

MINUTES OF THE JOINT MEETING OF THE CONSTRUCTION & DEVELOPMENT AND FINANCE & AUDIT COMMITTEES OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The joint meeting of the Construction & Development and Finance & Audit Committees of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) met on August 26, 2010 at 8:06 a.m., in Room 210 at the Nashville Convention Center, Nashville, Tennessee.

CONSTRUCTION & DEVELOPMENT COMMITTEE MEMBERS PRESENT: "Vonda McDaniel, Luke Simons, "Mona Lisa Warren, and Marty Dickens

CONSTRUCTION & DEVELOPMENT COMMITTEE MEMBERS NOT PRESENT: Leo Waters

FINANCE & AUDIT COMMITTEE MEMBERS PRESENT: Mark Arnold, Ken Levitan, and Willie McDonald

FINANCE & AUDIT COMMITTEE MEMBERS NOT PRESENT: Darrell Drumwright

OTHERS PRESENT: Rich Riebeling, Charles Robert Bone, Charles Starks, Barbara Solari, Larry Atema, Kristen Heggie, Mark Sturtevant, Natasha Blackshear, Roxianne Bethune, Gary Schalmo, Steve Curtis, Scott Black, Debbie Frank, Ryan Johnson, Holly McCall, Terry Clements, Bill Phillips, Jim Murphy, and Vincent Alexander

The meeting was opened for business by Convention Center Authority Chairman, Marty Dickens.

ACTION: Mark Arnold made a motion to approve the Finance & Audit Committee minutes of July 29, 2010. The motion was seconded by Willie McDonald and approved unanimously by the committee.

ACTION: Luke Simons made a motion to approve the Construction & Development Committee minutes of July 29, 2010. The motion was seconded by Ken Levitan and approved unanimously by the committee.

"Denotes arrival of Mona Lisa Warren

Mr. Dickens began discussion about the agreement with Omni hotels for the Music City Center headquarters hotel.

- Denotes arrival of Vonda McDaniel


Rich Riebeling and Charles Robert Bone were asked to discuss and walk through the preliminary-development agreement for the hotel. (Attachment #1) There were questions and discussion. Mr. Bone noted that the initial agreement would be on the agenda for a vote at the meeting next week and the full development agreement would be on the agenda for October 7th.

Mr. Dickens asked Scott Black to review the project budget. (Attachment #2) Mr. Black gave an update on the Bell/Clark/Harmony budget details and the floor was opened for discussion and questions. Charles Robert Bone was asked to talk about the current status of the pending land transactions. There were additional questions and discussion.

Gary Schalmo was asked to give a construction update after which there was discussion and questions. Larry Atema also gave a few additional project updates.

With no additional business a motion was made to adjourn, with no objection the joint Construction & Development and Finance & Audit committee of the CCA adjourned at 9:34 a.m.

Respectfully submitted,



Charles L. Starks
Executive Director
Nashville Convention Center

Approved:



Marty Dicke, CCA Chairman
CCA Construction & Development Committee
CCA Finance & Audit Committee
Meeting Minutes of August 26, 2010

MEMORANDUM



TO: Interested Parties

DATE: August 26, 2010

RE: Summary of Draft Preliminary-Development Agreement (the "Agreement") for a Headquarters Hotel for the Music City Center

The **purpose** of this project is to enhance the Music City Center by facilitating the development of a premier headquarters hotel and related facilities that will, among other things, attract additional convention and tradeshow business which require large quantities of hotel room bookings and stays; generate increased tourism; enhance the financial coverage for the tourism tax revenue bonds for the development of the Music City Center previously issued by the Convention Center Authority (the "Authority"); increase the revenues pledged to the Authority by Metro Nashville pursuant to the Intergovernmental Project Agreement (Convention Center Project) by capturing the sales tax generated by a headquarters hotel; provide increased employment opportunities for residents of Davidson County and the Nashville Metropolitan Statistical Area; and provide increased opportunities for small, minority-owned, women-owned business enterprises and local businesses. The Agreement is, in part, summarized as follows:

Developer: Omni Nashville, LLC, a Delaware limited liability company ("Omni") and subsidiary of TRT Holdings, Inc., owner of Omni Hotels Management Corporation

Project Scope: The hotel project is expected to include 800 keyed hotel rooms, restaurants (three meal restaurant, specialty restaurant, sports bar and coffee shop), spa and fitness center, pool, business center, 60,000 square feet of meeting space, 20,000 square feet of pre-function space, supporting facilities and amenities necessary for a full-service hotel, and 560 parking spaces. The hotel shall also pursue certain joint-uses with, and include access to, the Country Music Hall of Fame and Museum.

