MINUTES OF THE 76th MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 76th meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on December 7, 2017 at 9:00 a.m. in the Administrative Conference Room of the Administrative Offices at the Music City Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Vonda McDaniel, Irwin Fisher, Willie McDonald, Randy Rayburn, Leigh Walton, and Renata Soto*

AUTHORITY MEMBERS NOT PRESENT: Marty Dickens, Randy Goodman, and David McMurry

OTHERS PRESENT: Charles Starks, Charles Robert Bone, Jasmine Quattlebaum, Donna Gray, Mary Brette Wylly, Heidi Runion, Brian Ivey, Eileen McGinn, Lindsey Vowell, and Larry Atema

Vice-Chair Vonda McDaniel opened the meeting for business at 9:02 a.m. and 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.

ACTION: Leigh Walton made a motion to approve the 75th Meeting Minutes of October 5, 2017. Randy Rayburn seconded the motion, and the Authority approved unanimously.

The next regularly scheduled meeting is scheduled for January 4, 2018.

Charles Starks introduced Eileen McGinn and Lindsey Vowell from KPMG who reported on the Convention Center Authority FY ’17 Audit and the Employees’ Savings Trust completed by KPMG/Hoskins & Company (Attachments #1, 2, and 3), and there was discussion.

* Denotes arrival of Renata Soto.

ACTION: Randy Rayburn made a motion accepting the audit of the financial statements of the Convention Center Authority as of June 30, 2017. Leigh Walton seconded the motion, and the Authority approved unanimously.

ACTION: Randy Rayburn made a motion accepting the audit of the Employees' Savings Trust as of December 31, 2016. Leigh Walton seconded the motion, and the Authority approved unanimously.

Charles Starks and Jasmine Quattlebaum provided an update on the RFP for Rigging Services (Attachment #4) and there was discussion.

ACTION: Leigh Walton made a motion [i] accepting the recommendation of the evaluation committee and [ii] authorizing Charles Starks to negotiate and execute an agreement with Convention Production Rigging, Inc. for rigging services on substantially the same terms as set forth in the RFP and considered this day. Irwin Fisher seconded the motion, and the Authority approved unanimously.

Charles Starks and Larry Atema discussed the purchase and installation of Security Bollards (Attachment #1) and there was discussion.

ACTION: Leigh Walton made a motion approving the purchase and installation of Security Bollards around the Music City Center in an amount not to exceed $5,190,000. Randy Rayburn seconded the motion, and the Authority approved unanimously.

Charles Starks presented an update on Tax Collections (Attachment #1) and there was discussion

Charles Starks presented an update on Construction for the Market & Cafe, Exhibit Hall Concourse Expansion, and Davidson Ballroom Expansion (Attachment #1) and there was discussion.

Charles Starks gave an update on the upcoming PCMA Annual Meeting – Convening Leaders 2018 to be held at the Music City Center January 7-10, 2018 and there was discussion.

With no additional business, the Authority unanimously moved to adjourn at 10:11 a.m.

Respectfully submitted,

____
Charles L. Starks
President & CEO
Convention Center Authority

Approved:

____
Marty Dickens, Chair
CCA 76th Meeting Minutes
of December 7, 2017

Convention Center Authority

December 7, 2017

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.*

Happy Birthday

Vonda McDaniel
December 18th

CONGRATULATIONS VONDA!

- Elected Vice-President of the National Executive Council of the AFL-CIO

KPMG AUDIT FOR FY'17

KPMG

The Convention Center Authority external audit results

Financial statements for the year ended June 30, 2017

December 7, 2017

This presentation to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation, or publication and should not be published, circulated, reproduced, or used for any purpose without our prior written permission in each specific instance.

Agenda

Client service team

The Convention Center Authority Audit Committee

Dee Rich
Tax Managing Director

Eileen McGinn
Audit Engagement Partner

Keith Shurbutt
Concurring Review Partner

Lindsey Vowell/Lakmini Perera
Audit Manager

Whitney Milos
In-Charge

Team supported by:

Hoskins & Company Personnel
Subcontractor

KPMG's Subcontract partner

HOSKINS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

- 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
  - Benefit plan testing
- Hoskins & Company received approximately 30% of total fees paid to KPMG for 2017 professional services

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	— Audits of financial statements and issuance of other deliverables as of the year ended June 30, 2017 (Authority-wide and separate benefit plan financial statements for the plan year ended December 31, 2016)
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 Reports	Status
— Auditors' reports on the consolidated financial statements of the Convention Center Authority and its Employees' Savings Trust Plan	— Unmodified opinion on the consolidated financial statements issued — Standard DOL disclaimer issued for Employees' Savings Trust Plan
Other Deliverables	**Status**
— Material written communications between KPMG and management	— Issued
— Letter regarding internal control	— Issued

Option

Significant risks

1 **Management override of controls**

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that appear to be operating correctly.

Significant risk of fraud

The risk

- Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

Internal controls

- Assessed management's design and implementation of controls over journal entries and post-closing adjustments.

Substantive procedures

- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual.

Skepticism

Challenge

Significant accounting practices

Understanding

Refer to footnote 1 in the Financial Statements for a summary of the significant accounting policies. There were no significant findings or issues noted relating to any significant accounting policies.

Deficiencies in internal control – Fiscal year 2017

Reporting

Material weaknesses – none identified

Significant deficiencies – none identified

Control deficiencies – below (Employees' Savings Trust)

Description	Identified by	Status
The entity did not have a control in place to monitor that employee contributions were remitted to the participant accounts timely	KPMG	The deficiency was noted during our testwork over internal controls for the benefit plan. Management is working on implementing controls going forward to monitor participant contributions to participant accounts to ensure contributions are remitted timely.
The entity did not have a control in place to monitor forfeiture account balance to ensure the forfeitures are being utilized timely in accordance with Plan documents	KPMG	The deficiency was noted during our substantive testwork for the benefit plan. Management is working on implementing controls going forward to monitor forfeiture account balance to ensure the forfeiture balances are utilized timely to reduce employer contributions.

Uncorrected audit misstatements

Understanding

Financial Statement Audit - None Noted

Employee Benefit Plan Audit – One uncorrected misstatement identified

The audit misstatement is related to a "true-up" employer contribution of approximately $3,700 related to plan year 2015 being included as a employer contribution for plan year 2016.

Proposed entry to correct the financial statements:

Debit Employer Contributions	$3,700
Credit Beginning Net Assets	$3,700

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Corrected audit misstatements

Understanding

None Noted.

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KPMG independence quality controls

Independent View

KPMG maintains a comprehensive system of quality controls designed to maintain our independence and to comply with regulatory and professional requirements.

- Pre-approval of all worldwide engagements by the audit engagement team through Sentinel, a KPMG independence and conflict checking system (includes services for/relationships with the audit client, its affiliates, and its affiliated persons)
- Tracking partner rotation requirements using PRS, the firm's automated partner rotation tracking system
- Automated investment tracking system used by all KPMG member firms (KICS)
- Training and awareness programs, including a required annual independence training deployed globally
- Annual independence confirmation required for all partners and employees and for all new joiners to the firm
- Compliance testing programs
- Formal disciplinary policy and process
- Annual reporting to the audit committee regarding independence

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Required communications and other matters

Type		Response
Related parties	OK	There were no significant matters arising from the audit in connection with the entity's related parties.
Illegal acts or fraud	OK	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Noncompliance with laws and regulations	OK	None noted.
Modifications to auditor's report	OK	None.
Subsequent events	OK	None Noted
Significant difficulties encountered during the audit	OK	No matters to report.

Type		Response
Other information	OK	No material inconsistencies were identified related to other information in the annual report.
Disagreements with management or scope limitations	OK	No matters to report.
Management's consultation with other accountants	OK	No matters to report.
Significant issues discussed, or subject to correspondence with, management	OK	No matters to report.
Difficult or contentious matters for which the auditors consulted	OK	No matters to report.
Material Written Communications between KPMG and Management	OK	Engagement letter & Management representation letters, including summary of uncorrected misstatement to be distributed under separate covers.
Other matters (if relevant)	OK	No other matters to report.

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Appendix

Responsibilities

Reporting

Management is responsible for:

— Preparation and fair presentation of the financial statements, including disclosures, in conformity with generally accepted accounting principles (GAAP)

— For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

— Ensuring that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements, and for informing the auditor of any known material violations of such laws and regulations

— To provide access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, additional information that we may request from management for the purpose of the audit, and unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

— Adjusting the financial statements to correct material misstatements and affirming that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

— Providing the auditor with a letter confirming certain representations made during the audit that includes, but is not limited to, management's:
  - Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting
  - Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent , deter, and detect fraud.

KPMG

Responsibilities (continued)

Reporting

The Audit Committee is responsible for:

— Oversight of the financial reporting process and oversight of ICOFR

— Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud.

Management and the Audit Committee are responsible for:

— Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

KPMG

Responsibilities (continued)

Reporting

KPMG is responsible for:

— Planning and performing our audit, with an attitude of professional skepticism, to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Accordingly, there is some risk that a material misstatement of the financial statements will remain undetected. Although not absolute assurance, reasonable assurance is a high level of assurance. Our audit is not designed to detect error or fraud that is immaterial to the financial statements.

— Conducting the audit in accordance with professional standards and complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the ethical standards of relevant CPA societies, and relevant state boards of accountancy

— Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with GAAP

— An audit of the financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

— Communicating to the Audit Committee all required information, including significant matters, that are in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

— Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit and reporting to management in writing all deficiencies noted during our audit that, in our professional judgment, are of sufficient importance to merit management's attention. The objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements.

— Communicating to the Audit Committee circumstances that affect the form and content of the auditors' report, if any.

KPMG

Responsibilities for other information in documents containing audited financial statements

Reporting

— The auditors' report on the financial statements does not extend to other information in documents containing audited financial statements, excluding required supplementary information.

— The auditors' responsibility is to make appropriate arrangements with management or the Audit Committee to obtain the other information prior to the report release date and to read the other information to identify material inconsistencies with the audited financial statements or material misstatements of fact.

— Any material inconsistencies or misstatements of facts that are not resolved prior to the report release date, and that require revision of the other information, may result in KPMG modifying or withholding the auditors' report or withdrawing from the engagement.

— We have performed the following procedures with respect to other information in documents:
  - Read Management's Discussion and Analysis
  - Compared information in documents to the audited financial statements to identify material inconsistencies.
  - No material inconsistencies were noted.

