

**MINUTES OF THE
FINANCE & AUDIT COMMITTEE MEETING OF THE
CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY**

The Finance & Audit Committee Meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on April 22, 2021 at 2:00 p.m. – Virtual Zoom Meeting.

FINANCE & AUDIT COMMITTEE MEMBERS PRESENT: Robert Davidson, Norah Buikstra, Irwin Fisher and Barrett Hobbs

FINANCE & AUDIT COMMITTEE MEMBERS NOT PRESENT: Vonda McDaniel

OTHERS PRESENT: Charles Starks, Heidi Runion, Donna Gray, Charles A. Traughber, Council Member Sean Parker, and Jason Freeman

Committee Chair Robert Davidson opened the meeting at 2:05 p.m. for business and noted there was a quorum present.

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 if and to the extent applicable 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.

ACTION: Irwin Fisher made a motion to approve the Finance & Audit Committee minutes of November 19, 2020. The motion was seconded by Norah Buikstra and approved unanimously by the Authority.

Charles Starks and Heidi Runion presented the proposed Music City Center Operating and Capital Budget for FY 2022 (Attachment #1) and there was discussion.

ACTION: Irwin Fisher made a motion that the Finance & Audit Committee recommend to the Authority the approval of the 2022 Fiscal Year Operating and Capital Budget to fund the activities, operations, and capital needs of the Music City Center. The motion was seconded by Barrett Hobbs and approved unanimously by the Authority.

Charles Starks provided an update on damages to the Davidson Ballroom and Administrative Conference Room Roof Repairs and there was discussion.

With no additional business and no objections, the Finance & Audit Committee of the CCA adjourned at 2:53 a.m.

Respectfully submitted,



Charles L. Starks
President & CEO
Convention Center Authority

Approved:



Robert Davidson, Committee Chair
CCA Finance & Audit Committee
Meeting Minutes of April 22, 2021



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Appeal of Decisions

Appeal of Decisions from the Convention Center Authority –
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MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

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CURRENT ENVIRONMENT

COVID Impact

Cancellations

- Events - 152
- Attendees - 595K
- Hotel/Room Nights - 593K
- Contracted MCC Revenue - \$25M
- Direct Economic Impact - \$601M

Rebooked

- Events - 47
- Attendees - 45K
- Hotel/Room Nights - 9K
- Contracted MCC Revenue - \$2M
- Direct Economic Impact - \$10M

FY2021 Operations

Year-End Estimates

- 28 events
(@ Metro Department Meetings)
- 31,910 attendees
(@ Metro Department Meetings)
- 11,285 room nights
- \$9,743,682 direct economic impact

Future Bookings

Events booked through 2033:

- 209 events
- 1,576,578 attendees
- 2.3 million total room nights
- \$2.5 billion in economic impact

Proposed Events through 2043

- Future Bookings Include:**
- National Association of Music Merchants
 - American Society of Assoc. Executives (ASAE)
 - Health, Patio, & Bar-@-Que Association (3)
 - National Rural Electric (4)
 - International Car Wash Association (3)
 - National Cattlemen's Beef Association (3)
 - Brewers Association (2)

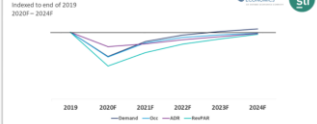
MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

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OUR INDUSTRY OUTLOOK

U.S. Forecast: COVID-19 Recovery Scenario

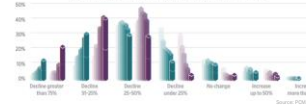


Updated June 2020. Reflects total room inventory rebookings, which assumes no temporary hotel closures.

Source: McKinsey analysis, based on travel manager interviews (June, July 2020)

What do you believe will be the overall revenue impact of COVID-19 on your events related business for 2020?

Weighted average for attendees: a decline around 38% and suppliers: a decline around 48%



MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

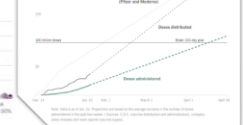
"A return to 2019 levels in 2023"

Air travel demand recovery back to 2019 levels will likely not take place until 2024 globally.

Hotel demand may not reach pre-COVID-19 levels until 2023.

Source: PwC

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MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

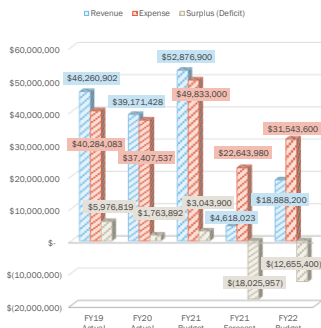
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OPERATIONAL SURPLUS/(DEFICIT)

FY22 revenues are expected to rebound from FY21 levels due to the easing of meeting restrictions, elimination of the force majeure application and the increase travel confidence given by widespread vaccine access.

HISTORICAL COMPARISON



MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

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FY22 TOTAL REVENUE & EXPENSE

Anticipated deficit **(\$14,923,400)**

Operating Revenues	\$18,888,200
Hotel Taxes	\$40,825,000
Rental Car	\$1,306,500
Airport Departure	\$1,599,400
Campus Tax	\$5,976,000
TDZ	\$18,208,100
Metro PILOT Payment	(\$16,620,000)
TOTAL REVENUE	\$70,183,200
Operating Expenses	\$31,543,600
MCC Bond Payment	\$40,573,100
Omni Hotel Payments	\$12,000,000
Bond Administrative Cost	\$208,200
Capital Expenses Anticipated	\$781,700
TOTAL EXPENSES	\$85,106,600

