

MINUTES OF THE 45th MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 45th meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on December 3, 2013 at 8:05 a.m., in Room 105AB at the Music City Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Marty Dickens, Francis Guess, Vonda McDaniel, Willie McDonald, Luke Simons, and Mona Lisa Warren

AUTHORITY MEMBERS NOT PRESENT: Ken Levitan, Leo Waters, and Vice-Mayor Diane Neighbors, Ex-Officio

OTHERS PRESENT: Charles Robert Bone, Rich Riebeling, Charles Starks, Larry Atema, Barbara Solari, Mike White, Ryan Johnson, Ed Henley, Gary Schalmo, Elisa Putman, Roxianne Bethune, Mary Brette Clippard, Peter Heidenreich, Patrick Holcombe, Kim McDoniel, Jasmine Quattlebaum, Ross Burden, Eileen McGinn, Steve Ryder, Brian Ivey, Andy McLean, Teri McAlister, Bob Lackey, Natasha Blackshear, Heidi Runion, Mark Swann, Carol Crowley, Rich Boyd, Eddie Van Pelt, Rob Svedberg, and Brian Tibbs. In addition, other members of the general public were present.

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 if and to the extent applicable 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.

Meeting dates for 2014 were discussed and the second Thursday of each month at 9:00am was selected.

ACTION: Vonda McDaniel made a motion to approve the 44th Meeting Minutes of November 5, 2013. The motion was seconded by Willie McDonald and approved unanimously by the Authority.

Eileen McGinn was asked to give an audit report for the year ending June 30, 2013. (Attachment #1) There was discussion.

ACTION: Francis Guess made a motion accepting the audit of the financial statements of the Convention Center Authority as of June 30, 2013. The motion was seconded by Willie McDonald and approved unanimously by the Authority

Mr. Guess acknowledged Kim McDaniel and Bob Lackey for their work with the CCA and recommended that the CCA Chairman sign a letter to the Director of Metro Finance commending them for their assistance. Mr. Simons recognized the construction staff for their collaboration on the project.

ACTION: Francis Guess made a motion [a] affirming the amendment of the KPMG engagement letter extending the engagement for a subsequent year to cover the audit of financial statements as of and for the year-ended June 30, 2013; [b] approving an amendment of the KPMG engagement letter extending the engagement for a subsequent year to cover the audit of financial statements as of and for the year-ended June 30, 2014; and [c] authorizing Mr. Dickens to execute the Amendments and take any actions necessary or appropriate to formalize the Amendments. The motion was seconded by Willie McDonald and after discussion approved unanimously by the Authority.

Charles Starks then gave an operations update and there was discussion. (Attachment #1)

Larry Atema and the project team gave a preliminary final report on the project. (Attachment #1) There was discussion. The project team and those involved were recognized by the CCA. Francis Guess recognized Chairman Marty Dickens for his leadership on the project. Mr. Dickens thanked Charles Robert Bone and Rich Riebeling for their work and leadership as well.

Mr. Guess discussed accrued legal fees and expenses.

ACTION: Francis Guess made a motion that the CCA remit \$74,721.16 to Bone McAllester Norton, PLLC for additional work on the headquarters hotel transaction outside their initial scope of work and monthly retainer. The motion was seconded by Vonda McDaniel and approved unanimously by the Authority.

With no additional business a motion was made to adjourn, with no objection the CCA adjourned at 9:17 a.m.

Respectfully submitted,



Charles L. Starks
President & CEO
Convention Center Authority

Approved:



Marty Dickens, Chairman
CCA 45th Meeting Minutes
of December 3, 2013

Convention Center Authority

December 3, 2013


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 if and to the extent applicable 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.

Convention Center Authority

December 3, 2013

HAPPY BIRTHDAY!!



Vonda McDaniel – December 18th

Convention Center Authority

December 3, 2013



The Convention Center Authority

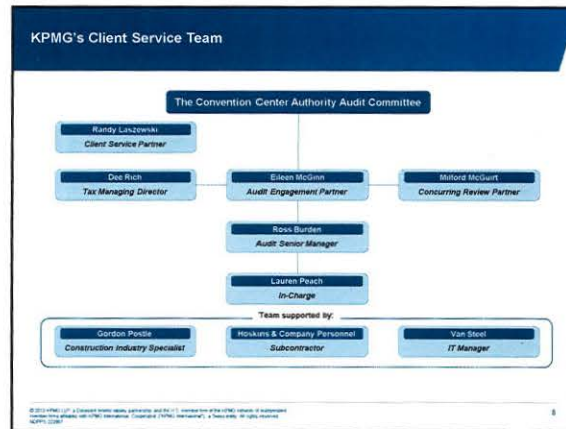
External Audit Results
For the Year Ended June 30, 2013
December 3, 2013

cerd
innovations

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KPMG's Audit Responsibility

We have a responsibility to conduct our audit in accordance with professional auditing standards.

