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 Dickens, 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

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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.

Site: 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

PROJECT BUDGET

MUSIC CITY CENTER
BUDGET OVERVIEW

	Budget	% of Total
Direct Construction Costs	452,044,757	77.3%
Land Acquisition & Relocation	57,000,000	9.7%
Design & Engineering	40,189,684	6.9%
CCA Project Management	10,993,758	1.9%
Project Insurance	8,252,322	1.4%
Legal, Financing & Consultants	2,869,480	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

	Budget	Paid to Date As of 6/30/2010	% Complete
Direct Construction Costs	452,044,757	22,798,126	5.0%
Land Acquisition & Relocation	57,000,000	47,968,931	84.2%
Design & Engineering	40,189,684	30,047,949	74.8%
CCA Project Management	10,993,758	3,929,995	35.7%
Project Insurance	8,252,322	1,930,567	23.4%
Legal, Financing & Consultants	2,869,480	1,552,606	54.1%
Furniture, Fixtures & Equipment	11,650,000	0	0.0%
Pre Opening Operations	2,000,000	0	0.0%
TOTAL	585,000,000	108,228,175	18.5%

DIRECT CONSTRUCTION COSTS

	Budget	Paid to Date	% Complete
Bell/Clark/Harmony	415,000,000	20,754,763	5.0%
NES Substation	20,000,000	2,040,458	10.2%
Off-Site Utilities (Details below)	2,044,757	2,906	0.1%
Project Contingency	15,000,000	0	0.0%
TOTAL	452,044,757	22,798,126	5.0%

Off-Site Utilities – detail	Budget	Paid to Date	% Complete
AT&T	223,851	0	0.0%
XO	210,000	0	0.0%
NES Underground @ 6th	635,000	0	0.0%
Water / Sewer Availability	427,000	0	0.0%
Storm water work @ Substation	546,000	0	0.0%
Misc Fees	2,906	2,906	100.0%
TOTAL	2,044,757	2,906	0.1%

BELL/CLARK/HARMONY COSTS

	Budget
SITEWORK: THIS SCOPE OF THE JOB INCLUDES ITEMS SUCH AS EXCAVATION, LANDSCAPING, PAVING, AND UTILITIES	20,365,000
STRUCTURE: CAST-IN-PLACE CONCRETE, RAMP CONSTRUCTION, STRUCTURAL STEEL, METAL STAIRS, ORNAMENTAL METALS, AND EXPANSION JOINTS	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, CERAMIC TILE, CARPET, PAINTING, CEILINGS, BRICK, MASONRY, STONE PAVING, STONE FLOORING, AND STONE WALLS	50,786,000
SPECIALTIES, EQUIPMENT, FURNISHINGS, & MISCELLANEOUS: OPERABLE PARTITIONS, SIGANAGE, 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	100,830,000
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

NOTE: AS OF AUGUST 26, 2010

LAND

BUDGET	PAID TO DATE	PENDING PAYMENTS
57,000,000	47,968,931	5,186,045

COMPLETED LAND TRANSACTIONS	
BILLY PITT	METRO TRANSIT AUTHORITY
CATES	BETTER BUSINESS EQUIPMENT
MURPHREE	ASPHALT BEACH
MAY	SHIRLEY
DODSON	METHODIST

PENDING LAND TRANSACTIONS	
CHRISTIE'S - IN COURT	PLATINUM - IN COURT
CHAMBERS - IN COURT	TOWER - IN COURT
ROCKETOWN	GREYHOUND

DESIGN & ENGINEERING

	Budget	Paid to Date	% Complete
Design & Engineering Contract*	36,625,000	28,707,437	78.4%
Design Reimbursable expenses	1,313,000	561,549	42.8%
Program Consultants	296,854	296,854	100.0%
Preliminary Design Consultants	32,530	32,530	100.0%
Geotechnical & Testing Consultant	1,500,000	281,199	18.7%
Off-Site Design Consultant Pre-Development Expenses	168,380	168,380	100.0%
Master planning	253,920	0	0.0%
TOTAL	40,189,684	30,047,949	74.8%

