317,037

* Variance is FY '12 Budget to FY '11 Forecast
Note: FY '12 Budget is $106,700 less than FY '11 Budget

MCC Operating Budget FY 2012

Firm Bookings

Group	Date	Peak/Total Room Nights
American Trucking Assn.	March 9-14, 2013	1,400 Peak/6,000 TRN
Hearth Patio & BBQ Assn.	March 15-26, 2013	3,100 Peak/13,105 TRN
Electronic Security Expo	June 15-21, 2013	740 Peak/2,000 TRN
Academy of General Dentistry	June 23-30, 2013	1,800 Peak/8,334 TRN
Youth Specialties	November 17-28, 2013	1,657 Peak/6,017 TRN
National Ground Water Association	November 30-December 6, 2013	750 Peak/2,764 TRN
Confidential Group	January 5-12, 2014	2,100 Peak/8,337 TRN
American Bus Assn.	January 14-22, 2014	1,800 Peak/8,625 TRN
American Assn. of School Administrators	February 17-23, 2014	3,500 Peak/14,910 TRN

Firm Bookings

Group	Date	Peak/Total Room Nights
Tractor Supply	March 1-6, 2014	1,300 Peak/3,675 TRN
American Trucking Assn.	March 6-14, 2014	1,400 Peak/6,000 TRN
American Animal Hospital Assn.	March 17-24, 2014	1,500 Peak/6,435 TRN
NCAA Women's Final Four	April 2-9, 2014	3,000 Peak/14,310 TRN
Society of Gastroenterology Nurses	April 30-May 7, 2014	900 Peak/4,225 TRN
ASAE	August 5-13, 2014	4,000 Peak/16,150 TRN
American Assn. of Homes & Services for the Aging	October 15-25, 2014	6,000 Peak/27,300 TRN
Southern Assn of Colleges & Schools	December 4-9, 2014	3,266 Peak/9,618 TRN
American Trucking Assn.	February 12-19, 2015	1,400 Peak/6,000 TRN

Firm Bookings

Group	Date	Peak/Total Room Nights
Tractor Supply	February 21-26, 2015	1,300 Peak/3,858 TRN
Hearth Patio & BBQ Assn.	February 23-March 11, 2015	3,100 Peak/13,105 TRN
SEC Men's Basketball Tournament	March 10-16, 2015	4,000 Peak/12,000 TRN
American Institute of Steel Construction	March 22-29, 2015	1,375 Peak/4,725 TRN
National Rifle Association	April 5-14, 2015	4,290 Peak/15,729 TRN
Assn. of Legal Administrators	May 18-21, 2015	1,250 Peak/5,550 TRN
Assn. for Prof. in Infection Control & Epidemiology	June 22-30, 2015	1,800 Peak/7,776 TRN
Confidential Group	January 4-9, 2016	2,100 Peak/8,337 TRN

Firm Bookings

Group	Date	Peak/Total Room Nights
American Trucking Assn.	February 25-March 3, 2016	1,400 Peak/6,000 TRN
SEC Men's Basketball Tournament	March 7-14, 2016	4,000 Peak/12,000 TRN
Minerals Metals & Materials Society	March 11-17, 2016	2,100 Peak/8,790 TRN
National Science Teachers Association	March 28-April 4, 2016	5,300 Peak/19,875 TRN
Youth Specialties	November 13-24, 2016	1,657 Peak/6,017 TRN
American Trucking Assn.	March 9-17, 2017	1,850 Peak/6,000 TRN
Assn. of College & Research Libraries	March 25-April 1, 2017	2,200 Peak/7,600 TRN
American Assn. of School Administrators	February 18-25, 2018	3,000 Peak/12,880 TRN