- AICPA
- Government Auditing Standards

In carrying out this responsibility, we plan and perform the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

We have no responsibility to obtain reasonable assurance that misstatements that are not material are detected.

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KPMG's 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 Authority
- 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 to the Convention Center Authority
- Annually, report to the Audit Committee the status of KPMG's independence with respect to the Convention Center Authority

KPMG is compliant with all established independence guidelines.

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KPMG's Subcontract Partner

- Hoskins & Company and KPMG have a professional, collaborative working relationship
- Hoskins & Company certified its independence with the Convention Center Authority through KPMG's subcontracting process
- Hoskins & Company personnel are integrated into KPMG's audit team and we work together seamlessly
- Hoskins & Company provided audit support in the areas of:
 - Cash and investments
 - Fixed assets
 - Disbursements
 - Various revenue streams
- Hoskins & Company received approximately 23% of total audit fees paid to KPMG for the 2013 audit

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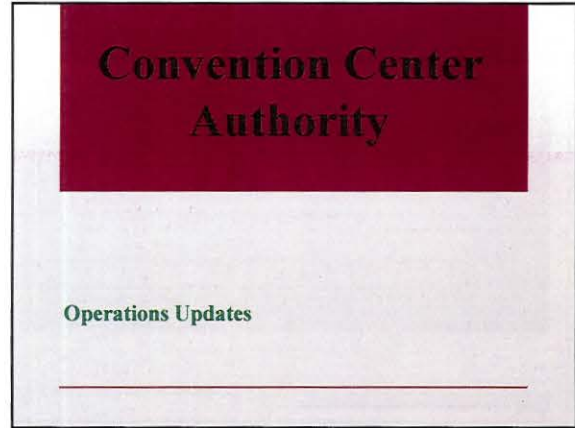
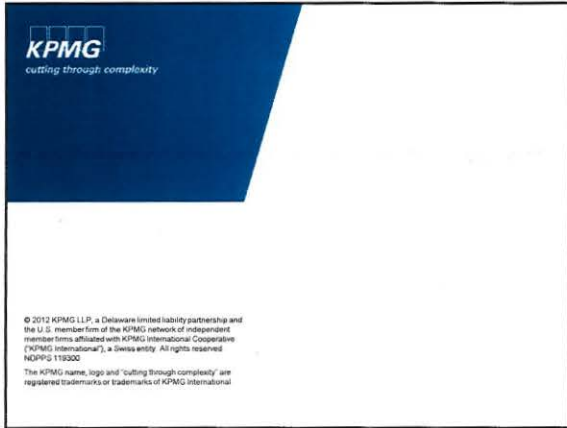
Audit Scope, Reports, and Other Deliverables

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 the year ended June 30, 2013
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. • Generally accepted Government Auditing Standards

Audit Report	Status
• Auditor's report on the consolidated financial statements of the Convention Center Authority	• Unqualified opinion issued

Other Deliverables	Status
• Material written communications between KPMG and management • Letter regarding internal control	• Report issued • No Material Weaknesses Identified

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November Events

- 32 Events
- 27,779 Attendees
- 9,651 Room Nights
- \$9,426,283 Economic Impact

November Tours & Site Visits

- 17 Group Tours with over 370 attendees. This included 3 public tours with 53 attendees.
- 25 Sales Site Visits with estimated attendance for future events of over 57,000.

MCC/Hotel Tax Collection

As of September 30, 2013

	2/5 of 5% Occupancy Tax	Net 1% Occupancy Tax	\$2 Room Tax	Contracted Vehicle Tax	Rental Vehicle Tax	Total	Variance to FY 12-13
July	\$1,137,290	\$464,641	\$1,033,863	\$59,259	\$84,579	\$2,779,632	12.72%
August	\$1,143,196	\$466,765	\$986,724	\$52,868	\$159,170	\$2,808,713	18.37%
September	\$1,154,242	\$482,312	\$954,108	\$82,146	\$112,837	\$2,785,645	17.00%
October							
November							
December							
January							
February							
March							
April							
May							
June							
YTD Total	\$3,434,728	\$1,419,708	\$2,974,695	\$194,273	\$356,686	\$8,373,950	15.99%

