

MINUTES OF THE 69th MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 69th meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on November 9, 2016 at 2:00 p.m. in the Administrative Conference Room of the Administrative Offices at the Music City Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Marty Dickens, Irwin Fisher, Vonda McDaniel, Willie McDonald, Randy Rayburn, David McMurry, Luke Simons and Randy Goodman

AUTHORITY MEMBERS NOT PRESENT: Renata Soto

OTHERS PRESENT: Charles Starks, Charles Robert Bone, Rich Riebeling, Jasmine Quattlebaum, Donna Gray, Mary Brette Wylly, Heidi Runion, Natasha Blackshear, Bo Campbell, Peter Heidenreich, Pat Emery, Eileen McGinn, Lauren Peach, Gina Inkum, Phil Carr, Mary Anne Morris, Stephen Elliott and Adam Sichko

Chair Marty Dickens opened the meeting for business at 2:00 p.m. and stated that a quorum was 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: Randy Goodman made a motion to approve the 68th Meeting Minutes of October 6, 2016. Willie McDonald seconded the motion, and the Authority approved unanimously.

The next regularly scheduled meeting is scheduled for December 1, 2016.

ACTION: Vonda McDaniel made a motion nominating Willie McDonald to be elected as Secretary and Treasurer. Irwin Fisher seconded the motion, and the Authority approved unanimously. (Attachment #1)

Rich Riebeling provided some background on the Nashville Convention Center Redevelopment and the role of the Authority. Charles Robert Bone and Charles Starks then gave an update on the Development Agreement for the Nashville Convention Center Redevelopment (Attachment #2), and there was discussion.

ACTION: Willie McDonald made a motion [i] approving the Development Agreement for the Nashville Convention Center Redevelopment with OliverMcMillan Spectrum Emery, Inc. and [ii] authorizing Marty Dickens to execute the Development Agreement on behalf of the Authority in substantially the form now before this meeting, his execution to constitute conclusive evidence of the approval of any and all such changes or revisions, in the name, and on behalf, of the Authority, and to leave to the discretion of the Chair to bring any changes to the Convention Center Authority he deems appropriate. Irwin fisher seconded the motion, and the Authority approved unanimously.

Charles Starks and Charles Robert Bone provided an update on the Parking Garage Lease Agreement for the Nashville Convention Center Redevelopment (Attachment #3) and there was discussion.

ACTION: Luke Simons made a motion [i] approving the Parking Garage Lease Agreement for the Nashville Convention Center Redevelopment with OliverMcMillan Spectrum Emery, Inc. and [ii] authorizing Marty Dickens to execute the Parking Garage Lease Agreement on behalf of the Authority, upon the conveyance of the garage to the Authority, in substantially the form now before this meeting, his execution to constitute conclusive evidence of the approval of any and all such changes or revisions, in the name, and on behalf, of the Convention Center Authority, and to leave to the discretion of the Chair to bring any changes to the Convention Center Authority he deems appropriate. Irwin Fisher seconded the motion, and the Authority approved unanimously.

Charles Starks introduced Eileen McGinn from KPMG who reported on the Convention Center Authority FY '16 Audit completed by KPMG/Hoskins & Company (Attachments #1, 4, and 5), and there was discussion.

ACTION: Randy Goodman made a motion accepting the audit of the financial statements of the Convention Center Authority as of June 30, 2016. David McMurry seconded the motion, and the Authority approved unanimously.

Charles Starks and Jasmine Quattlebaum provided an update on the RFP for Audio Visual Services (Attachment #6) and there was discussion.

ACTION: Vonda McDaniel made a motion [i] accepting the recommendation of the evaluation committee and [ii] authorizing Charles Starks to negotiate and execute an agreement with LMG Show Technology for audio visual services on substantially the same terms as set forth in the RFP and considered this day. Luke Simons seconded the motion, and the Authority approved unanimously.

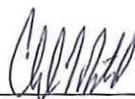
Charles Starks and Jasmine Quattlebaum provided an update on the RFP for Security Command Center Software (Attachment #7) and there was discussion.

ACTION: Randy Goodman made a motion [i] accepting the recommendation of the evaluation committee and [ii] authorizing Charles Starks to negotiate and execute an agreement with ISS 24/7 for the purchase of security command center software on substantially the same terms as set forth in the RFP and considered this day. Irwin Fisher seconded the motion, and the Authority approved unanimously.

Charles Starks presented an update on Tax Collections and there was discussion.

With no additional business, the Authority unanimously moved to adjourn at 2:48 p.m.

Respectfully submitted,



Charles L. Starks
President & CEO
Convention Center Authority

Approved:



Marty Dickens, Chair
CCA 69th Meeting Minutes
of November 9, 2016

Convention Center Authority



November 9th, 2016

Appeal of Decisions

Appeal of Decisions from the Convention Center Authority— 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.

Welcome Randy Rayburn



- 40-year veteran of Nashville hospitality industry
- Served as a board member for the Metropolitan Convention Center Commission

Nashville's 100 Most Powerful!



Renata Soto Rich Riebeling Charles Robert Bone

Election of Secretary and Treasurer

Development Agreement for the Nashville Convention Center Redevelopment

Parking Garage Agreement for the Nashville Convention Center Redevelopment

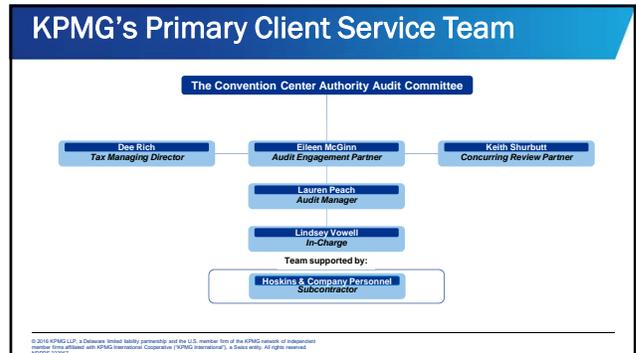
KPMG
cutting through complexity

The Convention Center Authority

External Audit Results
 For the Year Ended June 30, 2016
 November 9, 2016

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- ## Agenda
- KPMG's Primary Client Service Team
 - KPMG's Audit Responsibility
 - KPMG's Independence
 - KPMG's Subcontract Partner
 - Audit Scope, Reports, and Other Deliverables
 - Required Communications
 - New Accounting Standards
 - KPMG Institutes
 - Appendix A: Other Audit Committee Materials
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KPMG's Audit Responsibility

We have a responsibility to conduct our audit in accordance with professional auditing standards.

