

MINUTES OF THE 2nd MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 2nd meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on October 29, 2009 at 8:00 a.m., in Room 203 at the Nashville Convention Center (NCC), Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Mark Arnold, Marty Dickens, Ken Levitan, Vonda McDaniel, Willie McDonald, Luke Simons, Mona Lisa Warren, Leo Waters, and Vice-Mayor Diane Neighbors, Ex-Officio

AUTHORITY MEMBERS NOT PRESENT: Darrell Drumwright

OTHERS PRESENT: Rich Riebeling, Larry Atema, Charles Starks, Barbara Solari, Mark Sturtevant, Tom Cross, David Levy, and Wayne Placide. In addition, two members of the general public were present.

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

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

It was announced that the next meeting of the CCA would be on Thursday, November 12, 2009 at 8:00a.m. at the Nashville Convention Center.

ACTION: Willie McDonald made a motion to approve the 1st Meeting Minutes of October 14, 2009. The motion was seconded by Vonda McDaniel and approved unanimously by the Authority.

Charles Starks, Executive Director of the Nashville Convention Center, was then introduced and presented an initial draft of the operating assumptions for the proposed convention center. (Attachment #1)

Wayne Placide with First Southwest and David Levy with Goldman Sachs were then introduced and gave a financing market overview. (Attachment #2)

Rich Riebeling, Metro Director of Finance, recommended the independent legal counsel for the Authority be Bone McAliester Norton.

ACTION: Leo Waters made a motion that Bone McAliester Norton be the Convention Center Authority's legal counsel. The motion was seconded by Luke Simons. After discussion the motion was approved unanimously by the Authority.

Chairman Dickens requested that at the next Authority meeting a recommendation/presentation be given on the structure and management of the project assuming it continues to go forward. There was general discussion about the overall structure and management of the project and public relations.

With no additional business Marty Dickens made a motion to adjourn, with no objection the CCA adjourned at 10:05 a.m.

Respectfully submitted,



Charles L. Starks
Executive Director
Nashville Convention Center

Approved:



Marty Dickens, Chairman
CCA 2nd Meeting Minutes
Of October 29, 2009

Appeal of Decisions

Appeal of Decisions from the Convention Center Authority -
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 Music City

Music City Center Operating Assumptions

 Music City

Operating Proforma

Operating Budgets Developed

Staffing Plan Established

Marketing of Center Underway, Including
Ads in Industry Publications

Preparing a summary for the Authority

 Music City

Financial Assumptions

We have based our financial assumptions on
how our current building performs.

Our assumption is that we will do the same
type of business mix.

 Music City

Lost Business

299 Pieces of Business have been lost
through September 2009 due to the size of
the current Convention Center.

This has resulted in the loss of over 1.3
million total room nights and \$565,000,000
in Economic Impact.

 Music City

Music City Center Competitive Set

Indianapolis

Denver

Charlotte

Pittsburgh

St. Louis

• Columbus

San Antonio

 Music City

Music City Center will NOT compete with

Chicago Washington, D.C.
Orlando Las Vegas

Music City

Music City Center Market

Our market is association driven

American Choral Directors Association
American Trucking Association
American Association of School Administrators
Hearth Patio & Barbecue Association

Music City

Market Segment

The Music City Center will be able to compete/or about 70-75% of the tradeshow market

Current Market of National Conventions per year:

150,000 - 200,000 gsf: 471
200,000 - 275,000 gsf: 285
275,000 - 350,000 gsf: 225

Does not include state and regional shows

Source: DMAI Mint Report

Music City

Attendance

Average FY 09 Event Attendance at the Nashville Convention Center for all events: 1,268

Average FY 09 Convention Trade Show Attendance at the Nashville Convention Center: 2,924

Average Event Attendance Pre-Booked at the Music City Center: 6,538

Music City

Pricing

Our financial projections employ the same principals we currently use.

Example: *The Nashville Boat Show pays approximately \$1.00 per net sf in the current convention center utilizing the entire 118,000 sf.*

In the new center they will pay \$1.00 per net sf; however, they will utilize more space, therefore paying more for their event.