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

MCC/Hotel Tax Collection

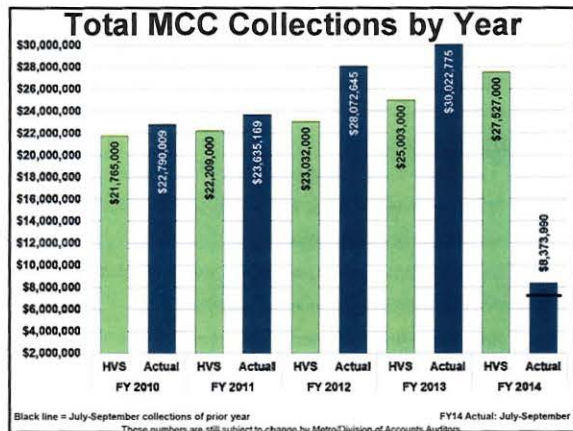
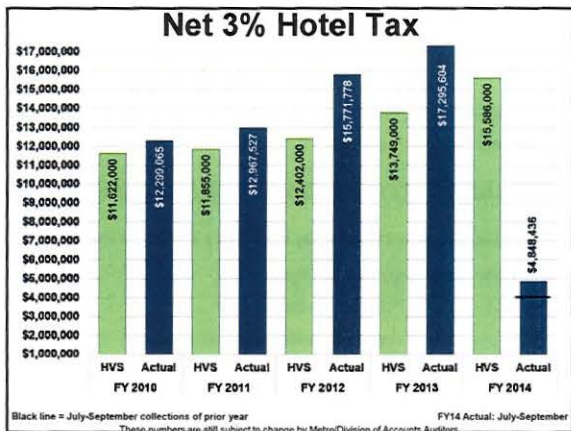
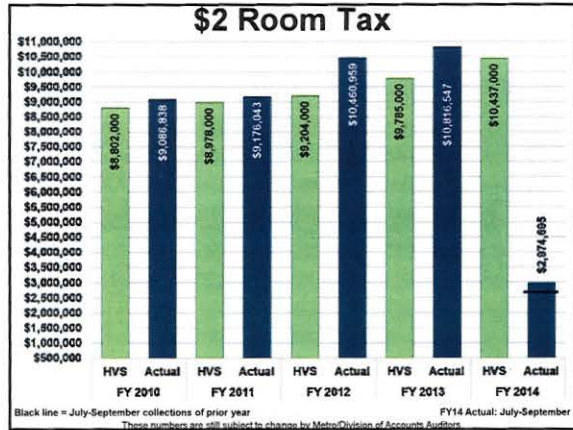
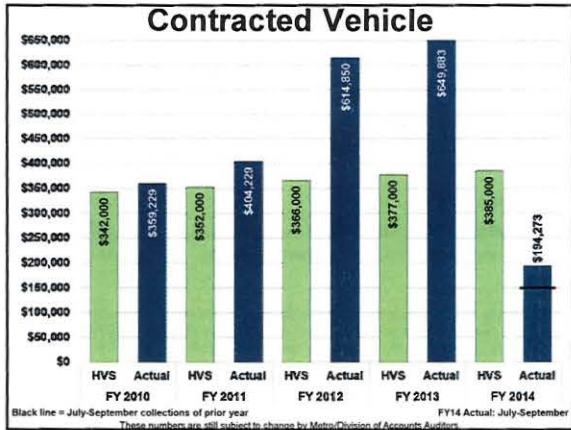
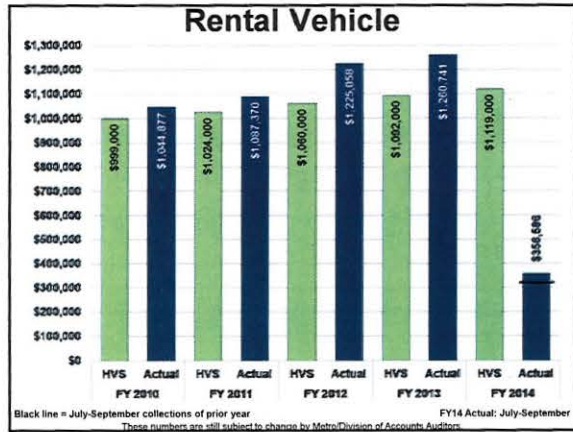
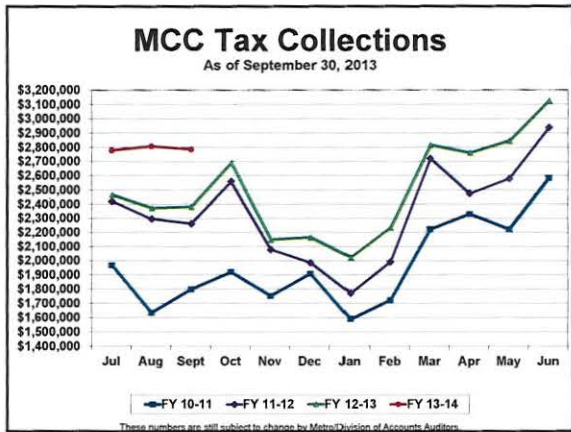
SEPTEMBER TOTAL TAX COLLECTIONS