KPMG

KPMG's Audit Committee Institute (ACI)

In depth insights. In time to matter.

ACI programs

— Audit Committee Roundtable Series
  - Approximately 25 cities each Spring/Fall

— Quarterly Audit Committee Webcast
  - A quarterly Webcast providing updates and insights into issues affecting Audit Committee/board oversight—from key accounting and regulatory changes to developments in risk oversight

— 14th Annual Audit Committee Issues Conference
  - January 8-10, 2018, Park Hyatt Aviara Resort, San Diego

Suggested publications (available for download at www.kpmg.com/aci)

— Directors Quarterly

— Global Boardroom Insights

— On the 2017 Audit Committee and Board Agendas

— Global Audit Committee Survey

Resources

— ACI Web site: www.kpmg-institutes.com/institutes/aci.html

— ACI mailbox: auditcommittee@kpmg.com

— ACI hotline: 1-877-KPMG-AC1 (576-4224)

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kpmg.com/socialmedia

OPERATIONS UPDATE

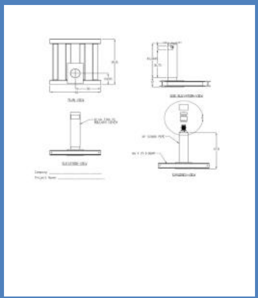
RFP For Rigging Services

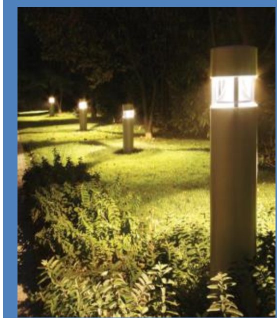
Capital Request for Bollards

MUSIC CITY CENTER
SITE SECURITY ENHANCEMENTS BUDGET
-2018-

Site Security Enhancement Project

Bollards & Wedges Procurement (248 Bollards w/ 35% of them are Lighted)	$	2,260,000.00
Bollards & Wedges Installation (11 +/- Months W/ 8 Phases)	$	2,210,000.00
Design, Engineering, Project Management & Related Expenses	$	340,000.00
Contingency	$	380,000.00
Total Site Security Enhancements	$	5,190,000.00

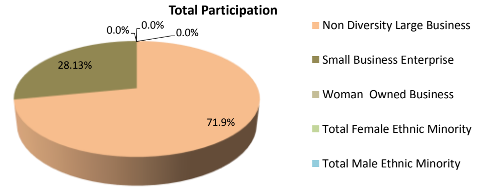




DBE & Development Update

FY18 1st Quarter Reports

LMG FY18 1st Quarter DBE Participation Summary

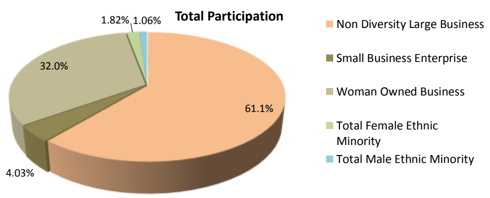


DBE PARTICIPATION SUMMARY: FY18 Goal 20%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	0.00%	0
WOMEN OWNED BUSINESSES	0.00%	0
SMALL BUSINESS ENTERPRISE	28.13%	2
TOTAL	28.13%	2

LMG FY18 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$0 (0%)
Total Minority Business Enterprise	$0 (0%)
Total Woman Owned	$0 (0%)
Total Small Business	$153,281 (28.1%)
Total DBE Participation	$153,281 (28.1%)
Total Non Diversity Business	$391,618 (71.9%)

Centerplate FY18 1st Quarter DBE Participation Summary

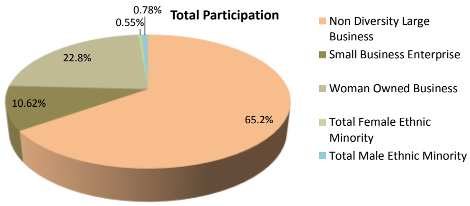


DBE PARTICIPATION SUMMARY: FY18 Goal 25%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	2.88%	4
WOMEN OWNED BUSINESSES	31.99%	7
SMALL BUSINESS ENTERPRISE	4.03%	2
TOTAL	38.91%	13

Centerplate FY18 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$10,982 (1.06%)
Total Minority Business Enterprise	$29,907 (2.9%)
Total Woman Owned	$331,932 (32.0%)
Total Small Business	$41,798(4.03%)
Total DBE Participation	$403,636 (38.91%)
Total Non Diversity Business	$633,818 (61.1%)

Music City Center FY18 1st Quarter DBE Participation Summary



DBE PARTICIPATION SUMMARY	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	1.34%	3
WOMEN OWNED BUSINESSES	22.8%	10
SMALL BUSINESS ENTERPRISE	10.62%	3
TOTAL	34.80%	16

Music City Center FY18 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$9,250 (0.78%)
Ethnic Minority Female	
African American Owned	$6,490 (0.55%)
Total Minority Business Enterprise	$15,740 (1.3%)
Total Woman Owned	$269,338 (22.8%)
Total Small Business	$125,175(10.62%)
Total DBE Participation	$410,253 (34.80%)
Total Non Diversity Business	$768,753 (65.2%)

OMNI 2017 Local Participation

COMMITMENT TO LOCAL HIRING	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Total FTEs GOAL: 300	719	730	738	741	717	714	677	686	694	687		
# FTEs (40 hours) Residents of Nashville Metropolitan Statistical Area Goal: 250	708	721	729	732	710	706	669	678	687	678		
# FTEs (40 hours) Residents of Davidson County Goal: 200	576	584	597	599	576	570	535	543	549	539		

OMNI 2017 DBE Participation

SUPPLY AND SERVICE EXPENDITURE COMMITMENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2016 Total
Nashville Metropolitan Statistical Area Businesses Goal: $100,000/yr.	$128,743	$106,693	$207,245	$91,577	$166,406	$147,796	$443,263	$140,129	$118,034	$220,131			$1,549,887
Small, minority and women owned business enterprises Goal: $50,000/yr.	$19,950	$24,221	$28,118	$22,233	$2,150	$23,437	$23,331	$25,696	$18,354	$39,765			$187,491

Congratulations - American Paper & Twine 2017 Vendor of Excellence Award Recipient

Tax Collections

MCC/Hotel Tax Collection

Collections Thru September 2017
(excludes TDZ)

	2/5 of 5% Occupancy Tax	Net 1% Occupancy Tax	$2 Room Tax	Contracted Vehicle Tax	Rental Vehicle Tax	Campus Tax	Total	Variance to FY 17-18
July	$2,039,304	$902,488	$1,292,898	$155,567	$142,722	$1,693,384	$6,226,362	-1.69%
August	$1,998,283	$893,795	$1,216,121	$174,409	$168,297	$740,274	$5,191,178	-6.12%
September	$2,387,369	$1,064,670	$1,367,376	$191,229	$143,228	$701,167	$5,855,038	24.11%
October	$0	$0	$0	$0	$0	$0	$0	0.00%
November	$0	$0	$0	$0	$0	$0	$0	0.00%
December	$0	$0	$0	$0	$0	$0	$0	0.00%
January	$0	$0	$0	$0	$0	$0	$0	0.00%
February	$0	$0	$0	$0	$0	$0	$0	0.00%
March	$0	$0	$0	$0	$0	$0	$0	0.00%
April	$0	$0	$0	$0	$0	$0	$0	0.00%
May	$0	$0	$0	$0	$0	$0	$0	0.00%
June	$0	$0	$0	$0	$0	$0	$0	0.00%
YTD Total	$6,424,956	$2,860,952	$3,876,394	$521,205	$454,246	$3,134,824	$17,272,578	4.17%

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

MCC/Hotel Tax Collection

MCC Portion of September 2017 Tourism Tax Collections

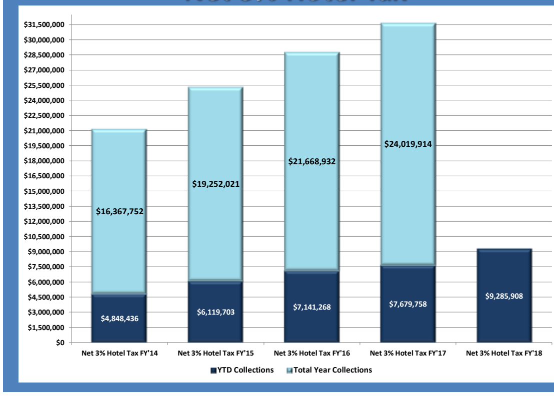
	FY 2017	FY 2018	Variance
2/5 of 5% Occupancy Tax	$1,775,780	$2,387,369	34.44%
Net 1% Occupancy Tax	$781,068	$1,064,670	36.31%
$2 Room Tax	$1,127,450	$1,367,376	21.28%
Contracted Vehicle	$158,112	$191,229	20.95%
Rental Vehicle	$146,460	$143,228	-2.21%
Campus Sales Tax	$728,874	$701,167	-3.80%
TDZ Sales Tax Increment	$22,778,163	$27,641,384	21.35%
Total Tax Collections	**$27,495,908**	**$33,496,422**	**21.82%**

MCC Portion of Year-to-Date Tourism Tax Collections

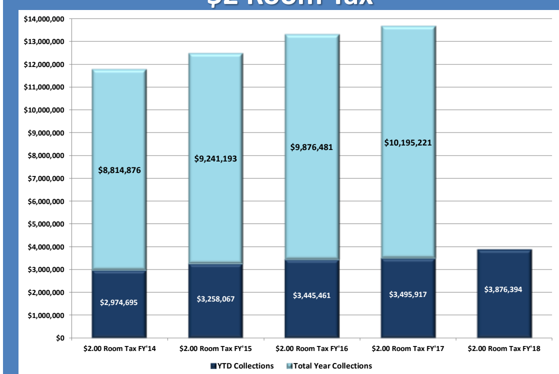
	FY 2017	FY 2018	Variance
2/5 of 5% Occupancy Tax	$5,344,491	$6,424,956	20.22%
Net 1% Occupancy Tax	$2,335,267	$2,860,952	22.51%
$2 Room Tax	$3,495,917	$3,876,394	10.88%
Contracted Vehicle	$427,183	$521,205	22.01%
Rental Vehicle	$432,821	$454,246	4.95%
Campus Sales Tax	$4,544,724	$3,134,824	-31.02%
TDZ Sales Tax Increment	$22,778,163	$27,641,384	21.35%
Total YTD Tax Collections	**$39,358,565**	**$44,913,962**	**14.11%**

