MINUTES OF THE 29th MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 29th meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on May 3, 2012 at 8:31 a.m., in Room 208 at the Nashville Convention Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Marty Dickens, Francis Guess, Willie McDonald, Luke Simons, Mona Lisa Warren, Leo Waters

AUTHORITY MEMBERS NOT PRESENT: Mark Arnold, Ken Levitan, Vonda McDaniel, and Vice-Mayor Diane Neighbors, Ex-Officio

OTHERS PRESENT: Larry Atema, Elisa Putman, Charles Robert Bone, Barbara Solari, Kim McDoniel, Jasmine Quattlebaum, Sharon Hurt, Terry Clements, Peter Heidenreich, Debbie Frank, Kristen Heggie, Patrick Holcombe, Ryan Johnson, Eileen McGinn, Holly McCall, Natasha Blackshear, Bob Lackey, Mark Sturtevant, Gary Schalmo, Roxianne Bethune, Jim Greer, and Ross Burden

The meeting was opened for business by Chairman Marty Dickens who stated that a quorum was present.

ACTION: Appeal of Decisions from the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County – Pursuant to the provisions of § 2.68.030 of the Metropolitan Code of Laws, please take notice that decisions of the Convention Center Authority may be appealed to the Chancery Court of Davidson County for review under a common law writ of certiorari. These appeals must be filed within sixty days after entry of a final decision by the Authority. Any person or other entity considering an appeal should consult with private legal counsel to ensure that any such appeals are timely and that all procedural requirements are met.

Mr. Dickens announced that the next scheduled meeting of the CCA is June 7, 2012 at 8:00am.

ACTION: Luke Simons made a motion to approve the 28th Meeting Minutes of April 5, 2012. The motion was seconded by Willie McDonald and approved unanimously by the Authority.

Kristen Heggie was asked to give a project update. (Attachment #1)

Debbie Frank presented on the Sixth Avenue art. There was discussion. (Attachment #1 and #2)

ACTION: Francis Guess made a motion to approve the piece of commissioned art by Bob Zoell for Sixth Avenue. The motion was seconded by Leo Waters and approved unanimously by the Authority.

Ryan Johnson gave a financial update and Roxianne Bethune gave the quarterly DBE report. (Attachment #1) There was discussion.

Eileen McGinn was then asked to give a KPMG audit update. (Attachment #1)

ACTION: Leo Waters made a motion to accept the audit plan as presented by KPMG for the year-ended June 30, 2012. The motion was seconded by Willie McDonald and approved unanimously by the Authority.

ACTION: Leo Waters made a motion to extend the engagement with KPMG for a subsequent year to cover the audit of financial statements as of and for the year-ended June 30, 2012 and authorizing Mr. Dickens to execute an Amendment to the engagement letter and take any actions necessary or appropriate to formalize the extension of that engagement. The motion was seconded by Luke Simons and approved unanimously by the Authority.

Elisa Putman was then asked to give a tax collection update. (Attachment #1)

Francis Guess was asked to discuss the Workforce Development program. A committee was suggested for this.

ACTION: Luke Simons made a motion to establish an ad hoc committee to look at the future and transition of the Workforce Development program and for Mr. Dickens to appoint committee members. The motion was seconded by Leo Waters and approved unanimously by the Authority. Mr. Dickens appointed Francis Guess, Vonda McDaniel, and himself to the committee.

Leo Waters was asked to discuss the work being done regarding requests to use permanent space in the Music City Center. A committee was suggested for this.

ACTION: Francis Guess made a motion to establish an ad hoc committee to look at permanent use within the Music City Center and requests for such and for Mr. Dickens to appoint committee members. The motion was seconded by Willie McDonald and

approved unanimously by the Authority. Mr. Dickens appointed Leo Waters, Mona Lisa Warren, and Luke Simons to the committee.

With no additional business a motion was made to adjourn, with no objection the CCA adjourned at 9:24 a.m.