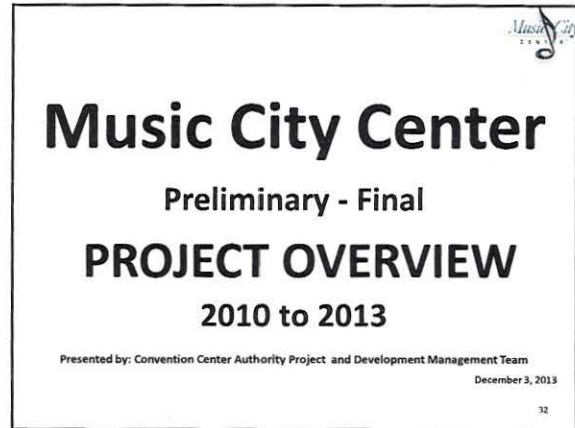
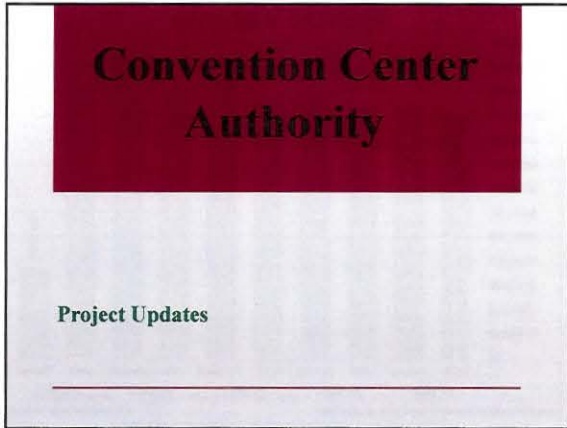
	2012	2013	Variance
5% Occupancy Tax	\$2,411,139	\$2,885,605	19.68%
Gross 1% Occupancy Tax	\$482,228	\$577,121	19.68%
\$2 Room Tax	\$881,814	\$954,108	8.20%
Contracted Vehicle	\$45,978	\$82,146	78.66%
Rental Vehicle	\$101,375	\$112,837	11.31%
\$.50 Room Tax	\$220,490	\$238,564	8.20%
Total Collections	\$4,143,024	\$4,850,382	17.07%
Total YTD Collections	\$12,479,949	\$14,573,449	16.77%

MCC PORTION OF SEPTEMBER TAX COLLECTIONS

	2012	2013	Variance
2/5 of 5% Occupancy Tax	\$964,456	\$1,154,242	19.68%
Net 1% Occupancy Tax	\$387,224	\$482,312	24.56%
\$2 Room Tax	\$881,814	\$954,108	8.20%
Contracted Vehicle	\$45,978	\$82,146	78.66%
Rental Vehicle	\$101,375	\$112,837	11.31%
MCC Collections	\$2,380,847	\$2,785,646	17.00%
MCC YTD Collections	\$7,219,630	\$8,373,990	15.99%