- AICPA
- Government Auditing Standards

In carrying out this responsibility, we plan and perform the audit(s) to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

We have no responsibility to obtain reasonable assurance that misstatements that are not material are detected.

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KPMG's Independence

KPMG has established an integrated and comprehensive system of quality control over independence that includes a framework of detailed policies and procedures supported by sophisticated, web-based, electronic systems and a dedicated group of experienced professionals to provide technical guidance and support.

Our system seeks to ensure compliance with all guidelines established by the AICPA Independence Standards Board and Government Accountability Office including:

- Restrictions on financial interests in the debt securities of the Convention Center Authority
- Restrictions on consulting and information technology services, as well as placing restrictions on the types of "non-audit" services that can be provided by KPMG to the Convention Center Authority
- Annually, report to the Audit Committee the status of KPMG's independence with respect to the Convention Center Authority

KPMG is compliant with all established independence guidelines.

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KPMG's Subcontract Partner



HOSKINS & COMPANY
 CERTIFIED PUBLIC ACCOUNTANTS

- Hoskins & Company and KPMG have a professional, collaborative working relationship
- Hoskins & Company certified its independence with the Convention Center Authority through KPMG's subcontracting process
- Hoskins & Company personnel are integrated into KPMG's audit team and we work together seamlessly
- Hoskins & Company provided audit support in the areas of:
 - Cash and investments
 - Fixed assets
 - Disbursements
 - Various revenue streams
 - Benefit plan testing
- Hoskins & Company received approximately 30% of total fees paid to KPMG for 2016 professional services

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Audit Scope, Reports, and Other Deliverables

Audit Scope	
Applicable financial reporting framework	Accounting principles generally accepted in the United States of America
Scope of work	Audits of financial statements and issuance of other deliverables as of the year ended June 30, 2016 (Authority-wide and separate benefits plan financial statements)
Applicable auditing standards	<ul style="list-style-type: none"> - Auditing standards generally accepted in the United States of America as issued by the Auditing Standards Board of the American Institute of Certified Public Accountants. - Generally accepted Government Auditing Standards

Audit Reports	Status
Auditor's reports on the consolidated financial statements of the Convention Center Authority and its Employees' Savings Trust Plan	Unmodified opinions issued

Other Deliverables	Status
Material written communications between KPMG and management	Report issued
Letter regarding internal control	No Material Weaknesses Identified

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Required Communications

KPMG's responsibility under generally accepted auditing standards and Government Auditing Standards	<ul style="list-style-type: none"> - Express our opinions on the financial statements based on our audits - Assess risk that financial statements may contain a material misstatement - Consider internal control structure/our understanding of accounting systems
Accounting Policies	Policies adopted by Convention Center Authority are customary for industry and scope of activities – described in Note 1 to financial statements
Consideration of Internal Control of Structure	<ul style="list-style-type: none"> - No material weaknesses in internal controls were noted during the year ended June 30, 2016 - Scope of work performed on internal controls is not sufficient to render an opinion on effectiveness of internal controls
Disagreements with Management	There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Authority's financial statements.
Consultation with Other Accountants	To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended June 30, 2016.
Major Issues Discussed with Management Prior to Retention	Retention was pursuant to a competitive bid proposal effort. There were no preconditions to retention. Minority enterprise participation in our 30% for the 2016 audit.

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Required Communications (continued)

Risks Requiring Extensive Audit Procedures	Risks requiring extensive audit procedures were as follows: <ul style="list-style-type: none"> - Revenue and accounts receivable, including deferred revenue - Operating expenses - Existence and valuation of invested bond proceeds - Completeness and accuracy of capitalization of fixed assets - Litigation accruals and disclosures
Difficulties Encountered in Performing the Audits	We encountered no difficulties in dealing with management and appreciated their cooperation while performing our audits.
Significant Written Communications Between KPMG and Management	In accordance with the communications requirements of SAS No. 115, copies of the following material written communication between management and KPMG are included in Appendix A to this presentation (Engagement Letters, Management Representation Letters).
Review of other Information	<ul style="list-style-type: none"> - Our responsibility for other information in documents containing the Convention Center Authority's financial statements and our report thereon does not extend beyond the financial information identified in our report, and we have no obligation to perform and procedures to corroborate other information contained in these documents. - We have read the other information included in the Convention Center Authority's financial statements. - No matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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Required Communications (continued)

Audit Differences

- Corrected
 - None identified.
- Uncorrected
 - None identified.

Internal Control Recommendations Communicated to Management

- No material weaknesses noted.

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New Relevant Accounting Standards

GASB Statement No. 72, Fair Value Measurement and Application, required for fiscal periods beginning after June 15, 2015, during the year ended June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value

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 - Approximately 25 cities each Spring/Fall
- Quarterly Audit Committee Webcast
 - A quarterly Webcast providing updates and insights into issues affecting Audit Committee/board oversight—from key accounting and regulatory changes to developments in risk oversight.
- 13th Annual Audit Committee Issues Conference
 - January 9-10, 2017, Boca Raton, FL

KPMG Government Institute

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Visit www.kpmginstitutes.com/government-institute to sign up

Suggested publications (available for download at www.kpmg.com/aci)

- Directors Quarterly
- Global Boardroom Insights
- On the 2016 Audit Committee and Board Agendas
- Global Audit Committee Survey

Resources

- ACI Web site: www.kpmg-institutes.com/institutes/aci.html
- ACI mailbox: auditcommittee@kpmg.com
- ACI hotline: 1-877-KPMG-ACI
- *Audit Committee Insights – U.S. and International editions (biweekly electronic publications):* www.kpmginsights.com