All numbers subject to change by CCA Auditors

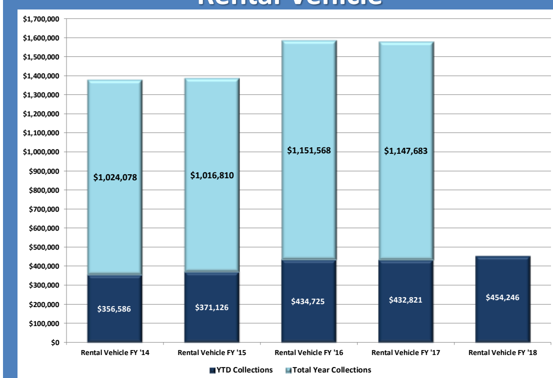
Net 3% Hotel Tax



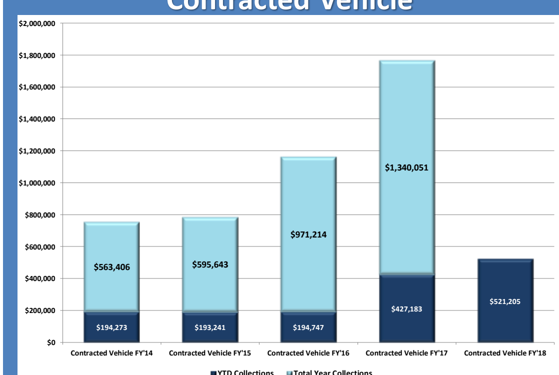
$2 Room Tax



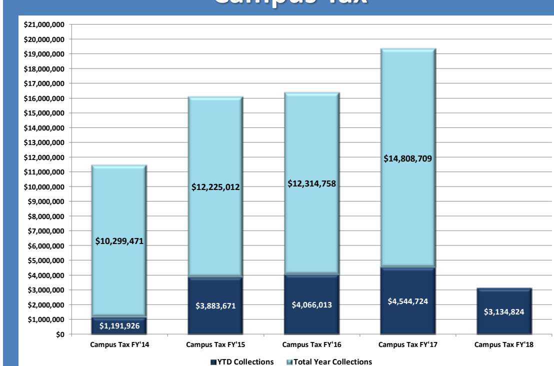
Rental Vehicle

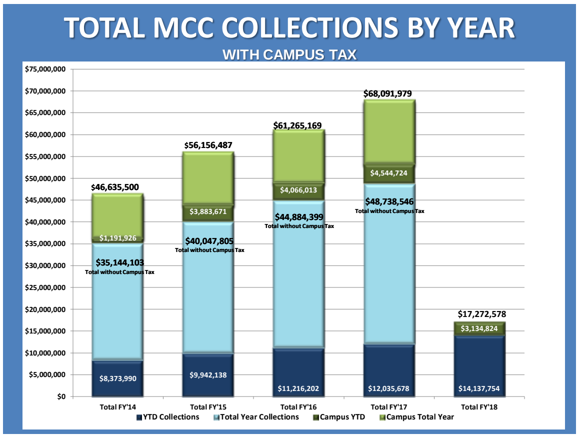


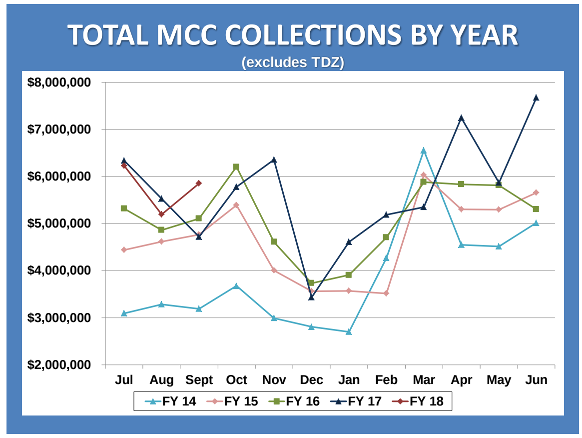
Contracted Vehicle



Campus Tax







OCTOBER EVENTS

- 42 Events
- 31,646 Attendees
- 20,966 Room Nights
- $18,238,888 Economic Impact

OCTOBER TOURS & SITE VISITS

- 8 Sales Site Visits
- 4 Group tours with 22 attendees

NOVEMBER EVENTS

- 27 Events
- 43,229 Attendees
- 9,787 Room Nights
- $12,445,683 Economic Impact

NOVEMBER TOURS & SITE VISITS

- No Sales Site Visits
- 3 Group tours with 9 attendees

Construction Update

Davidson Ballroom Expansion

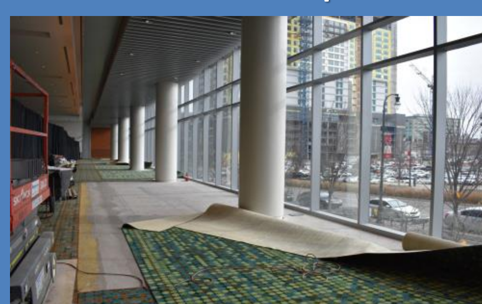
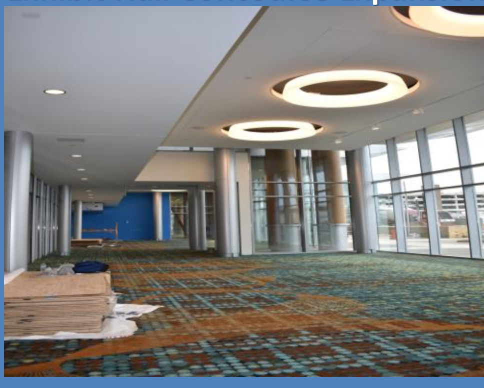
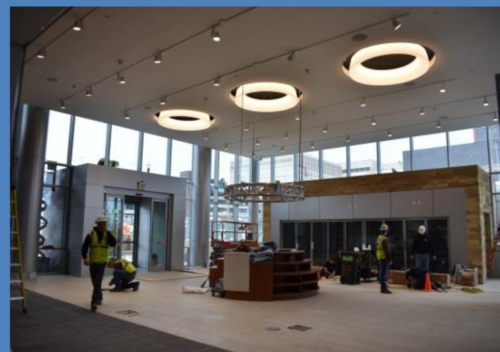


Exhibit Hall Concourse Expansion



Market & Cafe



Market & Cafe

fresh Pick Market+Cafe music city center

Convention Center Authority

December 7, 2017

KPMG

Convention Center Authority
12/7/2017
Attachment #2

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Reports Thereon)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Table of Contents

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

This section of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (Authority) annual financial report presents management's discussion and analysis (MD&A) of financial performance during the years ended June 30, 2017 and 2016. This MD&A should be read in conjunction with the Authority's financial statements and footnotes.

Overview of the Financial Statements

The Authority's financial report consists of this MD&A, financial statements, and footnotes to the financial statements. The Authority's financial statements are prepared using accounting principles generally accepted in the United States of America as applied to governmental units using the economic resources measurement focus and the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

All assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority at June 30, 2017 and 2016 are included in the statements of net position. For the years ended June 30, 2017 and 2016, the Authority's revenues and expenses are reported in the statements of revenue, expenses, and changes in net position. The statements of cash flows report receipts, cash payments and net changes in cash resulting from operating, financing and investing activities.

Financial Analysis

The Authority's net position as of June 30, 2017, 2016, and 2015 were as follows (in thousands of dollars):

		2017	2016	2015
Current assets	$	176,805	132,859	99,964
Capital assets		656,494	669,212	682,909
Other noncurrent assets		53,747	50,291	42,256
Total assets	$	887,046	852,362	825,129
Deferred outflows of resources	$	—	568	172
Current liabilities	$	43,517	40,957	32,109
Noncurrent liabilities		602,773	613,734	621,249
Total liabilities	$	646,290	654,691	653,358
Deferred inflows of resources	$	278	228	187
Net position:				
Net investment in capital assets	$	41,886	49,062	61,868
Restricted for debt retirement		67,992	55,823	51,247
Unrestricted		130,599	93,126	58,640
Total net position	$	240,477	198,011	171,755

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

The Authority was created to develop, acquire, construct and then operate a new convention center (the Music City Center) within the boundaries of the Metropolitan Government of Nashville and Davidson County (Metropolitan Government). During the year ended June 30, 2010, the Authority issued revenue bonds for and began construction of the Music City Center. Construction is complete and operation of the Music City Center began in May of 2013. As more fully described in the financial statements and footnotes, the Authority's assets consist primarily of cash, accounts receivable and other items related to operations, cash and investments restricted for construction and debt service, and capital assets related to the Music City Center. Liabilities consist of current amounts payable related to operations, construction and debt service, and the revenue bonds payable. The components of net position reflect the nature of the underlying assets and liabilities. Note that $41.9 million of the Authority's net position of $240.5 million is invested in capital assets while $68.0 million is restricted for debt retirement.

The Authority's change in net position for the years ended June 30, 2017, 2016, and 2015 were as follows (in thousands of dollars):

		2017	2016	2015
Operating revenue	$	25,164	21,765	21,456
Operating expense		(37,824)	(36,915)	(35,497)
Operating loss		(12,660)	(15,150)	(14,041)
Nonoperating revenue, net		55,122	41,348	37,740
Capital contributions		5	57	—
Net increase in net position	$	42,467	26,255	23,699

The increase in operating revenue is primarily driven by an increase in Food and Beverage revenue generated by extremely successful, large events hosted in fiscal year 2017. The increase in operating expense for the year ended June 30, 2017 is primarily driven by increases in utilities, internal service fees to the Metropolitan Government, and various repair, maintenance, and labor costs necessary to service the large events hosted in fiscal year 2017. Annual attendance for the year ended June 30, 2017 was 557,870 compared to 685,884 for the year ended June 30, 2016. The increase in nonoperating revenue (expense) for the year ended June 30, 2017 is primarily due to an $7.1 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center, and a $2.9 million increase in the Music City Center campus sales tax. Additionally, other tourism taxes increased overall due to a continued increase in tourism over the prior years. The increase in nonoperating revenue is partially offset by an increase in nonoperating expense for payments to the Omni Hotel. The $5,723 in capital contributions for the year ended June 30, 2017 is due to a transfer of capital assets from the Nashville Convention Center.

