



Music City Center Update





Mayor Karl Dean



Seab Tuck



Public Participation

- **Public meetings:**

- Four public meetings have been held to gather public input on the design process. Another meeting is scheduled for May.



Vision Plan Goals

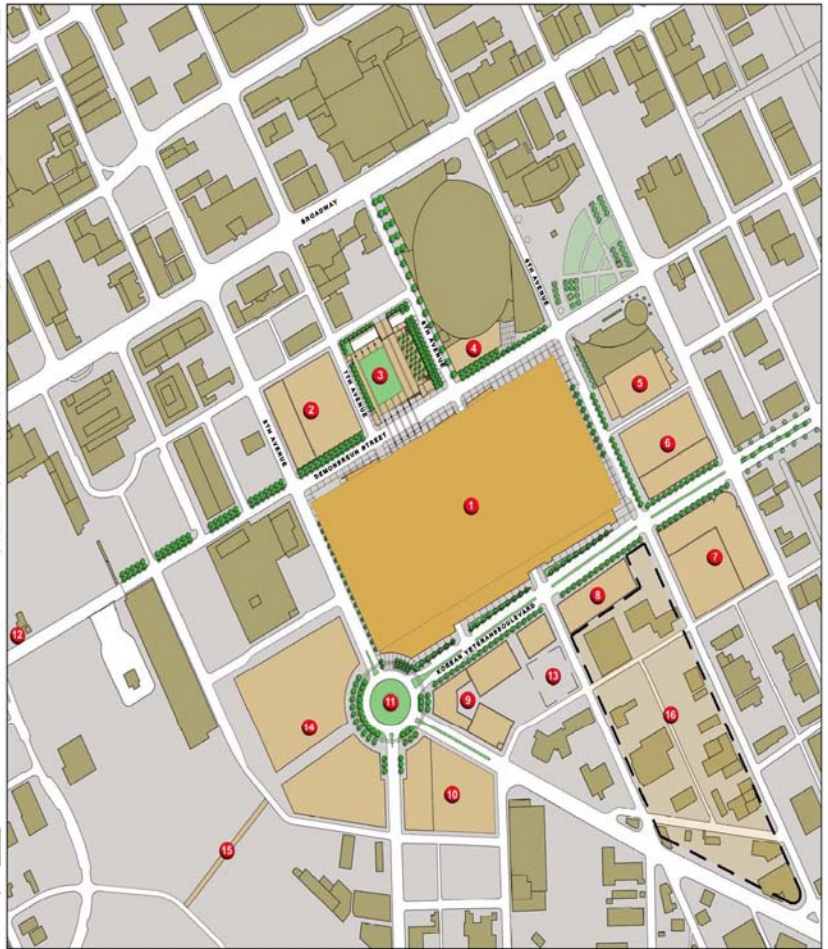
- Encourage pedestrian activity
- Establish appropriate vehicular access and circulation
- Determine best hotel sites
- Plan for future expansion of MCC
- Promote private development



VISION PLAN

KEY

- 1. CONVENTION CENTER SITE
- 2. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
- 3. POTENTIAL PARKING STRUCTURE BELOW CITY PARK
- 4. POTENTIAL COMMERCIAL DEVELOPMENT
- 5. POTENTIAL EXPANSION OF COUNTRY MUSIC HALL OF FAME AND MUSEUM
- 6. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
- 7. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
- 8. POTENTIAL DEVELOPMENT
- 9. POTENTIAL DEVELOPMENT
- 10. POTENTIAL DEVELOPMENT
- 11. ROUNDABOUT PARK
- 12. DEMONBREUN STREET GREENWAY CONNECTION
- 13. POTENTIAL NES SUBSTATION RELOCATION
- 14. POTENTIAL DEVELOPMENT
- 15. POTENTIAL PEDESTRIAN BRIDGE TO GULCH
- 16. POTENTIAL CONVENTION CENTER EXPANSION