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KPMG

Appendix A: Other Audit Committee Materials

KPMG

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Operations Update

RFP Audio Visual Service

RFP Security Command Center Software

MCC/Hotel Tax Collection

As of August 30, 2016

	2/5 of 5% Occupancy Tax	Net 1% Occupancy Tax	\$2 Room Tax	Contracted Vehicle Tax	Rental Vehicle Tax	Campus Tax	Total	Variance to FY 15-16
July	\$1,847,920	\$792,661	\$1,210,579	\$131,291	\$144,778	\$2,205,965	\$6,333,194	19.10%
August	\$1,720,791	\$761,538	\$1,157,888	\$137,780	\$141,582	\$1,609,885	\$5,529,464	13.76%
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
YTD Total	\$3,568,711	\$1,554,199	\$2,368,467	\$269,071	\$286,360	\$3,815,850	\$11,862,658	19.10%

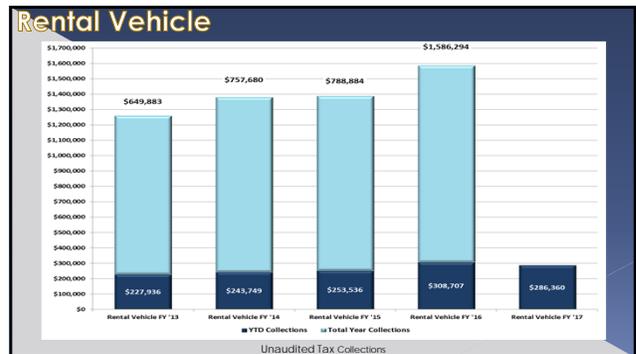
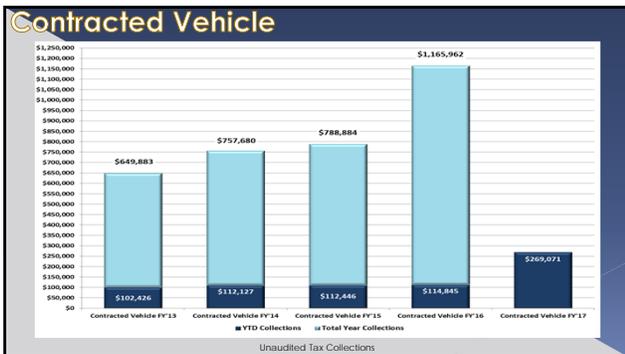
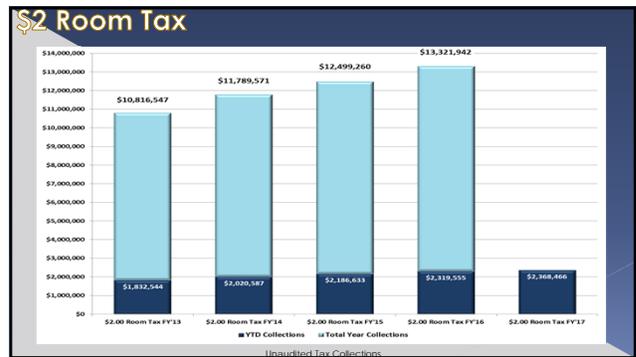
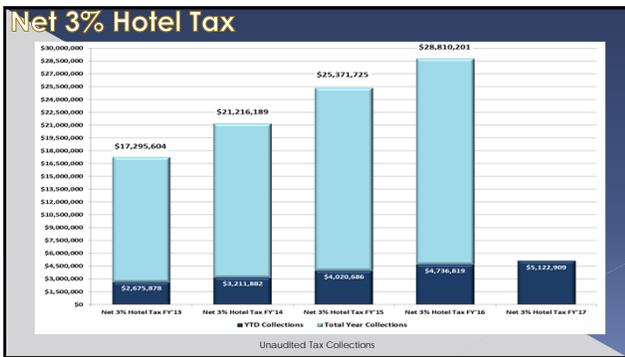
MCC/Hotel Tax Collection

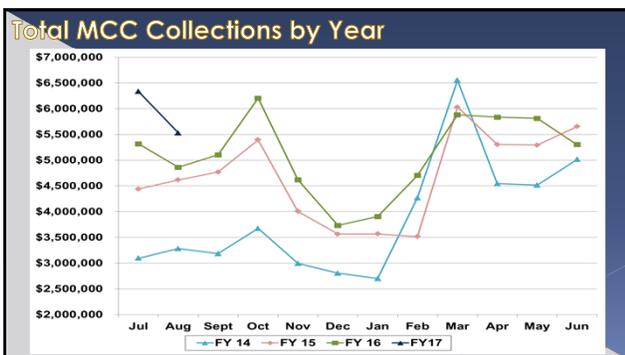
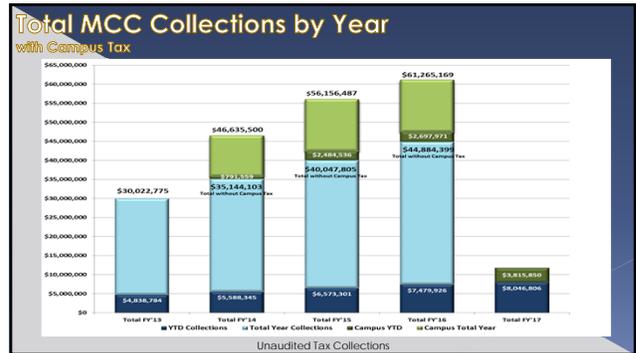
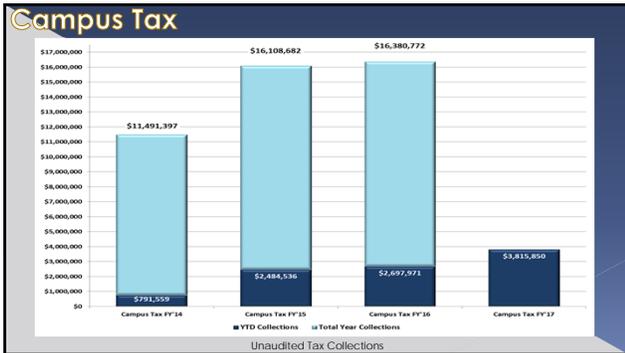
MCC Portion of August 2016 Tourism Tax Collections