The increase in operating revenue and expense for the year ended June 30, 2016 was primarily related to an increase in the average size of events as compared to the prior year. Annual attendance for the year ended June 30, 2016 was 685,884 compared to 670,060 for the year ended June 30, 2015. The increase in nonoperating revenue (expense) for the year ended June 30, 2016 was due to an $4.1 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center, and a $272,090 increase in the

Music City Center campus sales tax. Additionally, other tourism taxes increased overall due to a continued increase in tourism over the prior years. The increase in nonoperating revenue is partially offset by an increase in nonoperating expense for payments to the Omni Hotel. The $57,162 in capital contributions for the year ended June 30, 2016 is due to a transfer of capital assets from the Nashville Convention Center.

Capital Assets and Long-Term Debt

During the year ended June 30, 2017, the Authority incurred costs of $3,722,303 for various assets acquired subsequent to the opening of the Music City Center. This includes the beginning of construction for a new MCC market near the exhibit hall and pre-function space expansion near the Davidson ballroom. During the year ended June 30, 2016, the Authority incurred costs of $2,688,918 for various assets acquired subsequent to the opening of the Music City Center. Additional information on the Authority's capital assets can be found in note 4 to the financial statements.

During the period ended June 30, 2010, the Authority issued revenue bonds totaling $623,215,000, plus a premium of $1,301,329, to finance the construction of the Music City Center. As more fully described in note 6 to the financial statements, the revenue bonds were issued in three series: Series 2010A-1, Series 2010A-2, and Series 2010B. The ratings on the revenue bonds issued were as follows.

	Series A Bonds	Series B Bonds
Moody's	A2	AA3
Standard and poor's	A	A
Fitch	A+	A+

Other Matters

As more fully described in note 11 to the financial statements, the Authority Board entered into an agreement with Omni Hotels to develop a premier convention center hotel adjacent to the Music City Center. Omni privately financed the Omni hotel at its sole expense, and the Authority will make annual payments to Omni from certain tourism taxes pledged to the Authority by the Metropolitan Government.

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Management's Discussion and Analysis (Unaudited)

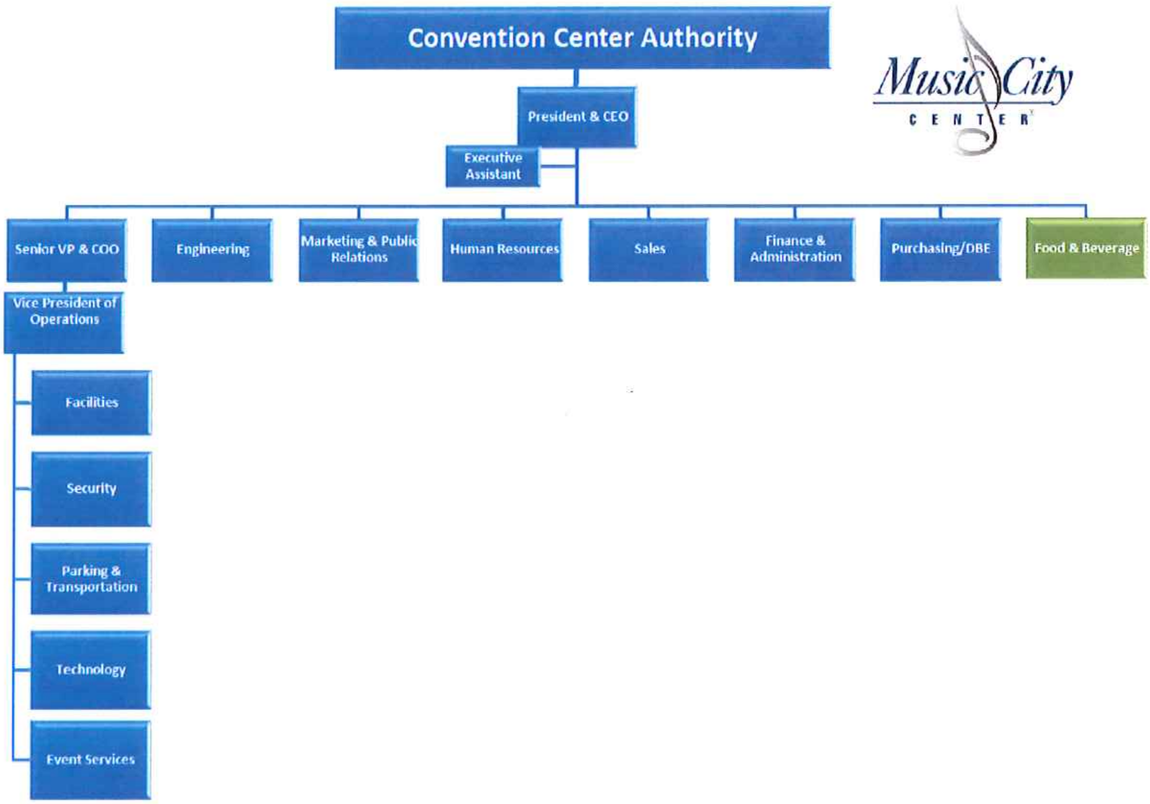
June 30, 2017 and 2016

The Authority Board has entered into an agreement with private developer, Oliver McMillian Spectrum Emery, related to the development of the Fifth + Broadway complex on the previous Nashville Convention Center site. As more fully described in note 11 to the financial statements, pending satisfaction of several terms of the agreement, the Authority has agreed to contribute to the construction of a parking garage and conference center on that site.

Finally, requests for additional financial information should be directed to Finance Department – Music City Center, 201 Fifth Avenue South, Nashville, TN 37203.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Organization Chart



CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Authority Members as of June 30, 2017

Marty Dickens, Chair

Irwin Fisher

Randy Goodman

Vonda McDaniel

Willie McDonald

David McMurry

Randy Rayburn

Renata Soto

Leigh Walton

KPMG

KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

The Audit Committee
Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County, Tennessee:

Report on the Financial Statements

We have audited the accompanying statements of net position of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority), a component unit of the Metropolitan Government of Nashville and Davidson County, as of June 30, 2017 and 2016, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017 and 2016 and its changes in financial position, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The introductory section on pages 5 and 6 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance

KPMG LLP

October 30, 2017

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Statements of Net Position

June 30, 2017 and 2016

Assets		2017	2016
Current assets:			
Cash and cash equivalents	$	80,323,854	95,208,607
Accounts receivable		2,394,988	1,236,807
Accrued interest receivable		76,021	81,897
Due from the primary government		2,567	5,806,441
Prepaid expenses		475,134	474,041
Restricted for construction funds:			
Cash and cash equivalents		58,788,827	3,834,419
Accrued interest receivable		1,633	3,419
Prepaid expenses		—	2,272
Accounts receivable		245,427	250,000
Restricted for debt service and reserve funds:			
Cash and cash equivalents		20,651,657	20,429,377
Accrued interest receivable		150,846	109,879
Due from the primary government		10,145,257	2,933,384
Accounts receivable		3,548,540	2,488,410
Total current assets		176,804,751	132,858,953
Other noncurrent and capital assets:			
Restricted for debt service and reserve funds:			
Cash and cash equivalents		15,240,570	17,418,806
Investments		38,506,732	32,872,268
Total other noncurrent assets		53,747,302	50,291,074
Capital assets:			
Land		78,183,678	79,989,700
Art collection		1,183,844	1,183,844
Buildings and improvements		635,644,200	635,466,263
Furniture, machinery and equipment		3,887,312	3,342,298
Construction work in progress		4,805,374	—
Less accumulated depreciation		(67,210,401)	(50,770,615)
Total capital assets		656,494,007	669,211,490
Total other noncurrent and capital assets		710,241,309	719,502,564
Total assets	$	887,046,060	852,361,517
Deferred Outflows of Resources			
Deferred outflows, pensions	$	—	568,283

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Statements of Net Position

June 30, 2017 and 2016

Liabilities		**2017**	**2016**
Current liabilities:			
Accounts payable and accrued liabilities	$	2,707,438	2,974,592
Accrued payroll		1,207,940	1,113,264
Due to the primary government		7,178	10,036
Unearned revenue		6,071,822	5,124,519
Liabilities payable from restricted assets:			
Construction funds:			
Accounts payable and accrued liabilities		2,954,223	3,439,759
Due to the primary government		1,872	—
Debt service and reserve funds:			
Accrued interest payable		20,251,657	20,429,377
Current portion of long-term debt		10,315,000	7,865,000
Total current liabilities		43,517,130	40,956,547
Noncurrent liabilities:			
Long-term revenue bonds payable		602,539,452	612,934,946
Net pension liability		233,451	799,038
Total noncurrent liabilities		602,772,903	613,733,984
Total liabilities	$	646,290,033	654,690,531
Deferred Inflows of Resources			
Deferred inflows, pensions	$	278,217	228,589
Net Position			
Net position:			
Net investment in capital assets	$	41,886,404	49,061,895
Restricted for debt retirement		67,991,944	55,822,747
Unrestricted		130,599,462	93,126,038
Total net position	$	240,477,810	198,010,680

See accompanying notes to financial statements.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2017 and 2016

	2017	2016
Operating revenue:		
Charges for services	$ 25,163,940	21,765,253
Operating expense:		
Personal services	9,765,629	9,066,395
Contractual services	9,198,970	9,147,554
Supplies and materials	1,484,960	1,362,186
Depreciation	16,439,786	16,387,011
Other	935,122	952,456
Total operating expense	37,824,467	36,915,602
Operating loss	(12,660,527)	(15,150,349)
Nonoperating revenue (expense):		
Tourism tax revenue	92,365,781	76,943,627
Investment income	573,627	1,482,786
Other income	178,470	250,000
Interest expense	(27,904,252)	(28,175,749)
Other expense	(10,091,692)	(9,152,230)
Total nonoperating revenue, net	55,121,934	41,348,434
Income before capital contributions	42,461,407	26,198,085
Capital contributions	5,723	57,162
Increase in net position	42,467,130	26,255,247
Net position, beginning of year	198,010,680	171,755,433
Net position, end of year	$ 240,477,810	198,010,680