2.417 acres located on 5th Avenue South, pursuant to a contract between Omni Hotels Management Corporation and Tower Music City, LLC dated July 9, 2010 ("Tower Site") and 0.91 acres located at 225 5th Avenue South, pursuant to a contract between Omni Hotels Management Corporation and 225 5th Avenue South Lot, LLC dated August 17, 2010 ("Carell Site")

Next Steps: On or before September 30, 2010, Omni shall present to the Authority a conceptual design and development budget, along with **identifying** a competent and capable development team, most

likely including architects, engineers, interior designers, food facilities planners, parking, transportation and other consultants. In addition, the parties shall use their respective commercially reasonable efforts to negotiate an acceptable Development and Funding Agreement, Room Block Agreement, Intergovernmental Project Agreement (Convention Center Hotel Project), and Tax Abatement Agreement.

Omni Responsibilities: Pursuant to the Agreement, Omni agrees to:

- Privately finance the hotel at its sole expense at an anticipated cost in excess of \$250 million. Omni and TRT Holdings, Inc. have represented and warranted that they have the unconditional ability to finance the project and that it shall not be contingent upon Omni obtaining financing in any respect.
- TRT Holdings, Inc. shall provide a completion guaranty for the project and maintain a minimum net worth of \$300 million for so long as the completion guaranty is in place.
- Manage and produce a successful diversified business enterprise result and assist small, minority-owned, and women-owned business enterprises in doing business with the project, including a commitment to spend a minimum of 20% of the project's direct construction costs with small, minority-owned, and women-owned business enterprises (as approved and certified by the Authority or other agreed organizations that certify such business enterprises).
- Offer local and regional business enterprises first consideration and the maximum practical opportunity to participate in trade agreements and/or subcontracts it awards (consistent with the efficient performance of the work and provided that such local and regional business enterprises offer competitive pricing, quality, work and service), including a commitment to spend a minimum of **20%** of the project's direct construction costs with businesses having a significant business presence in the Nashville Metropolitan Statistical Area
- Hire a minimum of 300 full-time equivalent jobs to operate the hotel, of which a minimum of 250 shall be filled by residents of the Nashville Metropolitan Statistical Area and a minimum of 200 of those shall be filled by residents of Davidson County.
- On an annual basis after **opening**, spend at least \$100,000 in expenditures for supplies and services for the operation and maintenance of the hotel with businesses having a significant business presence in the Nashville Metropolitan Statistical Area and \$50,000 in supply and service expenditures with small, minority-owned, and women-owned business enterprises.
- Work with the Country Music Hall of Fame and Museum, the Metro Government and the Authority to develop a comprehensive site plan, to make part of the site available for the expansion of the Country Music Hall of Fame and Museum, and

to maximize thematic opportunities and certain joint-uses between **the** Country Music Hall of Fame and Museum and **the** hotel.

- Pursue, to **the** greatest extent practical, **the** U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ standard for a silver level certification for **the** project.
- Be solely responsible for **the** costs and expenses of all pre-development expenses and activities incurred by Omni including without limitation design plans, engineering studies, and legal costs.

Authority Responsibilities: Pursuant to **the** Agreement, **the** Authority agrees to:

- During the term of **the** Agreement, deal and negotiate exclusively with Omni and not with any **other** person or entity, **with** regard to **the** development, branding and management of **the** hotel and project.
- Provide a partial tax abatement of 62.5% of the real property and personalty taxes assessed by Metro Nashville's Assessor of Property for **the** project (requiring that the project be conveyed to and leased back from **the** IDB **with** an option by Omni to repurchase **the** Project at any time for \$10).
- Facilitate a tax increment revenue loan to MDHA providing Omni **with** \$25 million on or before May 1, 2011, as partial reimbursement for certain site and related infrastructure costs.
- Pay \$103 million (net present value) in the form of annual economic development payments and incentives, funded from a portion of **the** excess tourism tax revenues collected from the project, over a 20 year period. The annual payments shall be additionally secured by certain general services district non-tax revenues from Metro Nashville (as previously pledged and subordinated to **the** Convention Center bonds).
- Designate the hotel as **the** "headquarters hotel" for the Music City Center. The room block commitment agreement for **the** hotel shall be considered the primary room block commitment agreement for the Music City Center. In addition, for a period of 78 months from the opening of **the** hotel, the Authority agrees that it will neither acquire, commence development of, issue debt for, provide other incentives in support of, or otherwise own another hotel in excess of four hundred rooms and within a one mile radius of **the** Music City Center.
- Should **the** Parties fail to enter into **the** *Development and Funding Agreement*, reimburse the Developer for any escrow deposits made which are not refunded to Omni and non-refundable payments paid to **the** sellers of **the** Tower Site and Carell Site.