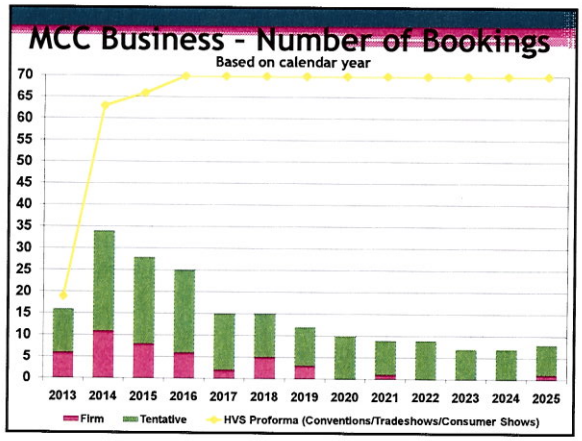
Firm Bookings

Group	Date	Peak/Total Room Nights
Hearth Patio & BBQ Assn.	February 26-March 14, 2018	3,100 Peak/13,105 TRN
American Animal Hospital Assn.	March 12-19, 2018	1,500 Peak/6,435 TRN
American Alliance for Health, PE Recreation & Dance	March 18-24, 2018	2,200 Peak/9,548 TRN
American Academy of Audiology	April 13-23, 2018	3,600 Peak/14,545 TRN
Confidential Group	January 7-13, 2019	2,100 Peak/8,337 TRN
SEC Men's Basketball Tournament	March 4-11, 2019	4,000 Peak/12,000 TRN

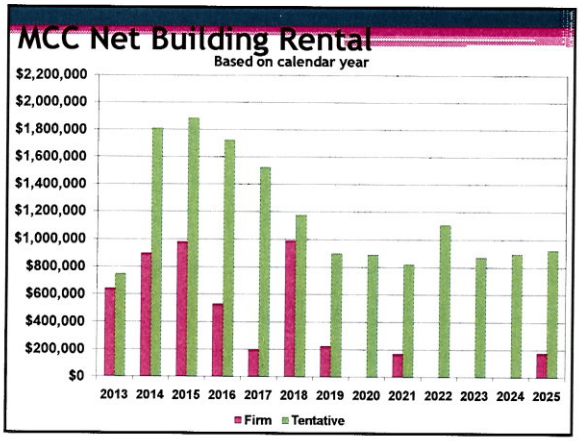
Firm Bookings

Group	Date	Peak/Total Room Nights
Southern Baptist Convention	June 12-20, 2019	4,500 Peak/22,050 TRN
Family Career & Community Leaders America	June 29-July 9, 2021	2,200 Peak/12,694 TRN
Family Career & Community Leaders America	July 1-11, 2025	2,200 Peak/12,694 TRN
TOTAL	43 Events	105,735 Peak/ 425,455 TRN

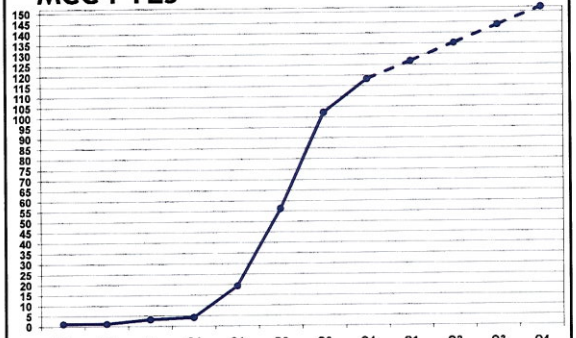
MCC Business - Number of Bookings



MCC Net Building Rental



MCC FTEs



*Excluding Food Service, Proforma assumes 152 FTEs by Q4 FY '14

Positions in FY 2012 Budget

Position	Estimated Hire Date	Projected FY '12 Salary	Projected FY '12 Benefits *	Total FY '12 Salary & Benefits
Director of Engineering	FY '12, Quarter 1	$100,000	$24,000	$124,000
Contract Administrator	FY '12, Quarter 3	$22,500	$5,400	$27,900
Sales Manager	FY '12, Quarter 3	$35,000	$8,400	$43,400
Director of Event Services	FY '12, Quarter 4	$22,500	$5,400	$27,900
TOTAL		$180,000	$43,200	$223,200

* Does not include Metro pension

Nashville Convention Center Budget

Fiscal Year 2012