	FY 2016	FY 2017	Variance
2/5 of 5% Occupancy Tax	\$1,556,357	\$1,720,791	10.57%
Net 1% Occupancy Tax	\$684,181	\$761,538	11.31%
\$2 Room Tax	\$1,104,133	\$1,157,888	4.87%
Contracted Vehicle	\$69,943	\$137,780	96.99%
Rental Vehicle	\$121,121	\$141,582	16.89%
Campus Sales Tax	\$1,324,855	\$1,609,885	21.51%
Total Tax Collections	\$4,860,591	\$5,529,464	13.76%

MCC Portion of Year-to-Date FY 2016 Tourism Tax Collections

	FY 2016	FY 2017	Variance
2/5 of 5% Occupancy Tax	\$3,294,661	\$3,568,711	8.32%
Net 1% Occupancy Tax	\$1,442,159	\$1,554,198	7.77%
\$2 Room Tax	\$2,319,555	\$2,368,466	2.11%
Contracted Vehicle	\$114,763	\$269,071	134.46%
Rental Vehicle	\$308,707	\$286,360	-7.24%
Campus Sales Tax	\$2,697,971	\$3,815,850	41.43%
TDZ Sales Tax Increment	\$0	\$0	0.00%
Total YTD Tax Collections	\$10,177,815	\$11,862,657	16.55%





- ### October Events
- 37 Events
 - 26,642 Attendees
 - 15,091 Room Nights
 - \$11,638,472 Economic Impact

- ### October Tours & Site Visits
- 8 Sales Site Visits
 - 5 Group tours with 74 attendees



DEVELOPMENT AGREEMENT

**(PARKING GARAGE FOR NASHVILLE CONVENTION CENTER
REDEVELOPMENT)**

THIS DEVELOPMENT AGREEMENT (PARKING GARAGE FOR NASHVILLE CONVENTION CENTER REDEVELOPMENT) ("Agreement") is entered into as of this ___ day of _____, 2016 (the "Effective Date") by and between OLIVERMCMILLAN SPECTRUM EMERY, LLC, a Delaware limited liability company ("Developer") and THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (the "Authority"). (Developer and the Authority are collectively referred to herein as the "Parties").

WITNESSETH

WHEREAS, the Authority is a public, nonprofit corporation and a public instrumentality of The Metropolitan Government of Nashville and Davidson County, Tennessee ("Metro Nashville") and is authorized under Tennessee Code Annotated § 7-89-10 et. seq. (the "Act"), to develop tourism, convention and employment opportunities in the State of Tennessee, by facilitating the acquisition, construction and rehabilitation of convention center facilities along with associated hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial office space facilities; parking facilities; parks; greenways; open space and any and all facilities related to any of these (collectively, "Allowed Facilities"); and

WHEREAS, the Act further allows the Authority to plan, promote, finance, construct, acquire, renovate, equip and enlarge Allowed Facilities;

WHEREAS, in order to implement the public purposes enumerated in the Act, the Authority constructed a new convention center on approximately 16 acres in Nashville, Tennessee's central business district primarily located at 5th Avenue South and Demonbreun Street ("Music City Center") that is owned and operated by the Authority; and

WHEREAS, as a result of the construction of Music City Center, the existing Nashville Convention Center owned by Metro Nashville and managed, operated and maintained by the Authority (the "Convention Center") located at 5th Avenue South and Broadway and more particularly described on Exhibit A attached hereto (the "Property") is no longer needed to function as a convention center; and

WHEREAS, the Metropolitan Council of Metro Nashville approved that certain Redevelopment Agreement with an effective date of May 6, 2015, between Metro Nashville, the Authority and the Developer pursuant to Bill No. BL2015-1067 (the "Redevelopment Agreement") whereby: (i) Developer will acquire the Property and all Metro Nashville's interests in all leases affecting the Property; (ii) Developer will redevelop the Property (such redevelopment of the Property pursuant to the terms of the Redevelopment Agreement shall be referred to herein as the "Redevelopment"); and (iii) the Authority shall construct, develop and own certain parking facilities on the Property that will be Allowed Facilities under the Act; and

WHEREAS, the Redevelopment Agreement provides: (i) that in order to maximize efficiencies in the development and construction of the Authority Garage (as hereinafter defined) and to better assure a coordinated and timely execution of the Redevelopment, Developer shall coordinate and manage the development, design and construction of the Authority Garage; and (ii) that the Developer and the Authority shall negotiate and enter into a development agreement that governs the development of the Authority Garage; and

WHEREAS, pursuant to the terms of the Redevelopment Agreement, the parties are entering into this Agreement to set forth the terms and conditions of the development, design and construction of the Authority Garage, and the Authority will pay for the design and construction of the Authority Garage pursuant to the terms of this Agreement; and

WHEREAS, upon completion of the construction of the Authority Garage, payment to Developer of the sums due under this Agreement, and satisfaction of all other Transfer Conditions (as hereinafter defined), Developer will convey the Authority Garage to the Authority; the Authority will lease the Authority Garage to the Developer; and Developer will form a horizontal property regime to define the rights and obligations of Developer and the Authority with respect to the integrated development consisting of the Redevelopment, the Authority Garage and certain shared space relating thereto; and

WHEREAS, the Project includes the proposed demolition and subsequent reconstruction of certain premises on the Property which are currently used by PIM Nashville, LLC, the owner of the Renaissance Hotel located at 611 Commerce Street, Nashville, Tennessee (the "Hotel"), for conference and meeting space and related facilities (collectively, the "Conference Facilities"); and

WHEREAS, the continued operation and success of the Hotel and Conference Facilities are directly and indirectly beneficial to the Authority and the Developer.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows:

SECTION 1. AUTHORITY GARAGE.

1.1 Goal. The Parties intend to fully integrate the Authority Garage into the Redevelopment design in a manner acceptable to Developer and the Authority. For purposes of this Agreement, the integrated project consisting of the Redevelopment and the Authority Garage is referred to collectively as the "Project."

