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 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 McAllester Norton.
ACTION: Leo Waters made a motion that Bone McAllester 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,

[Signature]

Charles L. Starks
Executive Director
Nashville Convention Center

Approved:

[Signature]

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

Appeal of Decisions from the Convention Center Authority – Pursuant to the provisions of § 2.68.039 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.

Music City Center
Operating Assumptions

Operating Proforma

• Operating Budgets Developed
• Staffing Plan Established
• Marketing of Center Underway, Including Ads in Industry Publications
• Preparing a summary for the Authority

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.

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 Center Competitive Set

• Indianapolis
• Denver
• Charlotte
• Pittsburgh
• St. Louis
• Columbus
• San Antonio
Music City Center will NOT compete with

- Chicago
- Washington, D.C.
- Orlando
- Las Vegas

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

Market Segment

The Music City Center will be able to compete for 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

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

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.

Convention & Trade Show Assumptions

<table>
<thead>
<tr>
<th>Hall</th>
<th>Attendance</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Hall</td>
<td>5,500</td>
<td>8</td>
</tr>
<tr>
<td>¾ Hall</td>
<td>4,100</td>
<td>27</td>
</tr>
<tr>
<td>½ Hall</td>
<td>2,800</td>
<td>11</td>
</tr>
<tr>
<td>¼ Hall</td>
<td>1,400</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>
**Consumer Show Assumptions**

Stabilized Year – Year 5

<table>
<thead>
<tr>
<th>Hall</th>
<th>Attendance</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Hall</td>
<td>18,000</td>
<td>3</td>
</tr>
<tr>
<td>¾ Hall</td>
<td>13,500</td>
<td>8</td>
</tr>
<tr>
<td>½ Hall</td>
<td>9,000</td>
<td>3</td>
</tr>
<tr>
<td>¼ Hall</td>
<td>4,500</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16</td>
</tr>
</tbody>
</table>

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

**Food & Beverage Per Square Foot**

- Nashville FY 08: 8.00
- Competitive Set FY 08: 10.00
- MCC '13: 12.00

Based on exhibit hall sf.

**F&B Assumptions**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>F&amp;B per attendee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention &amp; Tradeshow</td>
<td>$18.00</td>
</tr>
<tr>
<td>Consumer</td>
<td>$10.50</td>
</tr>
<tr>
<td>Corporate</td>
<td>$30.00</td>
</tr>
<tr>
<td>Banquets</td>
<td>$40.00</td>
</tr>
<tr>
<td>Meetings &amp; Conferences</td>
<td>$20.00</td>
</tr>
</tbody>
</table>

**Banquet Assumptions**

<table>
<thead>
<tr>
<th>Hall</th>
<th>Attendance</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Ballroom</td>
<td>1,000</td>
<td>15</td>
</tr>
<tr>
<td>2/3 Ballroom</td>
<td>700</td>
<td>25</td>
</tr>
<tr>
<td>1/3 Ballroom</td>
<td>300</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>

**Parking**

(per parking space per day)

- Downtown Nashville '08: 6.00
- MCC '13: 7.00

**Parking Assumptions**

- 1,800 spaces
- MCC $6.21 per space per day in 2013
- Nashville 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
Total Operating Income Per Square Foot

<table>
<thead>
<tr>
<th></th>
<th>Nashville 'Y 08</th>
<th>Competitive Set 'Y08</th>
<th>MCC '13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (USD)</td>
<td>60.00</td>
<td>40.00</td>
<td>50.00</td>
</tr>
</tbody>
</table>

Based on exhibit hall of

Staffing Assumptions

<table>
<thead>
<tr>
<th>Positions</th>
<th>MCC</th>
<th>NCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setup</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Sales</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Event Managers</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Finance/Accounting</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Engineering</td>
<td>14</td>
<td>5</td>
</tr>
</tbody>
</table>

Would you rather have your convention in...

Indianapolis or Nashville?
St. Louis or Nashville?
Charlotte or Nashville?

Music City Center
Operating Assumptions
Presentation to Metropolitan Government of Nashville and Davidson County

Goldman, Sachs & Co.
October 29, 2009

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II. Convention Center Financing Structure

I. Current Market Overview

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

- As noted by the rally, the low volumes associated with stable yields are making investors go out on the yield curve.
- Money market funds are shifting out of volatile assets into municipal, which are generally considered high quality assets.

Money Market Fund Assets 30-year MMD and Treasury Yields (past 3 months)
Strong municipal bond inflows have recently slowed

- Bond America Stocks have contributed to recent inflows in Q2.
- However, the remaining municipal calendar is very heavy.
- The market remains fragile, as seen over the past few weeks as investors began to pull away from fixed-rate Treasuries and high-yield

### Tax-Exempt Bond Flows Are Strong

(Monthly January-September 2021)

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflows</td>
<td>1,500</td>
<td>1,200</td>
<td>800</td>
<td>600</td>
<td>500</td>
<td>400</td>
</tr>
<tr>
<td>Outflows</td>
<td>1,100</td>
<td>1,000</td>
<td>800</td>
<td>600</td>
<td>500</td>
<td>400</td>
</tr>
</tbody>
</table>

### Total Tax-Exempt Municipal Issuance

(2020 YTD and 2021 YTD)

- 2020 YTD: $1.2 trillion
- 2021 YTD: $1.5 trillion

Despite recent strength, markets remain very fragile

- The munis have tanked up dramatically in the past two weeks due to weak employment data and a heavy calendar.
- As reported on October 1, employment continued to decline in September, with the unemployment rate rising to 8.9%.
- The municipal market has limited secondary market trading and liquidity, illustrating how susceptible it is to a breakup in primary supply and demand dynamics in the week on
  - Spreads on tax-exempt issues jumped to much wider levels than the previous few months.
  - California's GO tax-exempt levels came approximately 40 bp wider than originally contemplated.
  - Delays in a AAA issuer that generally prices very close to MMDs had to price by 10 bp and 25 bp.
  - Spreads on new-issue fields were also wider than expected.