Respectfully submitted,

Elisa Putman
Assistant Director
Nashville Convention Center

Approved:

Marty Dickens, Chairman
CCA 29th Meeting Minutes
of May 3, 2012

Convention Center Authority

May 3, 2012

Appeal of Decisions

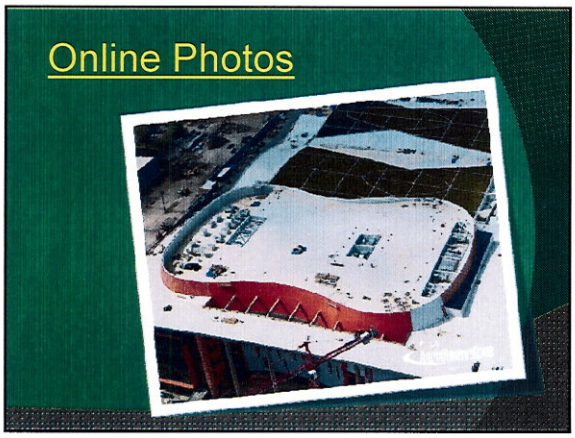
Appeal of Decisions from the Convention Center Authority – *Pursuant to the provisions of § 2.68.030 of the Metropolitan Code of Laws, please take notice that decisions of the Convention Center Authority may be appealed to the Chancery Court of Davidson County for review under a common law writ of certiorari. These appeals must be filed within sixty days after entry of a final decision by the Authority. Any person or other entity considering an appeal should consult with private legal counsel to ensure that any such appeals are timely and that all procedural requirements are met.*

Happy Birthday!!!