1.2 Authority Garage Description. The parking facilities to be constructed on the Property by the Authority will be a public parking garage with two (2) underground levels and approximately 781 parking spaces, which will be located generally as shown on Exhibit B attached hereto (the "Authority Garage").

1.3 Engagement of Developer as Developer. The Authority hereby engages the services of Developer as an independent contractor with the powers and duties of arranging,

supervising and coordinating on behalf of the Authority all development and construction services for the Authority Garage, and Developer undertakes and accepts such engagement. Developer's development of the Authority Garage shall be for the account of the Authority and the Authority authorizes Developer to act on its behalf with respect to the Authority Garage. The powers and duties of Developer as developer shall include the following:

[a] Negotiate and execute the Design Contract (as defined in Section 1.6), the Construction Contract (as defined in Section 1.7), and any and all other agreements relating to the development of the Authority Garage;

[b] Conduct negotiations and call for all bids or proposals relating to the Authority Garage and review and analyze such bids and proposals when received;

[c] Use commercially reasonable efforts to cause the Authority Garage to be completed in substantial accordance with the Final Plans (as defined in Section 1.5), all as more particularly described in Section 1.8 of this Agreement;

[d] Secure all required permits, licenses and approvals from all applicable authorities in connection with the development of the Authority Garage, and act as a liaison between the Authority and all federal, state and local governmental boards, statutory bodies or other agencies having jurisdiction over the Authority Garage so that the development and construction of the Authority Garage will proceed in an authorized and expeditious manner;

[e] Develop the Preliminary Cost Estimate and Final Budget (each as defined in Section 1.9), maintain a current record of Reimbursable Costs (as defined in Section 1.9), and consult with and advise the Authority of any cost or budget matters which may result in any material change in the Final Budget;

[f] Inspect and use commercially reasonable efforts to cause the Project Architect (as defined in Section 1.6), and other professionals and consultants to verify that the construction is being carried out in substantial accordance with the Final Plans;

[g] Coordinate and direct the preparation of the "punch-list" by the General Contractor (as defined in Section 1.7), and coordinate and direct the completing of the items on the punch-list until final completion of the Authority Garage; and

[h] Enforce the Design Contract and the Construction Contract regarding the performance by the Project Architect and the General Contractor of their respective obligations under such contracts.

1.4 Approval of Plans. Developer shall cause the Project Architect (as defined in Section 1.6) to prepare working drawings and specifications for the construction of the Authority Garage (the "Preliminary Plans"). Developer shall submit the Preliminary Plans to the Authority for approval, which approval shall not be unreasonably withheld, conditioned or delayed, provided that such Preliminary Plans are generally consistent with the conceptual drawings attached hereto as Exhibit C (the "Authority Garage Conceptual Drawings"). Since the Authority

Garage will be a part of the Redevelopment and must be architecturally consistent therewith, the Authority's approval rights shall not extend to the exterior components of the Authority Garage provided that such is substantially consistent with the Authority Garage Conceptual Drawings. If the Authority has any objections or comments with respect to the Preliminary Plans, the Authority will notify Developer, in writing, within ten (10) days of receipt (the "Review Period"), and if the Authority does not so notify Developer within the Review Period, the Preliminary Plans will be deemed to have been approved by the Authority; provided, however, that if the Authority's internal approval process requires a meeting of the Authority's board of directors or any committee thereof in order to approve the Preliminary Plans and such meeting requires written notice be given prior to the date of such meeting, then the Authority may extend such ten (10) day Review Period by the required meeting notice period, not to exceed ten (10) additional days. If the Authority makes any comments or objections regarding the Preliminary Plans, Developer shall promptly cause the necessary changes and corrections to be made if reasonably acceptable to Developer. Developer shall promptly resubmit to the Authority modified Preliminary Plans, which will be subject to the same review and approval procedures set forth above. If Developer and the Authority are unable to resolve any such concerns within ten (10) business days following the end of the Review Period, then the Parties shall endeavor to resolve the dispute by mediation pursuant to Section 10.3. If the Parties are not able to resolve the dispute by mediation, the dispute shall be determined by a court of competent jurisdiction. All Preliminary Plans which are approved or deemed approved by the Authority are herein referred to as the "Final Plans". The Authority's approval of the Final Plans and Final Budget will constitute its final approval of the Developer's right to proceed with the construction of the Authority Garage in accordance with the Final Plans. Developer shall not make any material changes to the Final Plans without the Authority's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, in the event a change is required to be made to the Final Plans (a) to correct a manifest error, (b) to comply with any code or legal requirements imposed by any governmental authority having jurisdiction over the Authority Garage or the Project, or (c) to comply with any insurance industry-wide requirements with respect to life/safety issues, then Developer may make such changes to the Final Plans without the necessity of the Authority's consent to correct such error or to comply with such requirements.

1.5 Permits. Developer shall prepare and file all applications for, and pursue and use diligent efforts to obtain, all licenses, permits, approvals, consents and authorizations (collectively "Permits") that Developer is required to obtain from any governmental authority necessary for the development and construction of the Authority Garage.

1.6 Design Contract. After completion of a selection process, Developer has selected Gresham Smith & Partners (the "Project Architect") to design the entire Project (including the Authority Garage) and shall enter into a single design contract (the "Design Contract") with the Project Architect for the design of the Project. The Design Contract shall obligate the Project Architect to develop plans and specifications for the entire Project, including the Redevelopment and the Authority Garage (collectively, the "Project Plans"). The Final Plans shall be part of the Project Plans. Pursuant to the Design Contract, the Project Architect will be responsible for the design of the entire Project, including, without limitation, the Redevelopment, the Authority Garage and all related facilities. The Design Contract shall allocate the fees and expenses of the Project Architect (the "Design Fees") between the Redevelopment (which shall

be the responsibility of Developer) and the Authority Garage (which shall be substantially in accordance with the Final Budget and shall be the responsibility of the Authority). The Design Fees allocable to the Authority Garage shall constitute "Reimbursable Costs" under Section 1.9(b) hereof.