### The Crimp of Phoenix had to offer its amortization feature and reprice to attract enough investors for a benchmark $850 million deal.

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

### 30-Year MMD and Treasury Yields

(Past 10 Years)

<table>
<thead>
<tr>
<th>Year</th>
<th>MMD</th>
<th>Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2012</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2013</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2014</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2015</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2016</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2017</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2018</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2019</td>
<td>3.00</td>
<td>2.80</td>
</tr>
<tr>
<td>2020</td>
<td>3.00</td>
<td>2.80</td>
</tr>
</tbody>
</table>

The forward calendar remains large in the coming weeks

Select Negotiated Forward Calendar Issuance

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Approximate Size</th>
<th>Issuer</th>
<th>Approximate Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>$500 million</td>
<td>Colorado</td>
<td>$750 million</td>
</tr>
<tr>
<td>California</td>
<td>$1 billion</td>
<td>Florida</td>
<td>$500 million</td>
</tr>
<tr>
<td>Georgia</td>
<td>$750 million</td>
<td>Illinois</td>
<td>$1.25 billion</td>
</tr>
<tr>
<td>Indiana</td>
<td>$500 million</td>
<td>Michigan</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Iowa</td>
<td>$750 million</td>
<td>Missouri</td>
<td>$500 million</td>
</tr>
<tr>
<td>Kansas</td>
<td>$750 million</td>
<td>Nebraska</td>
<td>$750 million</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$500 million</td>
<td>Ohio</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Oregon</td>
<td>$750 million</td>
<td>Pennsylvania</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Texas</td>
<td>$1 billion</td>
<td>Wisconsin</td>
<td>$750 million</td>
</tr>
</tbody>
</table>

Current Market Overview

5

Current Market Overview

6

Current Market Overview

7

Current Market Overview

8
BABs have become a very significant component of the fixed rate municipal market

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

- $4 trillion of BABs have been issued since the program’s inception

- Municipal new issue composition

- State of California
- State of Oregon
- State of New York
- Massachusetts Bay Transportation Authority
- State of Washington
- State of California

- Why the BAB market is important to the municipal market

- The municipal market was not built to be as large as it has become, doubling annual issuance over the past 5 years.

- As borrowing needs of municipalities have grown, the market’s inefficiencies have shown themselves more.

- Unlike the taxable investment grade market, the tax-exempt market is a one-sided market, i.e., no short positions.

- Without the ability to express a contrarian view about interest rates or spreads (because a seller cannot convey tax-exempt income), the market depends on fund flow, and this dynamic biases inefficient execution.

- Longer term, the market is concerned about its own liquidity.

- These issues make the difficult for the market to digest

- Operating revenues are under severe pressure and are proving to be very elastic to economic cycles.

- States and localities are politically constrained in revenue raising options.

- Operating expenses and pensions are very inelastic, and have not been significantly lowered as the revenue side is set.

- The BAB market provides investors liquidity and better opportunities to hedge their risk, which gives states and localities better execution.

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

- Baby Bond Analysis Bonds

- Municipal and BAB trading volumes as a percent of outstanding par

- BABs secondary market trading

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

- Market liquidity is a key investment consideration for taxable investors.
### II. Convention Center Financing Structure

#### Project Funding Overview
- **previor present revenue:**
  - 8.5% of existing Hotel/Motel Tax
  - Additional 3% Intensive Event Tax
  --bodied event Tax ($5.00 per room night)
  - Rental Car Tax (1%)
  - Airport/Transportation
    - Departure Tax (2.00)
  - Tourism Development Zone (TDO) Incremental Sales Tax
  - Redesigned Sales Tax Revenues generated within the MNC
  - "Campus"

#### Convention Center Financing Results

<table>
<thead>
<tr>
<th>Tax-Exempt Financing</th>
<th>Tax-Exempt &amp; Build America Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>Total Revenue</strong></td>
</tr>
<tr>
<td>Convention Center</td>
<td>286.0m</td>
</tr>
<tr>
<td>Development Fee</td>
<td>67.0m</td>
</tr>
<tr>
<td>Operating Income</td>
<td>7.0m</td>
</tr>
<tr>
<td>Average Annual Total Revenue</td>
<td>31.0m</td>
</tr>
<tr>
<td>Average Annual Total Expense</td>
<td>11.0m</td>
</tr>
</tbody>
</table>

#### Convention Center Debt Structure

<table>
<thead>
<tr>
<th>Senior Loan Convention Center</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-Exempt Financing</td>
<td>$286.0m</td>
</tr>
<tr>
<td>Tax-Exempt &amp; Build America Bonds</td>
<td>$67.0m</td>
</tr>
<tr>
<td>Average Annual Total Revenue</td>
<td>$31.0m</td>
</tr>
<tr>
<td>Average Annual Total Expense</td>
<td>$11.0m</td>
</tr>
</tbody>
</table>

#### Convention Center Debt Structure

- The Convention Center debt structure will be structured to reduce the overall cost to the taxpayer.
- The proposed debt structure may change depending upon the dynamics related to these revenue sources.
- The financing bank’s ultimate goal will be to provide safety and security for the shareholders and tax payers.