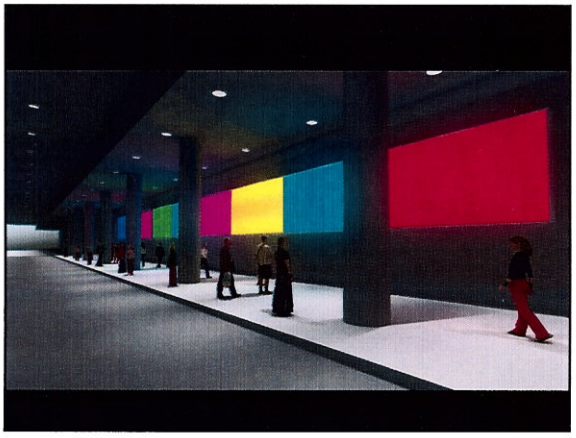
Ken Levitan – May 3

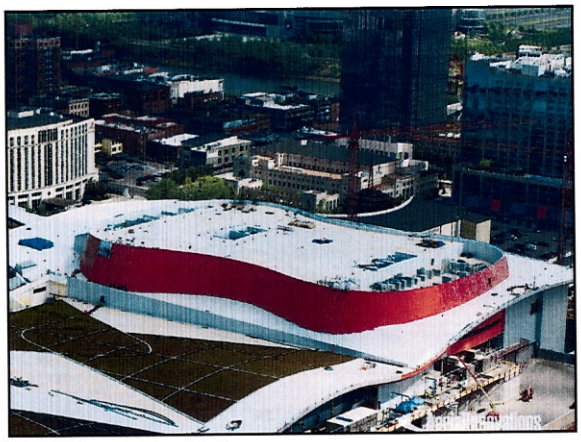
Rich Riebeling – May 4

Luke Simons – May 8



6th Avenue Art Wall



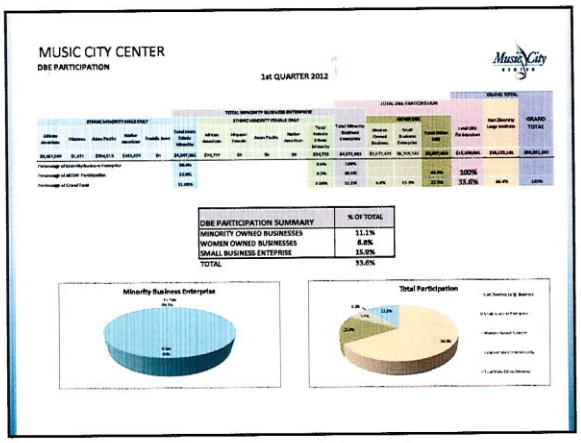


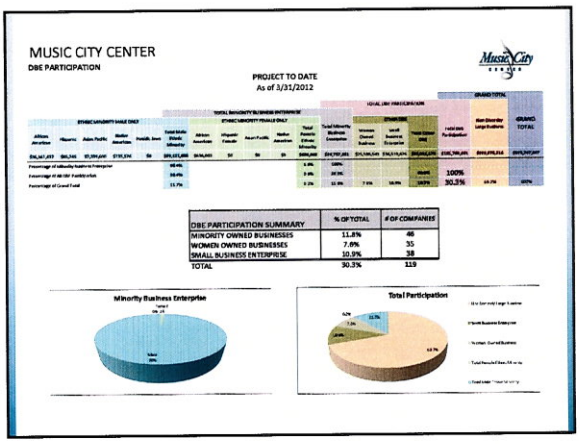
MUSIC CITY CENTER BUDGET SUMMARY

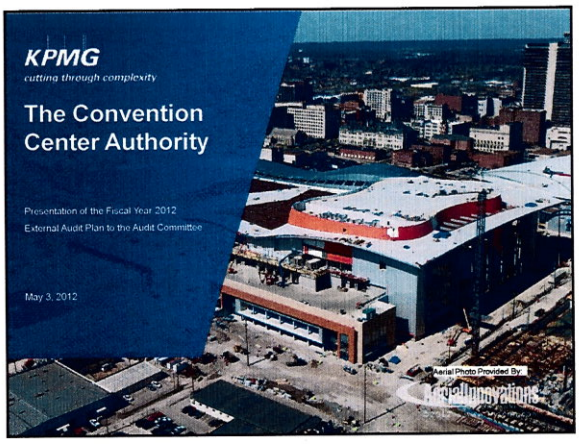
As of: March 31st, 2012

MCC MASTER BUDGET	BUDGET	SPENT TO DATE	REMAINING BUDGET	COST TO COMPLETE	VARIANCE
BUILDING SITE WORK	20,774,916	20,670,859	104,057	104,057	-
BUILDING STRUCTURE	108,358,316	105,427,121	2,931,195	2,931,195	-
BUILDING ENCLOSURES	47,261,931	33,834,085	13,427,846	13,427,846	-
BUILDING INTERNAL MATERIALS	46,896,357	22,401,976	24,494,381	24,494,381	-
BUILDING SPECIAL EQUIPMENT	52,986,313	22,636,120	30,350,193	30,350,193	-
BUILDING MEP	104,166,804	82,183,733	21,983,071	21,983,071	-
BUILDING SOFT COSTS	34,555,363	23,967,514	10,587,849	10,587,849	-
CONSTRUCTION SUBTOTAL	415,000,000	311,121,408	103,878,592	103,878,592	-
OFF SITE UTILITIES	21,674,757	9,164,935	12,509,822	12,509,822	-
PROJECT CONTINGENCY	15,000,000	-	15,000,000	15,000,000	-
LAND / LITIGATION RESERVE	57,000,000	70,871,262	-	5,128,738	(19,000,000)
DESIGN & ENGINEERING	40,559,684	37,045,546	3,514,138	3,514,138	-
PROJECT MANAGEMENT	10,993,758	6,859,806	4,133,951	4,133,951	-
PROJECT INSURANCE & PROGRAMS	8,252,322	6,506,691	1,745,630	1,745,630	-
LEGAL, FINANCIAL, CONSULTANTS	2,869,480	2,031,262	838,218	838,218	-
FF&E and PUBLIC ART	11,650,000	261,505	11,388,495	11,388,495	-
PRE OPENING OPS	2,000,000	-	2,000,000	2,000,000	-
TOTAL	585,000,000	443,842,415	155,008,847	160,137,585	(19,000,000)**