*The foregoing **is** not a complete summary of the terms of the Agreement and is qualified in its entirety by the detailed information appearing **in the Agreement**.*



MUSIC CITY CENTER BUDGET OVERVIEW

Direct Construction Costs		77.3%
Land Acquisition & Relocation		
Design & Engineering	40,189,684	6.9%
CCA Project		
Project Insurance	8,252,322	1.4%
Legal, Financing & Consultants	2,859,480	0.5%
Furniture, Fixtures & Equipment	11,650,000	2.0%
Pre-Opening Operations	2,000,000	0.3%
TOTAL	585,000,000	100%

MUSIC CITY CENTER PAID TO DATE

Direct Construction Costs			
Land Acquisition & Relocation			
Design & Engineering			
Project Insurance			
Furniture, Fixtures & Equipment	11,650,000		
Pre-Opening Operations	2,000,000	0	0.0%
TOTAL	585,000,000	108,228,175	18.5%

DIRECT CONSTRUCTION COSTS

Bell/Clark/Harmony	415,000,000	20,754,763	5.0%
	2,044,757	2,906	0.1%
	15,000,000	0	0.0%
	452,044,757	22,758,126	5.0%
Off-Site Utilities – detail			
AT&T			
XO			
NES Underground @ 6"	635,000		0.0%
Storm water work @ Substation	546,000		0.0%
	2,044,757	2,906	0.1%

BELL/CLARK/HARMONY COSTS

SITWORK: THIS SCOPE OF THE JOB INCLUDES ITEMS SUCH AS EXCAVATION, LANDSCAPING, PAVING, AND UTILITIES	
STRUCTURE: CAST-IN-PLACE CONCRETE, FRAME CONSTRUCTION, STRUCTURAL STEEL, METAL	101,270,000
ENCLOSURES: WATERPROOFING, ROOFING, METAL PANELS, FIREPROOFING, CURTAINWALL DOORS, OVERHEAD DOORS, AND INTERIOR STOREFRONT	47,410,000
INTERNAL MATERIALS: WOOD PANELING, COUNTERTOPS, WOOD CEILINGS, DRYWALL, CARPET, PAINTING, CEILING, BRICK, MASONRY, STONE PAVING, STONE FLOORING, AND STONE	50,786,000
SPECIALTIES, EQUIPMENT, FURNISHINGS, & MISCELLANEOUS: OPERABLE PARTITIONS, SIGNAGE, TOILET PARTITIONS, LOADING DOCK EQUIPMENT, FOOD SERVICES EQUIPMENT, ENTRANCE MATS, BLINDS, ELEVATOR AND ESCALATORS, AND GENERAL REQUIREMENTS	42,840,000
MPE: HVAC, PLUMBING, FIRE PROTECTION, TEMPORARY ELECTRIC, AND ELECTRICAL	
CONSTRUCTION SOFT COSTS: BONDS, FEES, AND GENERAL CONDITIONS	51,499,000
TOTAL	415,000,000
ADDITIONAL SERVICES BY BELL/CLARK/HARMONY (NON-GMP ITEMS)	
GREYHOUND RELOCATION \$684,490	DISTRICT ENERGY SERVICES \$4,492,860

LAND

BUDGET	PAID TO DATE	PENDING PAYMENTS
57,000,000	47,968,931	5,186,045
COMPLETED LAND TRANSACTIONS		
BILLY PITT	METRO TRANSIT AUTHORITY	
GATES	BETTER BUSINESS EQUIPMENT	
MURPHREE	ASPHALT BEACH	
MAY	SHIRLEY	
DODSON	METHODIST	
PENDING LAND TRANSACTIONS		
CHRISTIE'S - IN COURT	PLATINUM - IN COURT	
CHAMBERS - IN COURT		
ROCKETOWN	GREYHOUND	