The Project Architect will engage all consultants and engineers (the "Consultants") for the Redevelopment and Authority Garage, including, without limitation, a mechanical, electrical and plumbing consultant as a subcontractor to provide mechanical, electrical and plumbing engineering services for both the Redevelopment and the Authority Garage. The contracts with the Consultants will allocate the fees and expenses of the Consultants between the Redevelopment (which shall be the responsibility of Developer) and the Authority Garage (which shall be substantially in accordance with the Final Budget and shall be the responsibility of the Authority). The Consultant fees allocable to the Authority Garage shall constitute "Reimbursable Costs" under Section 1.9(b) hereof.

Developer agrees to use good faith efforts to allocate Design Fees and Consultant fees for the Project between the Redevelopment and the Authority Garage in a fair and reasonable manner consistent with the tenets of this Section 1.6. In that regard, any cost savings, discounts, adjustments or cost overruns incurred in connection with the Design Contract shall be allocated as provided herein to the portion of the Project to which such cost savings, discounts, adjustments or cost overruns actually pertain.

1.7 Construction Contract. After the completion of a selection process, Developer has selected SKANSKA (the "General Contractor") to construct the entire Project (including the Authority Garage) and shall enter into a single construction contract (the "Construction Contract") with the General Contractor for the construction of the entire Project. The Construction Contract shall obligate the General Contractor to complete the Authority Garage Scope of Work (hereinafter defined) as more particularly described in Section 1.8. The Construction Contract shall specifically allocate the costs incurred under the Construction Contract, including, without limitation, the fees and expenses of the General Contractor and all subcontractors (collectively, the "Construction Costs") between the Redevelopment (which shall be the responsibility of Developer) and the Authority Garage (which shall be substantially in accordance with the Final Budget and shall be the responsibility of the Authority). All Construction Costs allocated to the Authority Garage pursuant to this Section 1.7 shall constitute "Reimbursable Costs" under Section 1.9(b) hereof.

Developer agrees to use good faith efforts to allocate Construction Costs for the Project between the Redevelopment and the Authority Garage in a fair and reasonable manner consistent with the tenets of this Section 1.7. In that regard, any cost savings, discounts, adjustments or cost overruns incurred in connection with the Construction Contract shall be allocated as provided herein to the portion of the Project to which such cost savings, discounts, adjustments or cost overruns actually pertain.

1.8 Authority Garage Scope of Work. Developer agrees to use its commercially reasonable efforts to cause the design, construction and completion of the Authority Garage by the Project Architect, the General Contractor, their respective subcontractors, consultants and others responsible for such construction in substantial accordance with the Final Plans (the

"Authority Garage Scope of Work"). However, the Authority acknowledges that the services and work product provided by the Project Architect, the General Contractor, and the other design professionals, construction professionals, consultants, and contractors retained with respect to the Authority Garage as provided in this Agreement are the responsibility of such design professionals, construction professionals, consultants and contractors, and Developer does not warrant or guarantee their performance, compliance with laws or suitability for the purpose intended. Notwithstanding the foregoing, upon the request of the Authority, Developer shall, at the Authority's sole cost and expense, enforce the obligations of the Project Architect under the Design Contract and the General Contractor under the Construction Contract, to the extent such obligations pertain to the Authority Garage.

1.9 Preliminary Cost Estimate; Final Budget.

[a] The Authority shall pay or cause to be paid to Developer expenses incurred by Developer for the Authority Garage in an amount equal to the Reimbursable Costs incurred by Developer in connection with the performance of its obligations under this Agreement. Developer shall submit a proposed budget of the Reimbursable Costs (as hereinafter defined) (the "Preliminary Cost Estimate") to the Authority for approval, which approval will not be unreasonably withheld, conditioned or delayed. If the Authority has any objections or comments with respect to the Preliminary Cost Estimate, the Authority will notify Developer, in writing, within fifteen (15) days of receipt (the "Preliminary Cost Review Period"), and if the Authority does not so notify Developer within the Preliminary Cost Review Period, the Preliminary Cost Estimate will be deemed to have been approved by the Authority; provided, however, that if the Authority's internal approval process requires a meeting of the Authority's board of directors or any committee thereof in order to approve the Preliminary Cost Estimate and such meeting requires written notice be given prior to the date of such meeting, then the Authority may extend such fifteen (15) day Preliminary Cost Review Period by the required meeting notice period, not to exceed ten (10) additional days. If the Authority makes any comments or objections regarding the Preliminary Cost Estimate, Developer shall promptly cause the necessary changes and corrections to be made if reasonably acceptable to Developer. Developer shall promptly resubmit to the Authority a modified Preliminary Cost Estimate, which will be subject to the same review and approval procedures set forth above; provided, however, that the Developer and Authority shall proceed in good faith and use best efforts to finalize the Preliminary Cost Estimate by no later than May 1, 2017. If Developer and the Authority are unable to resolve any such concerns within ten (10) business days following the end of the Preliminary Cost Review Period, then the Parties shall endeavor to resolve the dispute by mediation pursuant to Section 10.3. If the Parties are not able to resolve the dispute by mediation, the dispute shall be determined by a court of competent jurisdiction. The Preliminary Cost Estimate which is approved or deemed approved by the Authority is herein referred to as the "Final Budget". The Authority's approval of the Final Budget and Final Plans will constitute its final approval of the Developer's right to proceed with the construction of the Authority Garage in accordance with the Final Budget. Developer shall not make any material changes to the Final Budget without the Authority's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Developer may make changes to the Final Budget to move funds between line

items or to move funds from the contingency reserve to individual line items without the necessity of the Authority's consent, provided that such changes do not materially increase the overall Authority Garage Scope of Work. Further, the Authority agrees that notwithstanding that Developer and Authority will work together and follow the process above for obtaining a Final Budget, Authority will not withhold approval of the Final Budget so long as it does not exceed the Cap (as defined in Section 1.9(c)) and is generally consistent with the baseline budget attached hereto as Exhibit D.