**Note: This variance is covered by surplus revenues as discussed at 2/2/12 meeting.







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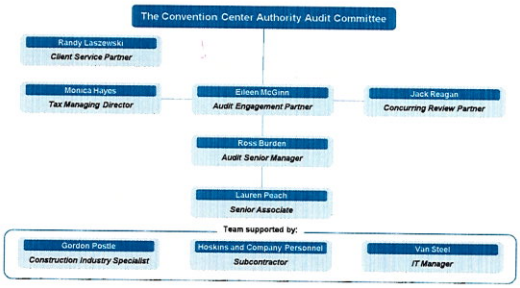
KPMG's Client Service Team



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Upcoming Fiscal Year 2012 Audit Plan

KPMG's four phase audit approach for 2012 is outlined below. This includes planning, control evaluation, substantive testing and completion, as illustrated below:

1 Planning

- Perform risk assessment procedures and identify risks
- Determine audit strategy and identify critical accounting matters
- Determine planned audit approach

2 Control Evaluation

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of significant misstatement

3 Substantive Testing

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate
- Conclude on critical accounting matters

4 Completion

- Perform completion procedures
- Perform overall valuation of the financial statement and disclosures
- Form an audit opinion

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KPMG's Technology-Enabled Audit Workflow

Our eAudit workflow comprises of four principal phases: Engagement Setup, Risk Assessment, Testing and Completion.

Engagement Setup

- Tailor the eAudIT workflow to your circumstances
- Access global knowledge specific to your industry

Completion

- Form and issue audit opinion on Comprehensive Annual Financial Report
- Issue management letter
- Debrief audit process

Risk Assessment

- Understand your business and financial processes
- Identify significant risks in your business
- Determine audit approach
- Evaluate design and implementation of your internal controls

Testing

- Test effectiveness of your internal controls
- Perform substantive tests
- Check Comprehensive Annual Financial Report

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Management and KPMG Responsibilities

Management Responsibilities	• Establishing proper tone/culture/ethics and adopt sound policies. • Establishing and maintaining internal control, including controls to prevent, deter and detect fraud. • Disclosing to the Audit Committee and KPMG any significant deficiencies in internal control and fraud involving those with significant roles in internal controls.
KPMG Responsibilities	• Forming and expressing an opinion about whether the financial statements, which have been prepared by management under the oversight of those charged with governance, are presented fairly, in all material respects, in conformity with generally accepted accounting principles. • Conducting an audit in accordance with professional standards and Government Auditing Standards • Complying with the Code of Professional Conduct adopted by the American Institute of Certified Public Accountants (AICPA). • Complying with the ethical standards of state CPA society, state board of accountancy, and other regulators. • Planning and performing an audit with an attitude of professional skepticism. • Communicating all required information to management and to the Audit Committee.

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KPMG Independence

- KPMG has established an integrated and comprehensive system of quality control over independence that includes a framework of detailed policies and procedures supported by sophisticated, web-based, electronic systems and a dedicated group of experienced professionals to provide technical guidance and support.
- Our system seeks to ensure compliance with all guidelines established by the AICPA Independence Standards Board and Government Accountability Office including:
  - Restrictions on financial interests in the debt securities of the Convention Center
  - Restrictions on consulting and information technology services, as well as placing restrictions on the types of "non-audit" services that can be provided by KPMG
  - Annually, report to the Audit Committee the status of KPMG's independence with respect to the Convention Center
- KPMG is compliant with all established independence guidelines.

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Approach to Fraud Risks – How KPMG Addresses Fraud Risks in the Audit

Identification of fraud risks

- Perform risk assessment procedures to identify fraud risks, both at the financial statement level and at the assertion level
- Discuss among the engagement team the susceptibility to fraud
- Inquire of management, internal audit, audit committee, and others
- Evaluate broad programs/controls that prevent, deter, and detect fraud

Response to identified fraud risks

- Evaluate design and implementation of mitigating controls
- Test operating effectiveness of internal controls
- Assess potential for fraud risks to cause material misstatement
- Address revenue recognition, significant accounting estimates, and risk of management override of controls
- Perform specific substantive audit procedures (incorporate elements of unpredictability)
- Evaluate audit evidence
- Communicate to management and audit committee