MUSIC CITY CENTER

TUCK·HINTON **tvS** MOODY·NOLAN

Convention Center Goals

- Design an efficient and high-performance facility
- Incorporate sustainable features
- Create transparency and activity on all facades
- Immerse the visitor in the character of our city
- Symbolically capture the unique attributes of Nashville



Video



Butch Spyridon



Nashville's Current Status

- 11 million visitors a year
- \$4 billion visitor spending
- Visitor mix
 - 1/3 leisure
 - 1/3 meetings
 - 1/3 business transient
- Nashville's second largest industry



Industry Trends

- ROI
- Cost reduction
- Shortened meetings
- Value
- Fewer frills
- Serious meeting environment



Industry Trends

- Best-performing groups
 - Government
 - Military
 - Defense
 - Education
 - Healthcare
 - Religious
 - State associations
- Nashville's strongest groups



Demand for Music City

- Strong brand
- Convenient location
- Incredible reputation/track record
- Great value



Pre-Selling
As A
Part Of
Pre-Development



Music City Center Bookings

- Academy of General Dentistry in 2013; 8,334 room nights
- American Alliance for Health, PE Recreational Dance in 2018; 9,548 room nights
- American Association of School Administrators in 2014; 14,910 room nights
- Minerals Metals and Materials Society in 2016; 8,790 room nights
- Southern Baptists Convention in 2013; 22,500 room nights
- Southern Baptists Convention in 2019; 22,500 room nights
- NCAA Women's Final Four in 2014; 14,310 room nights

TOTAL 100,892



Recent Bookings

- American Bus Association in 2013; 10,350 room nights
- Youth Specialties in 2013; 6,017 room nights
- Youth Specialties in 2016; 6,017 room nights
- Tractor Supply in 2014; 4,700 room nights
- Tractor Supply in 2015; 4,900 room nights

TOTAL 31,984



**132,876 pre-sold room nights =
national confidence in Nashville's
potential**



Potential Business in Lead Status

American Association of School Administrators	3 - Lead	2019	6,000	14,910
American Association of School Administrators	3 - Lead	2021	6,000	14,910
Hearth Patio & Barbecue Association	3 - Lead	2013	10,000	13,105
Hearth Patio & Barbecue Association	3 - Lead	2016	10,000	13,105
Hearth Patio & Barbecue Association	3 - Lead	2019	10,000	13,105
Hearth Patio & Barbecue Association	3 - Lead	2022	10,000	13,105
National Funeral Directors Association	3 - Lead	2015	5,000	7,082
Association of Clinical Research Professionals	3 - Lead	2014	3,000	4,200
Public Library Association	3 - Lead	2014	7,000	12,618
Society for Science & the Public	3 - Lead	2013	5,000	12,974
Society for Science & the Public	3 - Lead	2016	5,000	12,974
Society for Science & the Public	3 - Lead	2019	5,000	12,974
Specialty Tools & Fasteners Distributors Association	3 - Lead	2014	4,000	8,742
John Deere	3 - Lead	2013	2,500	10,000
John Deere	3 - Lead	2014	3,000	15,000
EMS Expo	3 - Lead	2014	3,000	6,000
Southern Association of Colleges and Schools	3 - Lead	2013	3,500	8,500
NAMM	3 - Lead	2013	23,000	7,530
Total Active with '09 closing			121,000	200,834

Goals

- 1 million room nights for MCC before opening
- 1 million room nights annually for Nashville after MCC opens



Music City Center

- Job creation
- Long-term benefits and sustainability
- Importing more sales tax through visitor spending
- \$5 billion hospitality industry





Rich Riebeling



Team

- Wayne Placide, First Southwest Company
- David Levy, Goldman Sachs
- Charles Johnson, CH Johnson Consulting