[b] For purposes of this Agreement, "Reimbursable Costs" shall mean the incremental costs incurred by Developer to develop and construct the Authority Garage over and above the costs which would have been incurred by Developer to construct the Redevelopment without the integration of the Authority Garage with the Redevelopment. "Reimbursable Costs" shall include, without limitation, all costs and expenses heretofore or hereafter incurred by or on behalf of Developer in connection with the planning, designing, permitting and construction of the Authority Garage and all of the costs and expenses included in the Preliminary Cost Estimate, Final Budget and other similar costs and expenses. Examples of Reimbursable Costs include but are not limited to, design fees, civil engineering expenses, consultant fees, permitting costs, entitlement expenses, inspection costs, contractor fees, general conditions, accounting costs, demolition and removal of existing improvements, utility relocation, erosion and sedimentation control, landscaping, insurance costs associated with the insuring the Authority Garage during construction, bonding fees, contingencies, attorneys' fees, market rate development fees charged on the same percentage basis as those charged on the balance of the Project, and all other costs incurred by Developer in carrying out its responsibilities pursuant to this Agreement.

[c] Notwithstanding anything in this Agreement to the contrary, the Authority's obligation to reimburse Developer for Reimbursable Costs shall be limited to a maximum of \$34,500,000.00 (the "Cap"), and Developer shall be solely responsible for any Reimbursable Costs that exceed the Cap.

1.10 Payment of Reimbursable Costs and Conference Facilities Allowance.

[a] The Authority shall reimburse Developer for all Reimbursable Costs associated with the Authority Garage up to the amount of the Cap in the manner set forth in this Section 1.10. Further, the Authority shall pay Developer the Conference Facilities Allowance (as defined in Section 3) as set forth in Section 3 of this Agreement. The Authority represents, warrants and covenants to Developer that: (i) it currently has and will continue to have during the Term of this Agreement unrestricted and unencumbered cash on hand in at least the amount of the aggregate of the Cap and the Conference Facilities Allowance (the "Unrestricted Funds"); (ii) during the Term of this Agreement, all of the Unrestricted Funds will be held by the Authority in a segregated account that is separate and apart from other accounts of the Authority (the "Segregated Account"); (iii) it has the requisite power and authority to freely pay the Reimbursable Costs (up to the amount of the Cap) and the Conference Facilities Allowance to the Developer without violating any law, contract, agreement or other instrument or covenant by which it is bound; and (iv) no authorization or consent of any party is needed for the

Authority to reimburse or pay the Developer, as applicable, the Reimbursable Costs and the Conference Facilities Allowance pursuant to the terms of this Agreement. Upon Developer's written request, the Authority shall certify in writing to Developer, any lender of the Developer and any other interested third party (including, without limitation, any investor or affiliate of Developer) that the foregoing representations, warranties and covenants remain true, complete and correct, which written certification shall also include written evidence of the existence of the Unrestricted Funds in the Segregated Account.

[b] Developer shall periodically (but no more often than monthly) submit to the Authority a draw statement which describes in reasonable detail the Reimbursable Costs and portions of the Conference Facilities Allowance, which have been incurred by or on behalf of Developer up to the date of the statement (and which have not previously been paid or reimbursed), together with documentation supporting that such costs have been incurred (collectively, a "Draw Statement"). The Authority shall make a disbursement ("Disbursement") to Developer from the Unrestricted Funds of the amount specified in the Draw Statement within five (5) days after its receipt of such Draw Statement. Developer may elect to have any Disbursement paid to Developer or directly to the applicable contractor, vendor or other third party payee. All payments of Disbursements will include any amounts necessary to adequately fund any retainage account required by the Developer's construction contract or by applicable law. The Authority shall have no right to object to any Draw Statement or any Reimbursable Cost or installment payment of the Conference Facilities Allowance covered by a Draw Statement except to the extent provided in Section 1.10(c) below.

[c] On or before the date which is fifteen (15) days after the end of each calendar quarter during the Term of this Agreement (an "Audit Deadline"), the Authority shall have the right to audit (an "Audit") each Draw Statement submitted by Developer during the previous calendar quarter in order to verify the accuracy of the Reimbursable Costs and installment payment of the Conference Facilities Allowance, which were the subject of such Draw Statements. The Authority shall trigger an Audit by providing written notice to Developer prior to the expiration of the Audit Deadline. In connection with any such Audit, Developer shall make all of its books and records relating to the Authority Garage and the Conference Facilities Development Costs available to the Authority and shall cooperate with any reasonable requests for information from the Authority. If after conducting any Audit the Authority reasonably believes that either (i) a Disbursement was made which included a cost or expense that is not properly classified as a Reimbursable Cost, or the Conference Facilities Development Cost, under the terms of this Agreement or (ii) a Disbursement was made for a Reimbursable Cost or the Conference Facilities Development Cost which was not actually incurred by Developer (in either event, an "Unreimbursable Cost"), the Authority shall provide written notice (a "Discrepancy Notice") of such fact to Developer, which Discrepancy Notice shall set forth the amount and identity of the alleged Unreimbursable Cost and shall provide in reasonable detail the reason why the Authority believes such cost should not be classified as a Reimbursable Cost. The Discrepancy Notice must be provided to Developer prior to the date that is thirty (30) days after the Audit Deadline. The Authority's failure to deliver a Discrepancy Notice to Developer on or before the date

that is thirty (30) days after the Audit Deadline shall constitute a waiver of its right to Audit such Draw Statements for the applicable calendar quarter. Upon the timely delivery of a Discrepancy Notice, Developer and the Authority shall diligently work to resolve the discrepancy which is the subject of the Discrepancy Notice. If Developer and the Authority are unable to resolve such discrepancy within five (5) business days after Developer's receipt of the Discrepancy Notice, then the parties shall endeavor to resolve the dispute by mediation pursuant to Section 10.3 of this Agreement. If the parties are not able to resolve the dispute by mediation, the dispute shall be determined by a court of competent jurisdiction.