Music City

Convention & Trade Show Assumptions

Stabilized Year – Year 5

Hall	Attendance	Demand
Full Hall	5,500	8
¾ Hall	4,100	27
½ Hall	2,800	11
¼ Hall	1,400	8
Total		54

Music City

Consumer Show Assumptions

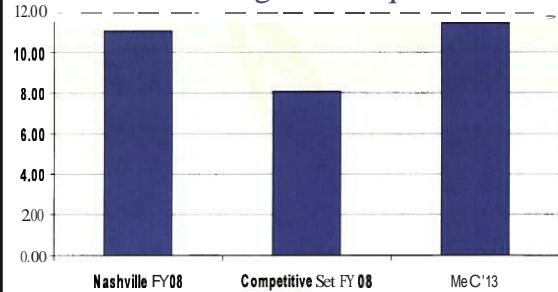
Stabilized Year - Year 5

Hall	Attendance	Demand
Full Hall	18,000	3
¾ Hall	13,500	8
½ Hall	9,000	3
¼ Hall	4,500	2
Total		16

Current consumer shows in 118,000 sf average 9,924 attendance



Food & Beverage Per Square Foot



Based on exhibit haUsf



F&B Assumptions

Event Type	F&B per attendee
Convention & Tradeshow	\$18.00
Consumer	\$10.50
Corporate	\$30.00
Banquets	\$40.00
Meetings & Conferences	\$20.00

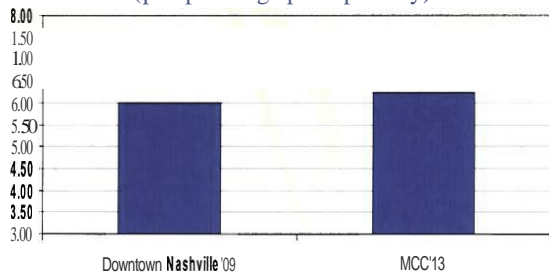


Banquet Assumptions

Hall	Attendance	Demand
Full Ballroom	1,000	15
2/3 Ballroom	700	25
1/3 Ballroom	300	10
Total		50



Parking (per parking space per day)



Parking Assumptions

1,800 spaces

MCC \$6.21 per space per day in 2013

NashviUe Downtown average is \$6.00 per space per day in 2009

\$4,082,400 first year

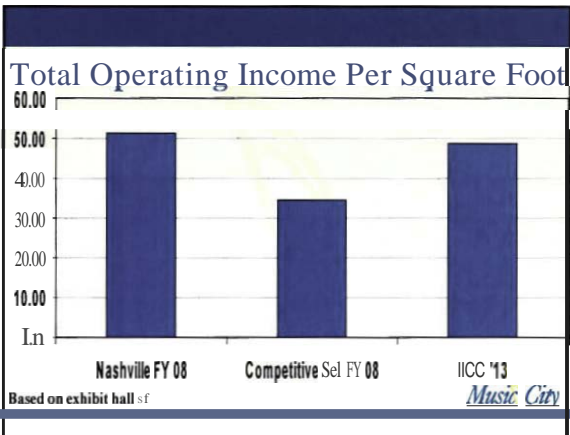
Self parking managed in-house

Contract valet parking

About 80% net income to building

Net Income: \$3,262,400





Staffing Assumptions

Current NCC 51 **FTE**
MCC 152 **FTE**

Positions	Mec	NCC
Setup	20	5
Housekeeping	12	5
Sales	14	8
Event Managers	5	2
Finance/Accounting	12	3
Engineering	14	5

Music City

Would you rather have your convention in...

Indianapolis or Nashville?

St. Louis or Nashville?

Charlotte or Nashville?

Music City

Music City Center Operating Assumptions

Music City

Presentation to Metropolitan Government of Nashville
and Davidson County



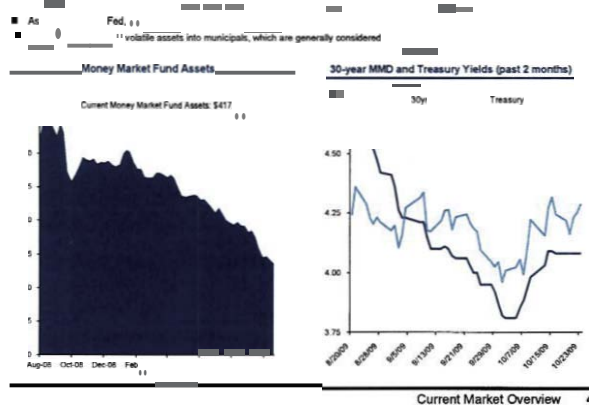
Goldman, Sachs & Co.
October 29, 2009

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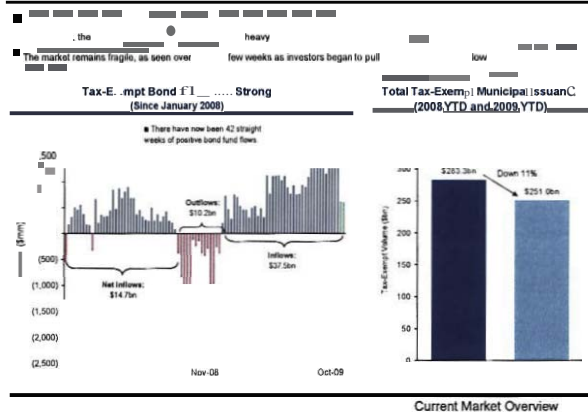
- Current Market Overview
- I. Convention Center Financing Structure