Revenue Sources

Current Revenue Streams

- \$0.02 of the existing \$0.05 Hotel/Motel Tax
- Additional \$0.01 Hotel/Motel Tax
- Convention Center Fee (\$2.00 per room night)
- Rental Car Tax at 1 percent
- Airport Ground Transportation Departure Tax at \$2.00

New Revenue Streams When Center Opens

- Tourism Development Zone (TDZ) Incremental Sales Tax
- Redirected Sales Tax revenues generated within the MCC “Campus”



Development Budget

Construction hard costs including parking	\$419,000,000
Soft costs	\$ 71,540,000
Off-site utilities	\$ 10,000,000
Land	\$ 55,000,000
NES relocation	\$ 27,000,000
Contingencies	\$ 52,035,000
Total	\$635,000,000





Convention Center Authority



Assumptions

- Structuring around assumption that collections for next four years will stay below 2008 collections; when Music City Center and hotel open, assume rebound begins
- Gross revenues by 2013 are \$55 million; 2018, \$77 million; and 2023, \$89 million (includes no TDZ revenue)
- It is consensus of the financing team that sufficient revenues will be present to meet liabilities.



**Music City Center Authority Fund, Nashville, Tennessee
Projections of Revenues and Expenses (\$000's)- Excludes TDZ**

	<i>FY Ending June,</i>	2013*	2018	2023	
	<u>Average</u>				
	<u>Growth</u>				
Revenues					
Tax Revenues					
1	\$0.02 of Existing \$0.05 Hotel/ Motel Tax	3.6%	\$10,382	\$14,654	\$17,639
2	\$0.01 Additional Hotel/ Motel Tax	3.6%	5,191	7,327	8,819
3	(-) Gaylord TDZ		(1,322)	(1,998)	(2,336)
4	Convention Center Fees(\$2.00 per room night)	3.3%	9,834	13,601	16,190
5	Car Rental Tax	2.6%	1,151	1,486	1,703
6	Airport Ground Transportation Departure Tax	2.0%	387	471	523
7	Interest (at 0.8% of Line 2 through 6)		125	171	204
8	Tourism Development Zone (TDZ) Incremental (Sales) Tax		0	0	0
9	Redirected Sales Tax from MCC Campus*	5.4%	5,886	13,535	15,354
10	Total Tax Revenues		\$31,634	\$49,245	\$58,097
	<u>Long-term</u>				
	<u>Growth</u>				
Operating Revenues					
11	Existing Nashville Convention Center	3.0%	\$6,135		
12	New Music City Center	2.5%	15,319	24,768	28,022
13	Parking Garage (1,800 spaces)	2.5%	2,454	2,861	3,237
14	Total Operating Revenues		\$23,909	\$27,629	\$31,259
15	Total Revenues		\$55,543	\$76,874	\$89,356
Expenses					
16	Authority Overhead	3.0%	\$1,093	\$1,267	\$1,469
Operating Expenses					
17	Existing Nashville Convention Center	3.2%	\$5,507		
18	New Music City Center	2.7%	16,390	21,523	24,263
19	Parking Garage (1,800 spaces)	2.5%	515	585	662
20	Total Operating Expenses		\$23,504	\$23,374	\$26,393
21	Total Expenses		\$24,597	\$24,641	\$27,862
22	Net Revenues Available for Debt Service		\$30,946	\$52,233	\$61,494

*Music City Center and Headquarters Hotel are scheduled to open in September 2012.

Source: Johnson Consulting

Legislation Filed

- Ordinance to acquire real estate
- Resolution approving intergovernmental agreement between Metro and MDHA





Phil Ryan



Next Steps

- Host public meeting in May
- Choose hotel developer in May
- Complete Council consideration in early June
- Land acquisition financing by MDHA
- Begin land acquisition
- Finish design, pricing and environmental work
- Council creates Convention Center Authority
- Financing complete in late 2009



Schedule

Land acquisition	Summer 2009
Public utility relocation	Summer 2009
Building demolition	Fall 2009
Construction begins	Fall 2009
Convention Center opens	December 2012