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Audit Scope

Applicable financial reporting framework	• Accounting principles generally accepted in the United States of America
Scope of work	• Audit of financial statements and issuance of other deliverables as of and for the year ending June 30, 2012
Applicable auditing standards	• Auditing standards generally accepted in the United States of America as issued by the Auditing Standards Board of the American Institute of Certified Public Accountants • *Government Auditing Standards*, issued by the Comptroller General of the United States

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Reports and Other Deliverables

Audit Reports	Anticipated Issuance
▫ Auditors' report on the consolidated financial statements of the Convention Center	October 2012
Other Deliverables	**Anticipated Issuance**
▫ Material written communications between KPMG and management	October 2012

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Audit Approach for High-Volume Accounts and Disclosures

High Volume Transaction Classes	Planned Audit Approach
• Capitalizing and tracking of PP&E • Compensation of employees • Purchasing and disbursements • Recording of tax revenue allocations • Recording investment activity	• Evaluate design and test the effectiveness of controls around the class of transactions • Analyze key performance indicators • Confirm with external parties where applicable • Examine underlying data (contracts, invoices, etc.) and determine compliance with relevant accounting literature • Design and perform various substantive tests • Utilize KPMG specialized internal resources as appropriate

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Fiscal Year 2012 Audit Time Line

	Aug	Sep	Oct
Final substantive audit fieldwork			
Final adjustments and corrections to financial statements			
Issue financial statements (Anticipated issuance date is October of 2012)			

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KPMG Ethics and Compliance Hotline 1-877-576-4033

Hotline Purpose – To provide a confidential, non-retaliatory, and anonymous hotline for the good faith reporting of concerns about possible violations of law, professional and ethical standards, and KPMG policy.

Hotline Scope – The Hotline is available to all firm partners and employees, as well as clients, contractors, vendors, and others in a business relationship with KPMG, including other KPMG member firms whose partners and employees may be working with the U.S. firm on engagements with U.S. clients.

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Appendix A:

Other Audit Committee Materials

KPMG Contact Information

KPMG Audit Partner contact details:

Eileen McGinn
KPMG LLP
(615) 248 5619
emcginn@kpmg.com

KPMG Senior Manager contact details:

Ross Burden
KPMG LLP
(615) 248 5569
dburden@kpmg.com

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KPMG
cutting through complexity

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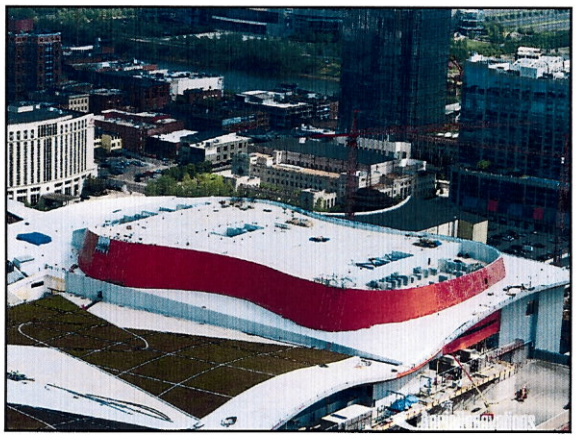


MCC/Hotel Tax Collection

As of February 29, 2012

	2/5 of 5% Occupancy Tax	Net 1% Occupancy Tax	$2 Room Tax	Contracted Vehicle Tax	Rental Vehicle Tax	Total	Variance to FY 10-11
July	$950,195	$372,222	$950,065	$41,145	$107,934	$2,421,562	23.11%
August	$897,050	$353,000	$887,063	$50,318	$107,305	$2,294,736	40.63%
September	$903,843	$352,054	$845,285	$52,147	$108,239	$2,261,568	25.84%
October	$1,061,177	$400,434	$929,113	$61,800	$106,977	$2,559,501	33.36%
November	$838,897	$325,687	$784,524	$35,001	$94,598	$2,078,706	18.71%
December	$796,323	$306,905	$736,959	$60,979	$84,167	$1,985,333	4.07%
January	$696,875	$267,686	$685,086	$44,433	$76,048	$1,770,128	11.46%
February	$788,032	$316,566	$753,559	$50,504	$83,322	$1,991,983	15.72%
March							
April							
May							
June							
YTD Total	$6,932,391	$2,694,554	$6,571,654	$396,327	$768,590	$17,363,517	21.56%