See accompanying notes to financial statements.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	$ 30,756,937	24,168,240
Payments to suppliers	(11,890,159)	(9,980,241)
Payments to employees	(9,618,628)	(9,227,465)
Net cash provided by operating activities	9,248,150	4,960,534
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,197,973)	(96,717)
Principal paid	(7,865,000)	(3,220,000)
Interest paid	(40,681,034)	(40,939,254)
Interest subsidy	12,518,566	12,602,510
Other (expense) revenue	341,352	(152,230)
Net cash used in capital and related financing activities	(39,884,089)	(31,805,691)
Cash flows from noncapital financing activities:		
Receipts from governments	84,093,778	76,901,045
Payments to hotel developer	(10,000,000)	(9,000,000)
Net cash provided by noncapital financing activities	74,093,778	67,901,045
Cash flows from investing activities:		
Purchases of investments	(34,748,274)	(63,305,784)
Proceeds from sales and maturities of investments	28,322,945	69,822,886
Interest income	1,081,189	1,117,552
Net cash (used in) provided by investing activities	(5,344,140)	7,634,654
Net changes in cash and cash equivalents	38,113,699	48,690,542
Cash and cash equivalents at beginning of year	136,891,209	88,200,667
Cash and cash equivalents at end of year	$ 175,004,908	136,891,209

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

		2017	2016
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(12,660,527)	(15,150,349)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation		16,439,786	16,387,011
Provision for doubtful accounts		—	3,771
Changes in assets and liabilities:			
Accounts receivable		(1,158,181)	964,560
Prepaid expenses		(1,093)	811
Due from the primary government		5,803,874	910,921
Deferred outflows of resources		568,283	(396,643)
Accounts payable and accrued liabilities		(267,154)	1,483,391
Accrued payroll		94,676	(236,292)
Due to the primary government		(2,858)	(2,248)
Unearned revenue		947,303	523,736
Net pension liability		(565,587)	430,329
Deferred inflows of resources		49,628	41,536
Total adjustments		21,908,677	20,110,883
Net cash provided by operating activities	$	9,248,150	4,960,534
Schedule of noncash capital and related financing activities:			
Amortization of bond premium	$	80,494	80,492
Capital contributions		5,723	57,162
Schedule of noncash investing activities:			
Unrealized gain on investments	$	790,866	293,711

See accompanying notes to financial statements.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority) was formed by Resolution of the Metropolitan Council of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Metropolitan Government) on August 10, 2009 (date of inception) under the State of Tennessee Convention Center Authorities Act of 2009. The Authority is governed by a nine member Board of Directors appointed by the Mayor and confirmed by the Metropolitan Council. The Authority was responsible for the acquisition, development, and construction of a new convention center, the Music City Center, which was completed in May of 2013. The Authority is now responsible for the operation of the Music City Center.

The Authority is a public nonprofit corporation and public instrumentality of the Metropolitan Government and is a component unit of the Metropolitan Government (primary government). The Authority and the Metropolitan Government have entered into an interlocal agreement for the Metropolitan Government to provide comprehensive financial management services to the Authority, among other services. Accordingly, the accounting policies of the Authority are the same as those adopted by the Metropolitan Government.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles as applied to governmental units. The Authority's most significant accounting policies are summarized below.

(b) Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(c) Assets, Liabilities, Revenue and Expenses

Cash and cash equivalents – Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition and other available pooled funds.

Investments – Investments consist primarily of U.S. government securities and are stated at fair value. The Authority also invests in the Metropolitan Government's Investment Pool, which is invested in the Tennessee Local Government Investment Pool (LGIP), the Tennessee Intermediate Term Investment Fund (ITIF), and the First Tennessee Bank Advisors Short Investment Pool (FTB Short Pool). The LGIP and ITIF are maintained and managed by the State of Tennessee. The LGIP and ITIF are not registered with the Securities and Exchange Commission (SEC) but do operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Authority's investments in the LGIP and ITIF have been determined based on the Pool's share price as of the financial reporting date. Investments in the FTB Short Pool are reported at fair value. Investment income consists of interest earned on investments and realized and unrealized appreciation or depreciation in the fair value of investments.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

Amounts due from and due to the primary government – Amounts due from the primary government consist primarily of certain tourism tax revenues collected by the Metropolitan Government and pledged to the Authority for the repayment of revenue bonds, which are accrued as those taxes are earned by the Metropolitan Government. Such amounts are remitted to the Authority and are reported as tourism tax revenue, a nonoperating revenue of the Authority. Amounts due to the primary government consist primarily of payments due for services provided by the Metropolitan Government to the Authority that are accrued as those services are provided and for reimbursement for certain goods and services purchased by the Metropolitan Government on behalf of the Authority.

Restricted assets – Restricted assets consist of bond proceeds restricted for construction and for debt service reserve funds and of amounts accumulated for debt service and construction. Assets in the debt service reserve funds and assets in the debt service funds are held by a trustee and are not available to the Authority for other purposes. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital assets – Major outlays for capital assets and improvements and all expenses incurred in support of construction were capitalized as projects were constructed. Net interest cost incurred during the construction of facilities was capitalized as part of the cost of those facilities. Capital assets are generally defined as assets with individual cost in excess of $10,000 and a useful life in excess of one year. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated lives range from 3 to 50 years.

Deferred outflows of resources – In addition to assets, the statements of net position report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources related to pensions consist of certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, and any contributions between the measurement and reporting dates.

Compensated absences – General policy of the Authority for former employees of the Metropolitan Government and for employees hired by the Authority, permits the accumulation, within certain limitations, of unused vacation days and sick leave. For Metropolitan Government employees retained by the Authority and employees hired directly by the Authority a maximum of 10 vacation days may be carried forward to the next year. Although sick pay may accumulate for all employees, no amounts are vested in the event of employee termination. Accumulated unpaid vacation pay is reported with accrued payroll.

Bond premiums – Bond premiums are deferred and amortized over the term of the related bonds.

Deferred inflows of resources – In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to pensions consist of certain

(Continued)

differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, and any contributions between the measurement and reporting dates.

Operating and nonoperating revenues and expenses – Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tourism tax revenue – The tourism tax revenue consists of 3% of the 6% Hotel/Motel Tax authorized by Tennessee Code Annotated (TCA) Section 7-4-102, $2.00 of the $2.50 Hotel Room Occupancy Tax authorized by TCA Section 7-4-202, the $2.00 Contracted Vehicle Tax authorized by TCA Section 7-4-203, the 1% Rental Vehicle Surcharge Tax authorized by TCA Section 67-4-1908, an allocation of state and local sales and use taxes derived from incremental sales tax growth within a Tourism Development Zone (TDZ) authorized by TCA Section 7-88-101, and an allocation of Campus Sales Tax, consisting of state and local sales and use taxes collected on the premises of the Music City Center campus and on any convention center hotels.

Other revenue (expense) – Other revenue (expense) primarily consists of amounts remitted to the developer of a hotel constructed adjacent to the Music City Center as discussed in note 13.

Capital contributions – Capital contributions for the year ended June 30, 2017 represent transfers of capital assets from the Nashville Convention Center.

Estimates – Estimates are used in the preparation of financial statements and require management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

The Authority is authorized by state statutes and policy to invest funds that are not immediately needed in United States Treasury Bills, Bonds and Notes; the LGIP; the ITIF; the FTB Short Pool; most bonds issued by U.S. Government Agencies; other Municipal Obligations; and other investments such as repurchase agreements. The Authority is authorized to invest in these instruments either directly or through the Metropolitan Government's Investment Pool, which is invested in the LGIP, ITIF, and FTB Short Pool.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

At June 30, 2017, the Authority had the following deposits and investments:

Investment type	Fair value	Weighted average maturity (in years)
Unrestricted funds:		
Cash on deposit	$ 26,000	—
Metropolitan Government investment pool	80,297,854	(1)
Cash and cash equivalents	80,323,854	
Construction funds:		
Metropolitan Government investment pool	58,788,827	(1)
Cash and cash equivalents	58,788,827	
Debt service and reserve funds:		
Cash on deposit	400,000	—
Metropolitan Government investment pool	2,688,000	(1)
U.S. Treasury money market funds	32,804,227	—
Cash and cash equivalents	35,892,227	
U.S. government agencies	37,058,062	4
Municipal obligations	1,448,670	5
Total investments	38,506,732	
Total cash and investments	$ 213,511,640	

(1) The weighted average maturity of the LGIP, ITIF, and FTB short pool at June 30, 2017 were 0.12, 2.61 and 0.73 years, respectively.

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

At June 30, 2016, the Authority had the following deposits and investments:

Investment type	Fair value	Weighted average maturity (in years)
Unrestricted funds:		
Cash on deposit	$ 26,170	—
Metropolitan Government investment pool	95,182,437	(1)
Cash and cash equivalents	95,208,607	
Construction funds:		
Metropolitan Government investment pool	3,834,419	(1)
Cash and cash equivalents	3,834,419	
Debt service and reserve funds:		
Metropolitan Government investment pool	1,617,550	(1)
U.S. Treasury money market funds	36,230,633	—
Cash and cash equivalents	37,848,183	
U.S. government agencies	32,872,268	4
Total investments	32,872,268	
Total cash and investments	$ 169,763,477	

(1) The weighted average maturity of the LGIP, ITIF, and FTB short pool at June 30, 2016 were 0.10, 2.10 and 2.37 years, respectively.

(a) Cash

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. As of June 30, 2017 and 2016, all deposits and certificates of deposit were insured or collateralized as required by State of Tennessee law.

(b) Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy places no specific limit on the weighted average maturity of the investment portfolios. However, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2017 and 2016, the investments of the Authority had weighted average maturities as noted on the preceding tables.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Investment Policy limits investments in corporate obligations to prime banker acceptances that are

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

eligible for purchase by the Federal Reserve System and commercial paper that is rated at least A1 or the equivalent by at least two nationally recognized rating agencies.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Investment Policy limits single issuer exposure to 10% except for securities of the U.S. government or its agencies.

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. There is not a policy with regard to custodial credit risk of investments; however, as of June 30, 2017 and 2016, all investments were insured or registered or the securities were held by the Authority or its agent in the Authority's name.

(c) Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs are inputs – other than quoted prices included in Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

For the Metropolitan Government investment pool, the input levels are not applicable to LGIP as investments are reported at amortized cost. The investments in ITIF are considered Level 2, and these investments in FTIB Short Pool are considered Level 1.

Investments in U.S. Treasury money market funds and U.S. government agencies are considered Level 1 and investments in municipal obligations are considered in Level 2.