DESIGN & ENGINEERING

	Budget	Paid to Date	% Complete
Design .. Engineering Contract*	36,625,000	28,707,437	78.4%
Program Consultants	1,313,000	1,313,000	100.0%
Geotechnical & Testing Consultant	296,854	296,854	100.0%
Pre-Development Consultant	32,530	32,530	100.0%
Master planning	1,500,000	281,199	18.7%
TOTAL	253,920	40	0.0%
TOTAL	40	40	74.8%

*The design team includes the following consultants:
 Architect, Structural Engineer, Mechanical, Electrical, & Plumbing Engineer, Interior Designer, Civil Engineering, Fire Protection Engineering, Graphics Designer, Parking Designer, Lighting Designer, Data and Telecom.


MUSIC CITY CENTER PROJECT MANAGEMENT

	Budget	Paid to Date	% Complete
Pre-Development PM Consultant	2,214,967	2,214,967	100.0%
Staff Payroll and Benefits	7,751,925	1,425,750	18.4%
Authority Expenses	1,865	204,278	21.7%
TOTAL	10,993,758	3,929,995	35.7%




MUSIC CITY CENTER PROJECT MANAGEMENT

	Budget	Paid to Date	% Complete
Insurance & Benefits	7,069,603	1,384,909	19.6%
TOTAL	682,522	40,841	6.0%
Authority Expenses - detail			
Office Supplies, Safety & Admin Expenses	179,300	21,855	12.2%
Setup of original & modular offices	220,330	159,468	72.4%
TOTAL	183,000	340	0.2%
TOTAL	941,865		21.7%



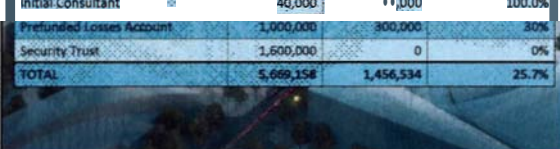
PROJECT INSURANCE & PROGRAMS

	Budget	Paid to Date	% Complete
OCIP Program	5,669,158	1,456,534	25.7%
Additional Claims Reserve	796,800		
Builder's Risk Policy	771,000	257,000	33.3%
CCA Insurance Policies	222,364	51,591	23.2%
Workforce Development Program	175,000	49,031	28.0%
Surety Assistance Program	228,000	116,411	51.1%
On-Site Medical Program	390,000	0	0.0%
TOTAL	8,252,322	1,930,567	23.4%



OCIP PROGRAM DETAIL

	Budget	Paid to Date	% Complete
Worker's Compensation	1,186,370	194,240	16.4%
Umbrella Coverage	513,584	161	0.0%
Excess (\$50 Million)	347,416	347,416	100.0%
Initial Consultant	151,500	151,500	100.0%
Pre-funded Losses Account	675,000	187	0.0%
Security Trust	40,000	11,000	27.8%
TOTAL	1,000,000	300,000	30%
TOTAL	1,600,000	0	0%
TOTAL	5,669,158	1,456,534	25.7%



Legal, Financing & Consultant

	Budget	Paid to Date	% Complete
General Legal Expenses	1,000,000	408,126	40.8%
Project Audits	525,000		
Financial Feasibility Consultant	200,000		0.0%
Pre-Development PR - Marketing	282,740	282,740	100.0%
TOTAL	861,740	861,740	100.0%
TOTAL	2,869,480	1,552,606	54.1%



FF&E and Pre-Opening Operations

		Paid to Date	
Music City Center FF&E	9,650,000	●	10%
Art	2,000,000	●	U.S.
Pre-Opening Operations	2,000,000	●	U.S.
TOTAL	13,650,000		U.S.



MUSIC cIn CENTER BUDGET OVERVIEW

		% of Total
	452,044,757	77.3%
Land Acquisition & Relocation	57,000,000	9.7%
Design & Engineering	40,189,684	6.9%
CCA Project Management		1.9%
Project Insurance	8,252,322	1.4%
Furniture, Fixtures & Equipment	11,650,000	2.0%
Pre-Opening Operations		0.3%
TOTAL	585,000,000	100%