These numbers are still subject to change by Metro/Division of Accounts Auditors

MCC/Hotel Tax Collection

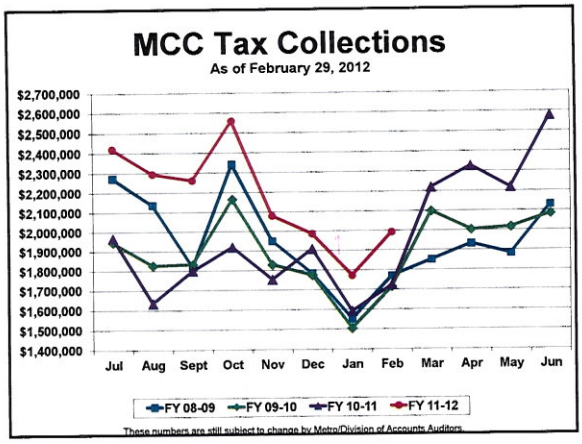
February Total Tax Collections

	2011	2012	Variance
5% Occupancy Tax	$1,693,210	$1,970,080	16.35%
Gross 1% Occupancy Tax	$338,642	$394,016	16.35%
$2 Room Tax	$673,019	$753,559	11.97%
Contracted Vehicle	$31,199	$50,504	61.88%
Rental Vehicle	$71,568	$83,322	16.42%
$.50 Room Tax	$168,255	$188,348	11.94%
Total Collections	**$2,975,894**	**$3,439,828**	**15.59%**
Total YTD Collections	**$23,974,729**	**$30,176,322**	**25.87%**

MCC Portion of February Tax Collections

	2011	2012	Variance
2/5 of 5% Occupancy Tax	$677,284	$788,032	16.35%
Net 1% Occupancy Tax	$268,342	$316,566	17.97%
$2 Room Tax	$673,019	$753,559	11.97%
Contracted Vehicle	$31,199	$50,504	61.88%
Rental Vehicle	$71,568	$83,322	16.42%
MCC Collections	**$1,721,412**	**$1,991,982**	**15.72%**
MCC YTD Collections	**$14,283,505**	**$17,363,516**	**21.56%**

These numbers are still subject to change by Metro/Division of Accounts Auditors


MCC Tax Collections
As of February 29, 2012
$2,700,000
$2,600,000
$2,500,000
$2,400,000
$2,300,000
$2,200,000
$2,100,000
$2,000,000
$1,900,000
$1,800,000
$1,700,000
$1,600,000
$1,500,000
$1,400,000
Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun
FY 08-09 FY 09-10 FY 10-11 FY 11-12
These numbers are still subject to change by Metro/Division of Accounts Auditors

Convention Center Authority
May 3, 2012

CONVENTION CENTER AUTHORITY
BOARD ACTION ITEM

Item Number: 05-03-12 **Meeting Date:** 05/03/12

Item Title: Art Location 3-25 (6th Avenue Wall)

BACKGROUND

The Convention Center Authority received two art proposals for Art Location 3-25 (6th Avenue wall). The art location is situated on the eastern exterior wall of the parking garage under the exhibit floor directly across from the 6th Avenue entrance/pre-function area. The art location is 165x15 feet. It is approximately three times the width of a highway billboard. A lighting system covered by stainless steel grates will be imbedded in the sidewalk that would up light the artwork. The following additional information is attached:

- Photo of the Art Location 3-25;
- Fact sheets for each artists; and
- Renderings of each art concept.