(3) Accounts Receivable

Accounts receivable of $6,188,955 at June 30, 2017 consisted of $2,394,988 for operating events, $3,548,540 of accrued tourism taxes, and $245,427 of utility reimbursements due from the Renaissance Hotel, Elmington Property Management and Oliver McMillian Spectrum Emery for the previous Nashville Convention Center site prior to demolition. Accounts receivable at June 30, 2017 is net of an allowance for doubtful accounts of $0. Accounts receivable of $3,975,217 at June 30, 2016 consisted of $1,236,807 for operating events, $2,488,410 of accrued tourism taxes, and $250,000 of rent due for the Country Music Hall of Fame expansion connector as described in footnote (9) Leases. Accounts receivable at June 30, 2016 is net of an allowance for doubtful accounts of $4,106.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

(4) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 79,989,700	—	(1,806,022)	78,183,678
Art collection	1,183,844	—	—	1,183,844
Construction in progress	—	4,805,374	—	4,805,374
Total capital assets, not being depreciated	81,173,544	4,805,374	(1,806,022)	84,172,896
Capital assets, being depreciated:				
Buildings and improvements	635,466,263	177,937	—	635,644,200
Furniture, machinery and equipment	3,342,298	545,014	—	3,887,312
Total capital assets, being depreciated	638,808,561	722,951	—	639,531,512
Less accumulated depreciation:				
Buildings and improvements	(49,302,240)	(15,896,817)	—	(65,199,057)
Furniture, machinery and equipment	(1,468,375)	(542,969)	—	(2,011,344)
Total accumulated depreciation	(50,770,615)	(16,439,786)	—	(67,210,401)
	$ 669,211,490	(10,911,461)	(1,806,022)	656,494,007

The changes in land for the years ended June 30, 2017 and 2016 are due to revisions in the potential settlement of a condemnation case related to certain parcels of land acquired for the Music City Center site as described in note (11) Commitments and Contingencies.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	$ 77,398,808	2,590,892	—	79,989,700
Art collection	1,183,844	—	—	1,183,844
Total capital assets, not being depreciated	78,582,652	2,590,892	—	81,173,544
Capital assets, being depreciated:				
Buildings and improvements	635,486,985	—	(20,722)	635,466,263
Furniture, machinery and equipment	3,223,550	118,748	—	3,342,298
Total capital assets, being depreciated	638,710,535	118,748	(20,722)	638,808,561
Less accumulated depreciation:				
Buildings and improvements	(33,418,569)	(15,883,671)	—	(49,302,240)
Furniture, machinery and equipment	(965,035)	(503,340)	—	(1,468,375)
Total accumulated depreciation	(34,383,604)	(16,387,011)	—	(50,770,615)
	$ 682,909,583	(13,677,371)	(20,722)	669,211,490

(5) Unearned Revenue

Unearned revenue of $6,071,822 and $5,124,519 represents deposits received for events scheduled to occur in future years at June 30, 2017 and 2016, respectively.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

(6) Long-Term Revenue Bonds Payable

Long-term debt activity during the year ended June 30, 2017, and descriptions of the amounts outstanding are as follows.

	Balance June 30, 2016	Additions	Repayments/ amortization	Balance June 30, 2017
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County:				
2010A-1, bearing interest at 3.35% to 5.00% payable semiannually, maturing through July 1, 2026	$ 48,510,000	—	(3,420,000)	45,090,000
Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment), bearing interest at 7.431% payable semiannually, maturing on July 1, 2043	152,395,000	—	—	152,395,000
Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payments), bearing interest at 4.862% to 6.731% payable semiannually, maturing through July 1, 2043	419,090,000	—	(4,445,000)	414,645,000
Original issue premium	804,946	—	(80,494)	724,452
	$ 620,799,946	—	(7,945,494)	612,854,452

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

Long-term debt activity during the year ended June 30, 2016, and descriptions of the amounts outstanding are as follows.

	Balance June 30, 2015	Additions	Repayments/ amortization	Balance June 30, 2016
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County:				
2010A-1, bearing interest at 3.35% to 5.00% payable semiannually, maturing through July 1, 2026	$ 51,730,000	—	(3,220,000)	48,510,000
Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment), bearing interest at 7.431% payable semiannually, maturing on July 1, 2043	152,395,000	—	—	152,395,000
Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payments), bearing interest at 4.862% to 6.731% payable semiannually, maturing through July 1, 2043	419,090,000	—	—	419,090,000
Original issue premium	885,438	—	(80,492)	804,946
	$ 624,100,438	—	(3,300,492)	620,799,946

In April 2010, the Authority issued Tourism Tax Revenue Bonds, Series 2010A-1 for $51,730,000, Series 2010A-2 for $152,395,000, and Series 2010B for $419,090,000, for a combined principal amount of $623,215,000, plus original issue premium of $1,301,329. The purpose of the bonds was to pay the costs associated with planning, designing, engineering, acquiring, constructing, equipping, furnishing, improving, repairing, refurbishing and opening the Music City Center.

The land for the Music City Center was purchased prior to the creation of the Convention Center Authority by the Metropolitan Development and Housing Agency (MDHA), a component unit of the Metropolitan Government, through a bank loan. In conjunction with the issuance of the Tourism Tax Revenue Bonds, the MDHA bank loan was retired, and the land was transferred to the Authority.

(Continued)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

The bond proceeds were used as follows:

Establishment of debt service reserve funds	$	40,040,199
Establishment of capitalized interest funds		22,287,870
Payment of bond issue costs		7,299,082
Retirement of MDHA Loan		46,313,567

The remaining $508,575,611 of bond proceeds was deposited in construction funds to be drawn down as the Music City Center was constructed. The capitalized interest funds were applied to interest payable during construction.

The Series 2010A-1 bonds are tax exempt, and the Series 2010A-2 and Series 2010B bonds are Federally taxable and were issued as Build America Bonds (BABs) under an irrevocable election under Section 54 of the Internal Revenue Code. BABs qualify for a 35% credit from the Federal government on interest payable on the bonds. The Metropolitan Government is required to file requests for these interest credits no earlier than 90 days prior to each scheduled interest payment. Subsequent to issuance of the bonds, the Federal government has reduced the credit. The credit reduction was 6.9% and 6.8% in the fiscal years ended June 30, 2017 and June 30, 2016, respectively. The Authority is not anticipating restoration of the credit to the original amount; however, the reduction is not expected to have a material impact on the ability to meet future debt payments.

The Series 2010A Bonds are payable from tourism tax revenues received by the Metropolitan Government.

The Series 2010B Bonds are payable from the remaining tourism tax revenues available after the payment of the 2010A Bonds and from net operating revenues, which are the remaining project operating revenues after the payment of operating expenses. The Series 2010B Bonds are additionally secured by a pledge of the Metropolitan Government's nontax revenues of the General Fund of the General Services District, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority, a component unit of the Metropolitan Government. No payments related to this financial guarantee have been made by the Metropolitan Government. Should any payments be made by the Metropolitan Government in the future, the agreements provide for recovering any such payments from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

All of the bonds are subject to Federal arbitrage regulations. Annual maturities of revenue bonds outstanding, related interest and anticipated Federal interest credits for interest payable on BABs are outlined below.

	Principal	Interest	Estimated federal credit
Year ending June 30:			
2018	$ 10,315,000	40,262,134	(12,222,519)
2019	12,255,000	39,712,513	(12,094,678)
2020	13,425,000	39,041,330	(11,935,773)
2021	13,965,000	38,315,407	(11,760,525)
2022	14,435,000	37,549,541	(11,575,229)
2023–2027	83,030,000	174,367,073	(54,689,274)
2028–2032	102,510,000	144,538,129	(46,187,159)
2033–2037	127,955,000	104,609,128	(33,427,847)
2038–2042	159,735,000	54,740,938	(17,492,467)
2043–2044	74,505,000	5,247,206	(1,676,745)
	$ 612,130,000	678,383,399	(213,062,216)

(7) Employee Benefit Plans

Certain employees of the Metropolitan Government's Nashville Convention Center were retained by the Authority to manage and operate the Music City Center. Those Metropolitan Government employees continue to be eligible to participate in the pension, other postemployment benefit (OPEB), and deferred compensation 457 plans of the Metropolitan Government. Only employees hired directly by the Authority are eligible to participate in the Authority's deferred compensation 401(k) plan.

(a) Pension Plans (Former Metropolitan Government Employees)

The Metropolitan Government sponsors or guarantees several single-employer pension plans, including (a) the closed City Plan (City Plan); (b) the Davidson County Employees' Retirement Plan (County Plan), both of which were closed to new members on April 1, 1963; and (c) the Metropolitan Employees' Benefit Trust Division A or B (Metro Plan). Division A of the Metro Plan was established at the inception of the Metropolitan Government on April 1, 1963, and was closed to new members on July 1, 1995. Division B of the Metro Plan was established on July 1, 1995.

All plans of the Metropolitan Government were established by or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed by plan assets. The plans are administered by the Metropolitan Employee Benefit Board, an independent board created by the Metropolitan Charter. The financial position and results of operations of the pension plans are reported

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

as fiduciary funds of the Metropolitan Government and, accordingly, are not included in the financial statements of the Authority.

Certain legacy employees of the Authority who were former employees of the Nashville Convention Center are members of the Metro Plan. Periodic contributions by the Authority to the Metro Plan are at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Contributions to closed plans are made on a pay-as-you-go basis by the Metropolitan Government whereby contributions are made in amounts sufficient to cover benefits paid during the year. Employees do not contribute to any of the Metropolitan Government pension plans.

Normal retirement for employees occurs at age 65 for Division A and age 60 for Division B and entitles employees to a lifetime monthly benefit as determined under the Metro Plan. Benefits fully vest upon completing five years of service for employees employed on or between October 1, 2001 and December 31, 2012 and who vest before leaving employment.

A net pension liability has been recorded in the financial statements of the Authority based on its pro rata share of the total net pension liability for the Metropolitan Government. The net pension liability was $233,451 at June 30, 2017 and $799,038 at June 30, 2016. The Authority's proportion of the Metro Plan's net pension liability at June 30, 2017 was 0.57% and at June 30, 2016 was 0.36%.