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





PRELIMINARY FINAL BUDGET
December 2013

MCC MASTER BUDGET	BUDGET	SPENT TO DATE	COST TO COMPLETE	FORECASTED BUDGET	VARIANCE (OVER)/ UNDER
BUILDING SITE WORK	64,569,523	64,431,618	304,105	64,735,723	(166,200)
BUILDING STRUCTURE	110,866,785	112,978,150	-	112,978,150	(2,106,615)
BUILDING ENCLOSURES	48,535,484	48,930,137	-	48,930,137	(394,653)
BUILDING INTERNAL MATERIALS	50,638,826	51,867,202	126,466	51,993,668	(1,354,842)
BUILDING SPECIAL EQUIPMENT	35,432,188	35,047,648	494,426	35,542,074	(109,886)
BUILDING MEP	69,695,157	73,120,333	-	73,120,333	(3,425,176)
BUILDING SOFT COSTS	35,262,087	33,683,446	516,836	34,200,282	1,061,805
CONSTRUCTION SUBTOTAL	415,000,000	420,053,534	1,441,833	421,495,367	(6,495,367)
POST COMPLETION IMPROVEMENTS	-	53,230	926,770	980,000	(980,000)
OFF SITE UTILITIES	22,286,483	21,946,774	375,000	22,321,774	(35,291)
PROJECT CONTINGENCY	15,000,000	-	-	-	15,000,000
LAND	55,650,000	74,615,457	1,590,742	76,206,199	(20,556,199)
DESIGN & ENGINEERING	40,759,684	40,617,367	142,317	40,759,684	-
PROJECT MANAGEMENT	10,993,758	9,471,405	870,353	10,341,758	652,000
PROJECT INSURANCE & PROGRAMS	8,865,596	7,821,538	750,000	8,571,538	294,057
LEGAL, FINANCIAL, CONSULTANTS	2,794,480	2,525,252	103,025	2,628,277	166,203
MCC ART COLLECTION	2,000,000	1,947,981	127,019	2,075,000	(75,000)
FF&E	11,650,000	10,982,296	1,667,704	12,650,000	(1,000,000)
TOTAL	585,000,000	590,034,834	7,919,763	598,029,597	(13,029,597)

ANALYSIS OF PROJECT SAVINGS
December 2013

Projected Budget Overage	(13,029,597)
Impact of Tower Decision	20,556,199
Project Savings Without Tower	7,526,602
Additional FF&E Funds	1,000,000
Post Completion Improvements	980,000
Total Adjusted Project Savings from \$585 Million	9,506,602

At the Feb. 2012 Authority meeting, a maximum of \$19,000,000 of surplus tourism tax revenue was committed to cover the outcome of the Tower lawsuit. Through savings in other project line items, the net amount of surplus revenues needed is only \$13,029,597.

PROJECT AUDITS

Music City Center Project has undergone 10 audits for the period 2010-2013

METROPOLITAN AUDITS

- ↳ I - Concrete Testing – Quality Control
- ↳ II – Labor- Prevailing Wage, Worker Documentation, Health Insurance
- ↳ III – Contractor –Financial Bonding
- ↳ IV – Project Management Gap Analysis, DBE, & Local Labor
- ↳ V – Owner Controlled Insurance Policy (OCIP)
- ↳ VI – Change Orders to Construction Contract

KPMG – COMPREHENSIVE FINANCIAL AUDITS

- ↳ 2010, 2011, 2012, 2013

PROJECT SAFETY RECORD

	Music City Center	National Averages
Recordable Incident Rate:	3.92	4.30
Lost Time Incident Rate:	0.17	1.60

OWNER CONTROLLED INSURANCE PROGRAM

- ↳ 4 Million Man Hours Covered by the Policy's Worker Comp. Program
- ↳ Total Workers Compensation Claims: 215
 - WC Claims Closed: 192
 - *Open, Active Claims: 23
- *12+ Months until all open claims settled

* A Comprehensive Claims Review has been Performed by CCA Staff, Willis, and Claims Manager – Result: up to \$750,000 added to the Reserve Fund

LEED & SUSTAINABILITY



- ↳ Points Needed to Achieve Silver - 33-38
- ↳ Projected Points - 37 Total
- 20 Design Points, 17 Construction Points
- ↳ Solar Power - (211 KW) Operational since April
- ↳ 360,000 Gallon Rain Water Collection Facility
- for Reuse in MCC
- ↳ Green Roof - 175,000 Sq. Ft (4 acres)
- Top 20 in the US
- Top 36 Internationally
- ↳ Presented 2013 Governor's Environmental Stewardship Award

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ADDITIONAL CCA PROJECTS



COMPLETED

- ↳ District Energy System (DES) - Extend Steam & Chilled Water Lines to MCC
- ↳ Wilson Springs - Storm Water Trunk Line Relocation
- ↳ Greyhound Bus Center Relocation - Temporary & Permanent
- ↳ NES Substation Relocation - Foundation, Structure, and Downtown Distribution Network
- ↳ Relocation of Water, Sewer, Storm Water, & Communication Lines - Impacted by MCC
- ↳ Rocketown Relocation
- ↳ Songwriter's Hall of Fame - Songwriter's Square and Lobby Interactive Exhibit
- ↳ Country Music Hall of Fame Expansion - Shell Building