The Authority is asked to decide from the two art concepts which commissioned artwork should be purchased for Art Location 3-25

Art Location 3-25

Cameron McNall
Los Angeles, CA

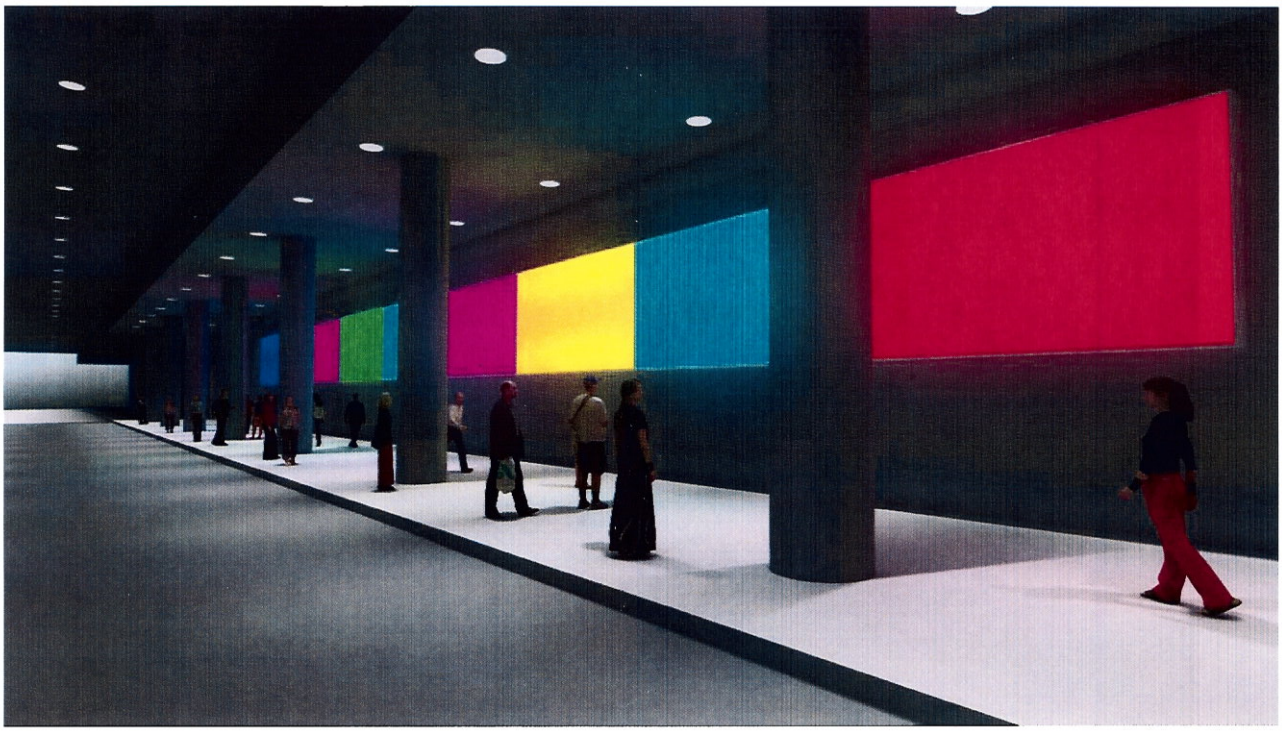
Chromatic

Description: The artwork is a series of nine continuous light boxes, each eight feet tall by fifteen feet long, 135 feet in total length (30 feet shorter than the existing art wall). Each box displays rotating series of six colors, with LED lighting backlighting a shallow box faced with a diffusing plastic surface. The artwork changes it's combination of colors and configuration every minute, for a total of 10,077,696 unique permutations. It will appear different every minute for 20 years.

Cost: $200,000 (with 135 feet wall coverage)

$225,000 (with 165 feet wall coverage)

Note: We have an electronic file which exhibits the light movement. However, it is a very large file. We will show it at the Authority meeting. If you would like to receive the file to view prior to the Authority meeting, please contact Debbie Frank at 615-880-1468 or debbie.frank@nashvillemcc.com.



Bob Zoell
Pasadena, CA

THIS

Description: The 165x15 feet custom ceramic tile mural is divided into several sections including a day scene; a raining scene; a snow scene and a night scene. The conceptual design includes some of Nashville's landmark buildings. The mural is fabricated from 6x6 inch custom ceramic gloss tiles. The individual tiles will be applied to the wall much like ceramic bath/shower tiles.

Cost: $200,000