Certain differences between expected and actual actuarial results and certain differences between projected and actual investment earnings are recorded as either deferred outflows of resources or deferred inflows of resources. The deferred outflows of resources and deferred inflows of resources were $0 and $678,892, respectively, at June 30, 2017 and $278,217 and $228,589, respectively at June 30, 2016. The amounts will be recognized as pension expense in future years.

Contributions by the Authority to the Metro Plan totaled $214,144 and $247,589 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Authority has recorded a net pension liability, deferred outflows of resources, and deferred inflows of resources, in accordance with GASB Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27*, related to its participation in the pension plans of the Metropolitan Government. The number of Authority employees participating in the pension plans is approximately 20, and disclosures and related information presented are limited due to the Authority's relative level of participation. Additional information regarding the pension plans of the Metropolitan Government Authority's relative is available in its Comprehensive Annual Financial Report, which can be obtained from the Department of Finance, Financial Operations, 700 2nd Ave South, PO Box 196300, Nashville, TN, 37219-6300, or http://www.nashville.gov/Finance/Financial-Operations.aspx.

(b) OPEB Plans (Former Metropolitan Government Employees)

Retirees in the Metro, City or County Plans may elect to participate in the Metropolitan Employees' Medical Benefit Plan (Benefit Plan), a single-employer defined benefit healthcare plan. The Benefit Plan is administered by the Employee Benefit Board and provides medical, dental and life insurance. The OPEBs were authorized by the Metropolitan Charter and Code. The financial position and results of operation of the Benefit Plan are reported as an internal service fund of the Metropolitan Government and, accordingly, are not included in the financial statements of the Authority.

The contribution requirements of the Benefit Plan members and the Metropolitan Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the Metropolitan Government contributes 75% of all premium payments, and the retirees contribute 25%. The Metropolitan Government also provides a 50% matching contribution on dental insurance for retirees that choose to participate. Finally, the Metropolitan Government provides life insurance at no charge to retirees.

As the Metropolitan Government has assumed the responsibility for funding these benefits, the Authority has accrued no liability as of June 30, 2017 or June 30, 2016. Actuarially determined OPEBs are reported in the government-wide statements of the Metropolitan Government; accordingly, no additional liability has been accrued in the financial statements of the Authority.

(c) Deferred Compensation 457 Plan (Former Metropolitan Government Employees)

The Metropolitan Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Metro employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are held in a trustee capacity, they are not included in the financial statements of the Metropolitan Government. No contributions are made to this plan by the Metropolitan Government or Convention Center Authority.

(d) Deferred Compensation 401(k) Plan (Authority Employees)

The Authority offers a 401(k) deferred compensation plan to its employees hired directly by the Authority. Former employees of the Nashville Convention Center are not eligible to participate in this plan. The plan permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employees can contribute as much as is allowed by Federal law. The Authority matches 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary. Contributions by the Authority to the 401(k) Plan totaled $133,486 and $122,153 for the years ended June 30, 2017 and 2016, respectively. The plan is administered by the Authority. Financial statements for the plan can be obtained from the Convention Center Authority, c/o Music City Center, Human Resources, 201 Fifth Avenue South, Nashville, TN, 37203.

(8) Risk Management

The Authority is exposed to various risks of loss incidental to its operations and has obtained several insurance policies after performing risk assessment analyses. The Authority retains risk up to a maximum deductible of $100,000 for each covered claim and has obtained excess insurance for any claims above that amount. These policies provide insurance for property, builder's risk, worker's compensation,

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

automobile, general liability and other exposures. There have been no settlements exceeding insurance coverage since the inception of the Authority.

(9) Leases

On December 30, 2010, the Authority entered into a development agreement for the Country Music Hall of Fame and Museum Expansion with Omni Nashville, LLC (Omni) and into a development, lease and operating agreement with the Country Music Foundation, Inc. (Hall of Fame). Under the terms of the agreements, Omni constructed a connector (expansion project) between its headquarters hotel and the Hall of Fame, with funding from tax increment financing provided by the MDHA. Upon completion of construction, the connector was transferred to the Authority on June 20, 2014 and is now leased to the Hall of Fame for an initial term of 60 years. The annual lease payments for 2017-2019 include $50,000 to be recorded as rental revenue by the Authority and $200,000 to be deposited in an escrow account for future repair and maintenance of the space. Future minimum lease payments to the Authority will be as follows:

		Annual payments
Years ending June 30:		
2018–2019	$	250,000
2020–2024		350,000
2025–2064		500,000
2065–2069		650,000
2070–2074		750,000

The Hall of Fame is responsible for all interior and exterior operating costs, insurance, maintenance and repairs. As required by the agreement, the Authority has established a reserve fund for the portion of the Hall of Fame annual payment reserved for future capital costs related to the connector. The carrying amount of the connector on the Authority's statement of net position at June 30, 2017, net of accumulated depreciation of $2,873,509, is $34,418,226. The cost and carrying amount of the connector at June 30, 2016 was $35,350,519.

(10) Related-Party Transactions

In accordance with Ordinance Number BL2010-690 passed by the Metropolitan Council on June 15, 2010, and under the terms of an interlocal agreement between the Authority and the Metropolitan Government, on July 1, 2010, the Authority began to manage the existing Nashville Convention Center (NCC). Because the assets of the existing NCC are owned by the Metropolitan Government, the operations are accounted for as an enterprise fund of the Metropolitan Government. The operations of the NCC were discontinued during fiscal year 2017 in conjunction with the sale of the NCC land. See Note 11.

The Authority has entered into an interlocal agreement with the Metropolitan Government for various financial and administrative services. Additionally, the Authority uses certain services provided by the Metropolitan Government's internal service agencies on a user charge basis.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

Notes to Financial Statements

June 30, 2017 and 2016

(11) Commitments and Contingencies

On October 19, 2010, the Authority entered into a Development and Funding Agreement with Omni to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Authority will pay Omni annual economic development payments and incentives from excess tourism tax revenues collected over a period of 20 years. These payments are additionally secured by a pledge of the Metropolitan Government's nontax revenues of the General Fund of the General Services District, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority, a component unit of the Metropolitan Government. No payments related to this financial guarantee have been made by the Metropolitan Government. Should any payments be made by the Metropolitan Government in the future, the agreements provide for recovering any such payments from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met.

These payments to Omni began after the hotel opened for business, including the renting of rooms. The amount remitted to Omni during the years ended June 30, 2017 and June 30, 2016 totaled $10,000,000 and $9,000,000, respectively. The schedule of future annual payments is expected to be as follows.

		Annual payment
Year ending June 30:		
2018–2026	$	12,000,000
2027–2033		15,000,000

There is one pending condemnation case related to a parcel of land acquired for the Music City Center site for which a total of $1,774,300 has been paid. This matter was tried before a jury August 29–31, 2016 and the Court entered an order of judgment on September 9, 2016 for an additional $351,398 to be paid to the property owner. This judgment was well within the amounts reserved by the Authority. Thereafter, the property owner filed a motion for new trial with the Court, which was denied. The owner then filed a notice of appeal on February 24, 2017 which conducted oral arguments on October 6, 2017. As of the date of these financial statements, no decision has been published.

In May 2015, the Metropolitan Council approved a redevelopment agreement related to the sale and development of the former NCC site that was under the management of the Authority. The final sale of the NCC land to Oliver McMillan Spectrum Emery Inc. closed on November 10, 2016. Along with the redevelopment agreement, the Authority has agreed to contribute $38,500,000 from its surplus tax revenue to partially fund the parking garage and conference center space at the Fifth + Broadway complex. Contributions will be made in periodic payments upon verification of ongoing construction and completion of specified work allowable for reimbursement.

(Continued)

In January of 2017 the Convention Center Authority approved a budget of $19,945,000 to begin construction on various capital projects on the MCC campus including an expansion of the exhibit hall concourse space, enclosure of the Davidson Ballroom terrace to increase prefunction space, and the construction of a new food and beverage outlet near exhibit hall D. These capital projects began immediately and are anticipated to be completed by January 2018.

(12) Subsequent Events

On October 20, 2017 the Convention Center Authority purchased the lot at 424 Lafayette Street in Nashville for $5,150,000. This lot will be used as a marshalling yard for events and additional parking to supplement the garage at the Music City Center.

The Authority has evaluated subsequent events through October 30, 2017, the date the financial statements were available for issuance, and has determined that there are no other subsequent events that require additional disclosure.

KPMG

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Audit Committee
Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County, Tennessee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority), which comprise the statement of net position as of June 30, 2017, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

October 30, 2017

KPMG

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Financial Statements and Supplemental Information

December 31, 2016, 2015 and 2014

(With Independent Auditors' Report Thereon)

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

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Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

The Plan Administrator
The Convention Center Authority of the Metropolitan Government of
Nashville and Davidson County Employees' Savings Trust:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County Employees' Savings Trust (the Plan), which comprise the statements of fiduciary net position as of December 31, 2016, 2015, and 2014, and the related statements of changes in fiduciary net position for the years ended December 31, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 5, which was certified by MG Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certifications from the custodian as of December 31, 2016, 2015 and 2014, and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

KPMG

Other Matter – Supplemental Schedules

The supplemental schedules of Schedule H, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2016 and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016 and as of December 31, 2015, are required by the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Other Matter – Omission of Required Supplemental Information

Management has omitted Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our report on the basic financial statements is not affected by this missing information.

Report on Form and Content in Compliance with DOL's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

Nashville, Tennessee
October 12, 2017

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Statements of Fiduciary Net Position

December 31, 2016, 2015, and 2014

		2016	2015	2014
Assets:				
Cash	$	17	10,912	—
Investments:				
Mutual funds, at fair value		904,550	686,668	480,506
Guaranteed investment contract, at contract value		10,968	11,131	5,821
Total investments		915,518	697,799	486,327
Contributions receivable		12,732	10,267	9,031
Total assets		928,267	718,978	495,358
Net position restricted for pensions	$	928,267	718,978	495,358

See accompanying notes to financial statements.

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2016 and 2015

		2016	2015
Additions:			
Investment income (loss):			
Net appreciation/ (depreciation) in value of investments	$	31,196	(32,829)
Interest and dividends		20,933	18,736
Total investment income (loss)		52,129	(14,093)
Contributions:			
Participants		174,815	165,986
Employer		123,475	116,173
Rollovers		2,203	34,246
Total contributions		300,493	316,405
Total additions		352,622	302,312
Deductions:			
Benefits paid directly to participants		135,597	71,280
Administrative fees and charges		7,736	7,412
Total deductions		143,333	78,692
Net increase in net position		209,289	223,620
Net position restricted for pensions:			
Beginning of year		718,978	495,358
End of year	$	928,267	718,978

See accompanying notes to financial statements.