MUSIC CITY CENTER FY2022 BUDGET PRESENTATION

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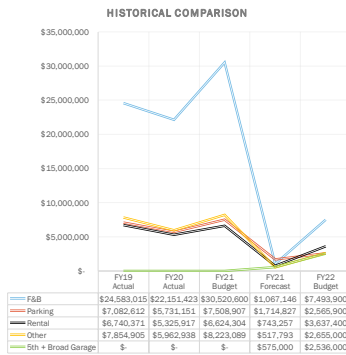
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OPERATIONAL REVENUE

FY22 Budget: \$18,888,200

- 93 events currently in snapshot
- Every event was evaluated for current attendance projections & possibility of event cancellation
- Materialization Averages – 1st Half FY22**
event attendance = 47%
cancellation possibility = 62%
- Materialization Averages – 2nd Half FY22**
event attendance = 50%
cancellation possibility = 34%
- Very limited TBB for event related revenue
- \$2.5M in revenues from the opening of the 5th Broadway Garage are scheduled for FY22

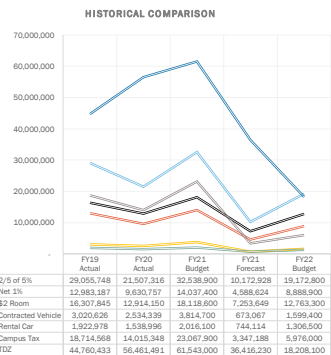
Contracted Rental and F&B minimums have been registered on a case-by-case basis in order to retain business



MUSC CITY CENTER FY2022 BUDGET PRESENTATION

TOURISM TAXES

Tax collections estimated using data from the last 12 months and anticipated performance based on industry data and projections from STR regarding the state of hotel demand

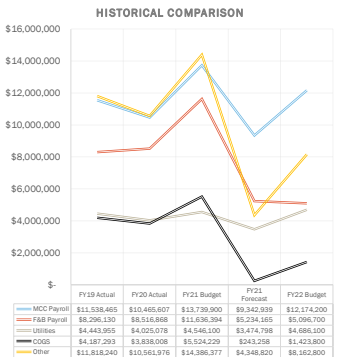


MUSC CITY CENTER FY2022 BUDGET PRESENTATION

OPERATIONAL EXPENSE

FY22 Budget: \$31,543,600

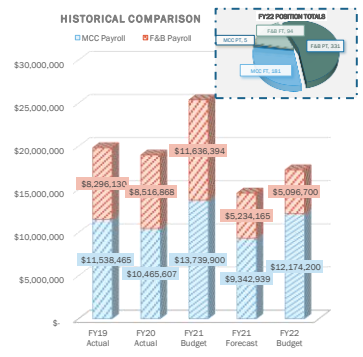
- While FY22 expenses will remain well under FY19-20 levels, they are expected to be greater than current year forecast with the return of many events and the ramping up of operations



MUSC CITY CENTER FY2022 BUDGET PRESENTATION

PERSONNEL EXPENSE

- FY20 MCC payroll down slightly from FY19 due to elimination of team member bonuses
- FY21 Budget included merit increases and comp study adjustments that have not been distributed to date
- FY21 Forecast assumes current vacancy and pay levels through June 2021 with no bonus pay out
- FY22 Budget reinstates the comp study adjustments as of 7/1/2021, 1.5% Merit Pool and potential for team member bonuses
- Benefits: CCA 30% / Metro 37%



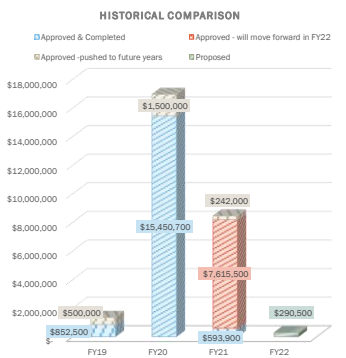
MUSC CITY CENTER FY2022 BUDGET PRESENTATION

CAPITAL PROJECTS

- FY19 & FY20 capital approved but not yet spent is related to land development at Lafayette St property
- FY21 items approved and moving forward in FY22 include several LED digital advertising panels, security upgrades, parking equipment, and green roof top-dress
- FY21 projects that will move forward in future years include outdoor furniture replacement, Lafayette St. development, Nook office pods, 6th Ave LED ceiling light install, and exterior trashcan replacements
- New FY22 projects include

Facilities \$117,200
Holiday tree replacement

F&B \$173,300
Replace signage POS



MUSC CITY CENTER FY2022 BUDGET PRESENTATION

CAPITAL & NON-OPERATING – FY21 Previously Approved Projects

Facilities	\$824,900	Security	\$4,700,000
3 Nook Office Pods - Moved to FY23		Security Upgrades	
Outdoor Balcony Furniture Replacement - Moved to FY23			
Exterior Trashcan Replacement - Moved to FY23		F&B	\$110,000
Pedal Charging Stations - 3		Custom Banquet Service Carts	
Artwall Vinyl Recovering - Completed			
Engineering	\$577,500	Parking	\$971,500
Green Roof Top-dress		POS Terminal for P-1	
Back of House LED Upgrades		Pay on Foot Station for Contractors	
Exterior Trashcan Replacement - Moved to FY23		Mule Replacements	
6th Ave LED Ceiling Install - Moved to FY23		Stripping the Garage	
Technology	\$907,500	Add'l Pay on Foot/Cash machines	
Add 4th LED Panel to the 8th Ave Marquee		Garage Pressure Washer	
6th Ave Davidson Ballroom 2x2 Video Wall			
Interactive standing Kiosks (4)		Administration	\$860,000
Video Wall 5th Ave 4th Floor		Lafayette St Property Development - Moved to FY24	
Digital LED Wall - Level 2		Miscellaneous Equip	
UPS Battery/ Capacitor Replacement - Completed			
Replace QSC Routers			
Core Network Routers/Firewalls			

MUSC CITY CENTER FY2022 BUDGET PRESENTATION