I. Current Market Overview

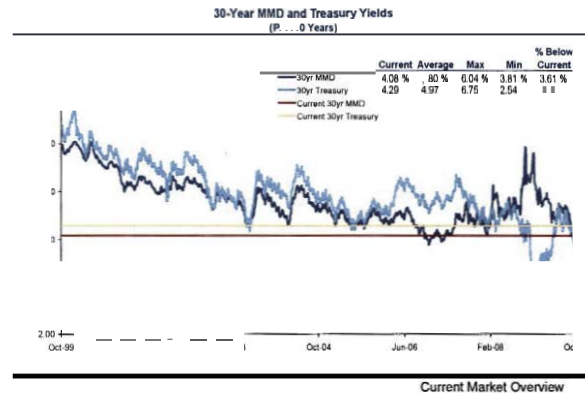
Municipals Initiated a late summer rally that has recently begun to retreat



Strong municipal bond inflows have recently slowed



30-year tax-exempt yields are currently near all time lows, while taxable yields are far below averages



Despite recent strength, markets remain very fragile

- The municipal market backed up dramatically in the past two weeks due to weak unemployment — a heavy calendar
- As reported on October 2, employment continued to decline in September, with the unemployment rate rising to 9.8%
- The municipal market has limited secondary market trading and liquidity illustrating how susceptible it is to a back up in primary supply and demand dynamics week-to-week
- Spreads on tax-exempt issues jumped to 40 bp wider than the previous few weeks contemplated
- California's GO tax-exempt levels came approximately 40 bp wider than the previous few weeks contemplated
- Delaware's AAA issuer that generally prices very close to MMD, had to reprice by 10 bp by \$60 million during the institutional repricing
- Spreads on new issue BABs expected
- California BABs priced at T+325, when the older California BABs priced in April were trading at T+275 just before pricing
- York State Dormitory Authority (DASNY) BABs priced at T+145 — DASNY BABs were trading at T+120 pre-announcement
- The City of Phoenix had to alter its amortization structure and benchmark \$250 million size to attract enough investors for a

Current Market Overview

The forward calendar remains large in the coming weeks

Select Negotiated Forward Calendar Issuance

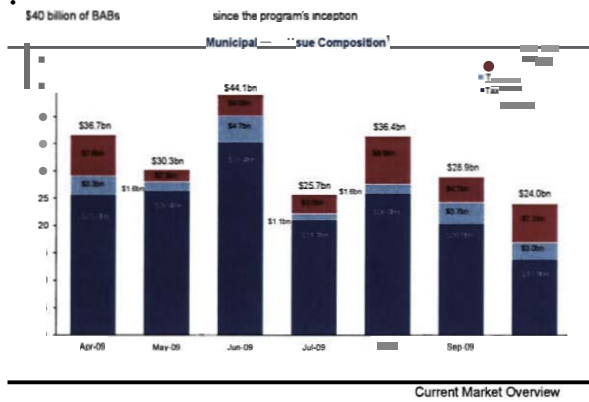
\$000s

- The past four weeks in the municipal market have \$12 bn, and \$11 bn respectively
- of \$10 bn, \$8 bn,

Issuer	Approximate Size	Size
Expected in Next Week		
Highlands Co Health Facilities Authority	\$62,520	State of Georgia
New Orleans Aviation Board	97,985	Oregon
Massachusetts Health and Education Facilities	300,455	Austin Community College District
Kanawad Industrial Development Authority	172,789	Lufkin Health Facilities Development Corp
Missouri Health & Education Facilities Authority	180,685	Hampton Roads Sanitation District
Mississippi Hospital Equipment	175,000	Virginia Resources Authority
NY's Dormitory Authority	85,000	Washington Health Care Facilities
Montgomery County	100,000	Massachusetts Health Care Facilities
Day to Day		
California Educational Facilities Authority	895,000	Indiana Finance Authority
California Statewide Community	52,825	Kansas Dev Finance Authority
Coachella Valley USD	42,015	Montana Fin Finance Authority
Irvine USD	97,080	North Carolina Medical Care
Sacramento MUD	50,000	Raleigh
Vernon Natural Gas Finance Authority	207,000	Pennsylvania Health and Higher Education
Mehagan Tribe of Indians	\$1,480	Panhandle Plains Higher Education Authority
Georgia Mini Electric Authority	254,785	Tarrant County Cultural Educ Facilities Fin Corp
Osam Department of Education	69,000	National Rural Utilities Coop Finance
Hawaii	623,470	Fairfax