CURRENT

- ↳ Facilities Build-out - Al Taglio & Dunkin Donuts
Completion: December 2013
- ↳ Bridgestone Arena Enhancements
Completion: December 2013
- ↳ Metro Central Police Precinct
Completion: February 2014
- ↳ NES Substation Exterior Walls
Completion: February 2014

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STUDIES COMPLETED



↳ South of Broadway (SoBro) Master Plan

- Study of Flood-Prone Areas; Establish Development Guidelines and Flood Mitigation Plan
- Comprehensive strategy to maximize development potential of SoBro
- Future MCC Expansion Options, Identify Infrastructure Needs and Beneficial Public Projects

↳ West Riverfront Master Plan

- Master Plan of West Riverfront from Korean Veteran's Boulevard to Church Street
- Park and Amphitheater: Thermal Site
- Flood Mitigation Plan: Flood Wall and Water Management

↳ SoBro Pedestrian Bridge (Gulch to SoBro)

- Create a Destination: an Iconic Landmark Along Nashville's Bicycle and Greenway
- Connection for Pedestrian and Cyclist that spans CSX tracks from Pine St. to 10th Avenue
- Spur Private Development of Properties on and near 10th Avenue

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SURETY ASSISTANCE PROGRAM (SAP)



↳ 48 Subcontractors Enrolled in SAP

- 43 Remained Active in Program
- 27 Firms Bond Ready for an Increase in Capacity of \$13MM Collectively

MUSIC CITY CENTER WORKFORCE

↳ 7,500 Construction, Design, Engineering, and Management Workers employed

WORKFORCE DEVELOPMENT PROGRAM

- ↳ 5,000 Applicants Accepted
- Database Created and Categorized by Skills
- ↳ 1500 Applicants Received Training
- ↳ 402 Employed by MCC Subcontractors
- ↳ 48 Employed after MCC Completed

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DIVERSITY BUSINESS ENTERPRISE (DBE)



- ↳ Projecting 28-30% by End of Project
Goal: to Achieve 20% DBE Participation
- ↳ 133 DBE Firms Worked on Music City Center
- ↳ \$137 Million of Work Performed

	% of Total	# of Firms
↳ To Date: Minority Owned	11.1%	49
Small Business	10.9%	45
Woman Owned	8.0%	39

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OMNI HOTEL DBE PROGRAM



- ↳ Project 35-38% DBE by End of Project
Goal: to Achieve 20% DBE Participation
- ↳ 44 DBE Firms Worked on Omni Hotel
- ↳ \$75 Million+ of Work Performed

	% of Total	# of Firms
↳ To Date: Minority Owned	23.1%	17
Small Business	9.4%	12
Woman Owned	6.0%	15

- ↳ 58.2% Local Firm Participation to Date

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MCC ART PROGRAM



- ‡ 8 Site-specific Commissioned Artworks from 7 Artists
- ‡ 95 Artworks Acquired from Local and Regional Artists
- ‡ Acquired Artwork Framed Locally
- ‡ Acquired Artwork Storage/Security Partnership with
 - Cheekwood Museum of Art, Frist Center, and TSU Art Department
- ‡ Artist Recognition Day - June 1st 2013
- ‡ Art of Construction Exhibit
- ‡ Video Wall Installation - Nine 46" video monitors
- ‡ Production of 2 Orientation Videos
 - Music City Center Art of Construction
 - Music City Center Art Collection

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MCC ART PROGRAM (CONTINUED)



- ‡ UNCONVENTIONAL – Nashville’s Music City Center
 - 152 page hardbound and softbound book published (December 2013)
 - Marketing resource for Sales and Operations
- ‡ Documentation and Maintenance Materials Developed for MCC Operations
- ‡ Broadcast Media Projects
 - Metro 3 Cable Television, WNPT, and Renaissance Center Media
- ‡ Arts Education Materials for Classroom
 - Music City Center Art Collection
 - Art of Construction
- ‡ Remaining Art Budget Dedicated to MCC Art Collection

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THANK YOU



Music City Center Project Team – Including:

- ‡ Project & Development Management
- ‡ Design & Engineering
- ‡ Construction Management
 - Prime & Related Subcontractors
- ‡ 7,500 Workers

We wish to express our sincere appreciation for the extraordinary opportunity to be a part of an unforgettable experience in building Music City Center.

We wish continued success to the Operations and Marketing Teams as they continue to make MCC a success for our city.

Sincerely,
The Entire MCC Project Team₄₅

**Convention Center
Authority**

December 3, 2013