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

(1) Description of the Plan

The following description of The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County Employees' Savings Trust (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan, adopted effective January 1, 2013, is a defined contribution pension plan covering substantially all employees hired directly by the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Employer or Authority) who are at least 18 years of age. The Plan is subject to the provisions of the Employment Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the Authority under the provisions of Tennessee Code Title 7, Chapter 89.

CUNA Mutual Retirement Solutions (CUNA) serves as the record keeper of the Plan and maintains and administers the Plan's records and investment allocations for the benefit of participants. MG Trust Company is the custodian of the Plan assets.

(b) Contributions

Upon achieving eligibility to participate in the Plan, employees must elect to participate or not participate in the Plan. Participants may contribute up to the maximum amount allowed by federal law and direct the investment of their contributions into various investment options offered by the Plan. The Employer may make a discretionary matching contribution on behalf of each participant. In 2016 and 2015, the Employer matched 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary. For the years ended December 31, 2016 and 2015, there were $123,475 and $116,173, respectively in Employer discretionary contributions made to the Plan.

(c) Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of the Employer's contribution and Plan earnings. Allocations are based on participant earnings or account balances, as defined by the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting

Participants are immediately vested in their contributions, rollover contributions, and actual earnings thereon. Participants vest 20% at the end of the first year of service and then vest 20% per year in the Employer's contribution portion of their account plus actual earnings thereon, for each year of credited service as defined by the Plan document. A participant is 100% vested after five years of credited service.

(e) Forfeitures

Forfeitures of terminated participants' nonvested accounts are used to reduce future Employer contributions or to pay Plan administrative expenses. At December 31, 2016 and 2015, the forfeited nonvested account totaled $66,244 and $24,938, respectively. This account will be used to reduce future Employer contributions or to pay Plan administrative expenses.

(f) Payment of Benefits

On termination of service, whether due to death, disability, retirement, or otherwise, the participant or the beneficiary of the participant shall receive a lump-sum payment in cash. The Plan also permits in-service withdrawals due to financial hardship, in accordance with provisions specified in the Plan document.

(g) Administrative Expenses

The Plan's expenses are paid either by the Plan or the Authority, as provided by the Plan document. Expenses that are paid directly by the Authority are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statement of changes in fiduciary net position. In addition, certain investment-related expenses are included in net appreciation (depreciation) of value of investments presented in the accompanying statements of changes in fiduciary net position.

(h) Participant Loans

Participant loans are not permitted under the Plan.

(i) Plan Membership

As of December 31, 2016, 2015, and 2014, Plan had 149,169, and 143 participants, respectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared under the accrual basis of accounting, based on standards promulgated by the Governmental Accounting Standard Board (GASB).

During the year ended December 31, 2016, it was determined that the appropriate financial reporting framework for the Plan under U.S. generally accepted accounting principles is the framework established by the Governmental Accounting Standards Board (GASB), not the Financial Accounting Standards Board (FASB), because the Authority is an instrumentality of the Metropolitan Government of Nashville and Davidson County as well as a public nonprofit corporation. As a result of this change to the GASB financial reporting framework, there were no changes in the previously reported amounts in the financial statements as of and for the year ended December 31, 2015. The changes primarily relate to financial statement presentation and classification, as well as certain additional disclosures related to investment risks.

(Continued)

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

(b) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Investment Valuation and Income Recognition

Investments are reported at fair value, except for guaranteed investment contracts, which are presented at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 3 for discussion of fair value measurements. Contract value is the relevant measurement attribute for that portion of the net position available for pensions of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(d) Payments of Benefits

Benefits are recorded when paid.

(e) Excess Contributions Payable

The Plan is required to return contributions received during the Plan year in excess of the IRC limits. There were no excess contributions payable in 2016, 2015, or 2014.

(3) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2016, 2015, and 2014:

	2016			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Balanced Funds	$ 777,574	—	—	777,574
Index Funds	57,133	—	—	57,133
Fixed Income Funds	3,619	—	—	3,619
Money Market Funds	66,224	—	—	66,224
Total investments at fair value	$ 904,550	—	—	904,550
Guaranteed Investment Contract, at contract value				10,968
Total investments				$ 915,518

(Continued)

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

2015					
Description		Level 1	Level 2	Level 3	Total
Mutual funds:					
Balanced Funds	$	623,739	—	—	623,739
Index Funds		34,267	—	—	34,267
Fixed Income Funds		3,724	—	—	3,724
Money Market Funds		24,938	—	—	24,938
Total investments at fair value	$	686,668	—	—	686,668
Guaranteed Investment Contract, at contract value					11,131
Total investments					$ 697,799

2014					
Description		Level 1	Level 2	Level 3	Total
Mutual funds:					
Balanced Funds	$	450,226	—	—	450,226
Index Funds		17,328	—	—	17,328
Fixed Income Funds		4,238	—	—	4,238
Money Market Funds		8,714	—	—	8,714
Total investments at fair value	$	480,506	—	—	480,506
Guaranteed Investment Contract, at contract value					5,821
Total investments					$ 486,327

(4) Investments

(a) Investment Risk Disclosures

(i) Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

As of December 31, 2016, 2015, and 2014, the Plan had the following fixed income and money market investments with the corresponding average duration.

	2016		2015		2014	
Type of investments	Average duration	Fair value	Average duration	Fair value	Average duration	Fair value
Fixed income mutual funds:						
JP Morgan Core Bond Fund R2	5.85	$ 865	4.96	$ 1,223	4.79	1,357
Blackrock Inflation Protect Bd. SerC	6.85	1,549	7.52	1,971	7.31	1,384
Templeton Global Bond Fund	0.28	1,205	0.40	530	1.49	1,497
Money market fund:						
Oppenheimer Cash Reserves	—	—	0.07	24,938	0.03	8,714
Vanguard Federal MMKT FD	—	66,224	—	—	—	—

(ii) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk. Additionally none of the fixed income funds held by the Plan were rated by nationally recognized statistical rating organizations.

(iii) Concentration of Credit Risk

The Plan does not have a policy regarding the concentration of credit risk, since investments are participant directed.

(5) Information Certified by the Plan's Trustee

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosures under ERISA. Accordingly, MG Trust Company, the custodian of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate as of December 31, 2016, 2015, and 2014, and for the years ended December 31, 2016 and 2015:

	2016	2015	2014
Mutual funds	$ 904,550	686,668	480,506
Guaranteed investment contract, at contract value	10,968	11,131	5,821
Interest bearing cash	17	10,912	—
Net appreciation/(depreciation) in fair value	31,196	(32,829)	N/A
Interest and dividends	20,933	18,736	N/A

(Continued)

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

The Plan's independent auditor did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedules.

(6) Income Tax Status

The Plan has adopted a prototype Volume Submitter Profit Sharing Plan as provided by the Plan's record keeper, CUNA Mutual Retirement Solutions. The IRS issued an opinion letter dated March 31, 2014, indicating that the prototype profit sharing plan is designed in accordance with applicable sections of the IRC. Although the Plan is amended periodically, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(7) Transactions with Parties-in-Interest

Certain Plan investments are shares of mutual funds managed by CUNA Mutual Retirement Solutions. CUNA Mutual Retirement Solutions is the record keeper of the Plan's assets and, therefore, qualifies as a party-in-interest.

(8) Plan Termination

Although it has not expressed any intent to do so, the Authority has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

(9) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net position restricted for pensions according to the financial statements as compared to Form 5500 at December 31:

		2016	2015	2014
Net position restricted for pensions per the financial statements	$	928,267	718,978	495,358
Less contribution receivable at end of year		(12,732)	(10,267)	(9,031)
Other		38	17	1
Net position restricted for pensions per Form 5500	$	915,573	708,728	486,328

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES' SAVINGS TRUST

Notes to Financial Statements

December 31, 2016, 2015, and 2014

The following is a reconciliation of the net increase in net position restricted for pension benefits according to the financial statements as compared to Form 5500 at December 31:

		2016	2015
Total increase in net position restricted for pensions	$	209,289	223,620
Add contribution receivable at beginning of year		10,267	9,031
Less contribution receivable at end of year		(12,732)	(10,267)
Other		21	16
Total increase in net position restricted for pensions per Form 5500	$	206,845	222,400

The following is a reconciliation of employee contributions according to the financial statements as compared to Form 5500 at December 31:

		2016	2015
Participant contributions per financial statements	$	174,815	165,986
Add participant contribution receivable at beginning of year		6,030	5,389
Less participant contribution receivable at end of year		(7,657)	(6,076)
Total employee contributions per Form 5500	$	173,188	165,299

The following is a reconciliation of employer contributions according to the financial statements as compared to Form 5500 at December 31:

		2016	2015
Employer contributions per financial statements	$	123,475	116,173
Add employer contribution receivable at beginning of year		4,237	3,642
Less employer contribution receivable at end of year		(5,075)	(4,191)
Total employer contributions per Form 5500	$	122,637	115,624

(10) Subsequent Events

The Plan has evaluated subsequent events from December 31, 2016 through October 12, 2017, the date the financial statements were available for issuance, and determined there are no items to disclose.

SUPPLEMENTAL INFORMATION

Music City Center

RFP Intent to Award Summary Sheet for the Music City Center

RFP: *Rigging Services for the Music City Center*

Selected Vendor:
Convention Production Rigging, Inc.

Compensation and Cost:

Proposed Commission Percentages

	Year1	Year2	Year3	Year4	Year 5
Gross Equipment Rentals	29%	29%	29%	29%	29%
Gross Labor on Set-up/Teardowns	29%	29%	29%	29%	29%

MCC Hourly Rates

	Year1	Year2	Year3	Year4	Year 5
Proposed Hourly Rates	$ 74.00	$ 79.00	$ 84.00	$ 84.00	$ 84.00
Holiday	$ 148.00	$ 158.00	$ 168.00	$ 168.00	$ 168.00
Overtime	$ 111.00	$ 118.50	$ 126.00	$ 126.00	$ 126.00

Term:
Three (3) year term
With two (2) one year options to renew

DBE participation:
Convention Production Rigging is a 100% Small Business

Other Vendors that Submitted Bids:
N/A