Current Market Overview

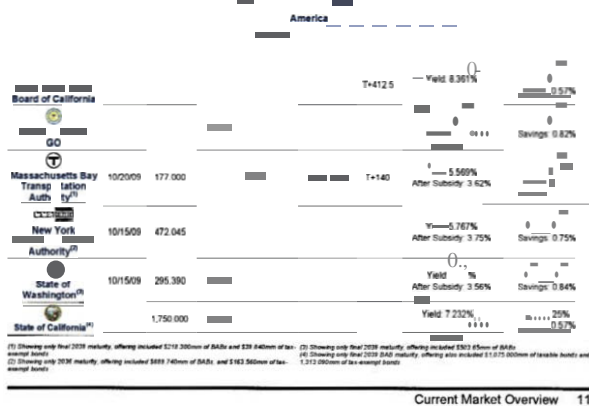
BABs have become a very significant component of the fixed rate municipal market



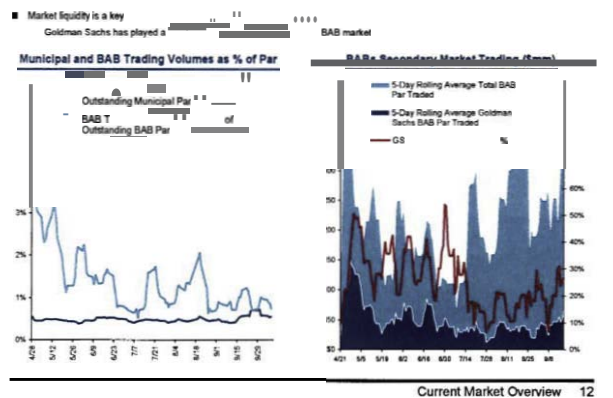
Why the BAB market is Important to the municipal market

- The municipal market has become, doubling the past 5 years
- As borrowing needs of municipalities increase, the taxable investment grade market has become themselves more positions
- Without ability to raise tax-exempt market spreads (because a fund flows, and this dynamic forces inefficient execution
- Longer maturities market is concerned about credit
- Three Operating revenues for the market digest to be very elastic to economic cycles
- States and localities - politically constrained in revenue-raising options
- Operating expenses and pensions are very inelastic, and have not been significantly lowered as revenue wall is set
- The BAB market provides investors liquidity opportunities to hedge their risk, and localities better execution

Recent BAB pricings have achieved significant savings vs indicative comparable tax-exempt levels

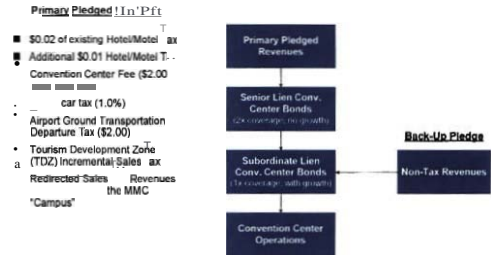


Since inception, BABs have had higher trading volume as a percent of outstanding par than the broader municipal market



II. Convention Center Financing Structure

Project Funding Overview



Convention Center Financing Results

\$560 million Project Size

(\$ in millions)

Tax-Exempt Financing		Tax-Exempt & Build America Bonds	
Tax-Exempt 2017-2043		Tax-Exempt & Build America Bonds 2017-2043	
Senior Lien Convention Center			
Par Amount	\$191.64	Senior Lien Convention Center	\$191.64
Construction Fund Proceeds	\$173.31	Par Amount	\$191.64
Alt-in TIC	5.48%		
Average Life (years)	21.4		
Average Annual Debt Service	\$12.31		
Subordinate Lien Convention Center			
Par Amount	\$493.05	Subordinate Lien Convention Center	\$493.05
Construction Fund Proceeds	\$363.34	Par Amount	\$493.05
Alt-in TIC	5.73%		
Average Life (years)	22.2		
Average Annual Debt Service	\$32.64		
Overall Convention Center Project			
Par Amount	\$684.69	Overall Convention Center Project	\$684.69
Construction Fund Proceeds	\$536.65	Par Amount	\$684.69
Alt-in TIC	5.61%		
Average Life (years)	22.2		
Average Annual Debt Service	\$44.95		

¹ Includes \$170.7 mm BABs, \$32.5 mm T., Exempt
Includes \$366.6 mm BABs, \$40.0 mm Tax Ex

Convention Center Debt Structure

Tax-Exempt Financing Case