*The design team includes the following consultants:

Architect
Interior Designer
Graphics Designer
Data and Telecom
Structural Engineer
Civil Engineering
Parking Designer
Mechanical, Electrical, & Plumbing Engineer
Fire Protection Engineering
Lighting Designer
Stage and Theatrical Designer

MUSIC CITY CENTER
PROJECT MANAGEMENT

	Budget	Paid to Date	% Complete
Pre-Development PM Consultant	2,299,967	2,299,967	100.0%
Staff Payroll and Benefits Details on following slide	7,751,925	1,425,750	18.4%
Authority Expenses Details on following slide	941,865	204,278	21.7%
TOTAL	10,993,758	3,929,995	35.7%

MUSIC CITY CENTER
PROJECT MANAGEMENT

Staff Payroll and Benefits - detail	Budget	Paid to Date	% Complete
CCA Direct Payroll	7,069,603	1,384,909	19.6%
Insurance & Benefits	682,322	40,841	6.0%
TOTAL	7,751,925	1,425,750	18.4%

Authority Expenses - detail	Budget	Paid to Date	% Complete
Utilities, Communication & Data	168,437	4,026	2.4%
Printing, Drawings, Renderings & Shipping	145,798	11,333	7.8%
Office Supplies, Safety & Admin Expenses	179,300	21,855	12.2%
Travel	45,000	7,257	16.1%
Setup of original & modular offices	220,330	159,468	72.4%
Community Affairs & Outreach	183,000	340	0.2%
TOTAL	941,865	204,278	21.7%

PROJECT INSURANCE & PROGRAMS

	Budget	Paid to Date	% Complete
OCIP Program Details on the following slide	5,669,158	1,456,534	25.7%
Additional Claims Reserve	796,800	0	0%
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

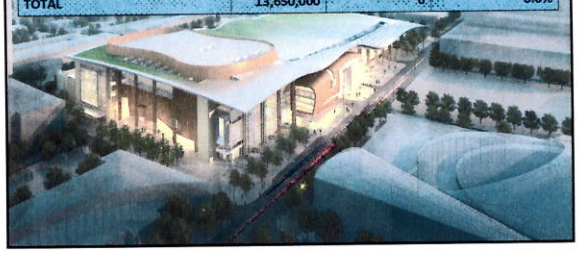
	Budget	Paid to Date	% Complete
Worker's Compensation	1,186,370	194,240	16.4%
General Liability	513,584	84,024	16.4%
Umbrella Coverage	347,416	347,416	100.0%
Excess - $25 Million	155,288	151,500	97.6%
Excess - $50 Million	151,500	151,500	100.0%
Brokerage Fees	675,000	187,854	27.8%
Initial Consultant	40,000	40,000	100.0%
Prefunded Losses Account	1,000,000	300,000	30%
Security Trust	1,600,000	0	0%
TOTAL	5,669,158	1,456,534	25.7%

Legal, Financing & Consultants

	Budget	Paid to Date	% Complete
General Legal Expenses	1,000,000	408,126	40.8%
Metro Finance Services	525,000	0	0.0%
Project Audits	200,000	0	0.0%
Financial Feasibility Consultant	282,740	282,740	100.0%
Pre-Development PR & Marketing	861,740	861,740	100.0%
TOTAL	2,869,480	1,552,606	54.1%

FF&E and Pre-Opening Operations

	Budget	Paid to Date	% Complete
Music City Center FF&E	9,650,000	0	0.0%
Art	2,000,000	0	0.0%
Pre-Opening Operations	2,000,000	0	0.0%
TOTAL	13,650,000	0	0.0%



MUSIC CITY CENTER

BUDGET OVERVIEW

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CCA Project Management	10,993,758	1.9%
Project Insurance	8,252,322	1.4%
Legal, Financing & Consultants	2,869,480	0.5%
Furniture, Fixtures & Equipment	11,650,000	2.0%
Pre Opening Operations	2,000,000	0.3%
TOTAL	$585,000,000	100%