1.11 True Up of Reimbursable Costs. The Authority acknowledges that the Preliminary Cost Estimate is only an estimate of the Reimbursable Costs that will be incurred by Developer and that the actual Reimbursable Costs payable to Developer may be more or less than the Preliminary Cost Estimate and/or the Final Budget. In that regard, upon the completion of the Authority Garage, if the actual Reimbursable Costs exceed the amount of Cap, the Developer shall promptly pay or cause to be paid such excess. Likewise, if the actual Reimbursable Costs are less than the amount of the Cap, then after the date that is fifteen (15) days after payment to Developer of Developer's final Distribution related to the Reimbursable Costs, completion of all so-called punchlist items related to the Authority Garage, and final payment to the General Contractor with respect to the Authority Garage, the Authority may remove the remaining portion of the Cap from the Segregated Account; provided, however, the remaining portion of the Unrestricted Funds allocable to the Conference Facilities Allowance shall remain in the Segregated Account until the Developer has exhausted the Conference Facilities Allowance.

1.12 Intentionally deleted.

1.13 Conveyance and Lease of the Authority Garage.

[a] Upon [i] the lien-free completion of the Project in accordance with the Project Plans, [ii] the payment to Developer of all sums due under this Agreement (including the application of the true up under Section 1.11 of this Agreement) and [iii] the execution of Condominium Documents (as defined in Section 2) (collectively, the "Transfer Conditions"), Developer shall convey the Authority Garage to the Authority, and the Authority and the Developer shall enter into a Parking Garage Lease in the form of Exhibit E attached hereto and incorporated herein by reference (the "Garage Lease") whereby the Authority shall lease the Authority Garage to the Developer, subject to the rights and obligations of Developer and the Authority set forth in Section 2 of this Agreement. In no event shall Developer be required to convey the Authority Garage to the Authority until the Transfer Conditions have been satisfied.

[b] Developer shall convey the Authority Garage to the Authority by quitclaim deed without any further consideration and without warranties or representations of any kind, but with a nonexclusive assignment of all potential claims against the Project Architect and General Contractor on account of any design or construction defects in the Authority Garage. The closing of such conveyance (the "Closing") will be held at a time and place mutually agreeable to the parties, but in any

event not more than thirty (30) days after the all Transfer Conditions are satisfied. Developer shall assign, on a non-exclusive basis, any construction or manufacturer's warranties related to the Authority Garage to the Authority at Closing. The Authority shall be responsible for the cost of any title insurance it elects to purchase at Closing, any transfer taxes associated with the conveyance of the Authority Garage, and the cost of preparing and recording the deed.

SECTION 2. CONDOMINIUM AND FUTURE OPERATION OF THE PROJECT

Developer and the Authority desire to develop an ownership structure which will allow them to effectively govern the rights and obligations of Developer and the Authority with respect to the ownership and operation of the integrated Project. In that regard, in conjunction with the conveyance of the Authority Garage to the Authority and the subsequent lease of the Authority Garage to the Developer pursuant to Section 1.13 of this Agreement, Developer shall submit the Project to a condominium regime pursuant to the Tennessee Condominium Act, T.C.A. §66-27-201, et. seq. (the "Condominium") prior to Closing to govern the rights and obligations of Developer and the Authority with respect to the ownership and operation of the Project. The Condominium is anticipated to have some or all of the following units (or other units as Developer may deem appropriate): (i) the Garage Unit (consisting of the Authority Garage that will be owned by the Authority); (ii) the Retail Unit; (iii) the Office Unit; (iv) the Multi-Family Unit; and (v) the Conference Facility Unit.

SECTION 3. CONFERENCE FACILITIES

The Authority shall pay Four Million Dollars (\$4,000,000.00) (the "Conference Facilities Allowance") towards the cost of the design, demolition and reconstruction of the Conference Facilities (the "Conference Facilities Development Costs"). The parties acknowledge and agree that the Conference Facilities Allowance shall only be paid to Developer as and when the Developer actually demolishes the existing Conference Facilities and erects new Conference Facilities as a part of the Redevelopment, which is dependent upon Developer and the owner of the Hotel executing a separate written agreement regarding the foregoing. Developer shall submit and the Authority shall pay requests for installment payments of the Conference Facilities Allowance in the manner set forth in Section 1.10 above. The terms of Section 1.10 above shall govern the parties rights and obligations regarding the payment, disbursement and audit of the Conference Facilities Allowance.

SECTION 4. INTENTIONALLY DELETED

SECTION 5. DEVELOPER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

Developer covenants and agrees as follows:

5.1 Developer's Representations, Warranties and Covenants. In addition to those representations, warranties and covenants set forth herein, as an inducement to the Authority to enter into this Agreement, Developer represents and warrants to, and covenants and agrees with, the Authority, as follows:

[a] Developer is duly formed and validly existing under the laws of the State of Delaware, with all necessary power and authority to enter into this Agreement and to consummate the transactions herein contemplated. The execution and delivery hereof and the performance by Developer of its obligations hereunder will not violate or constitute an event of default under any material terms or material provisions of any agreement, document, instrument, judgment, order or decree to which Developer is a party or by which Developer is bound;

[b] Developer has caused all proceedings required to be taken by or on behalf of Developer to authorize Developer to make and deliver this Agreement and to perform the covenants, obligations and agreements of Developer hereunder and that no further approval to the execution or delivery of this Agreement by Developer or the performance by Developer of its covenants, obligations and agreements hereunder is required from any board of directors, shareholder, creditor, investor, judicial, legislative or administrative body, governmental authority or other person, other than any such approval which already has been unconditionally given, and this Agreement will be binding upon Developer in accordance with its terms;

[c] Developer agrees to comply in all material respects with all applicable federal, state and local laws and regulations for the construction of the Authority Garage, including but not limited to OSHA, ADA standards, building codes, wage requirements, zoning, stormwater and utility issues, and all related matters;

[d] Developer has established equal employment opportunities for all individuals so that no individual shall be excluded from employment by Developer because of race, creed, color, national origin, age or sex; agrees to comply with all applicable laws concerning the employment of individuals with disabilities; does not subscribe to any personnel policy which permits or allows the promotion, demotion, employment, dismissal or laying off of any individual due to his or her race, creed, color, national origin, age or sex, or which is in violation of applicable laws concerning the employment of individuals with disabilities; and has posted in conspicuous places that are available to all employees and applicants, notices of non-discrimination;

[e] Pertaining to this Agreement, Developer has not offered, given or agreed to give any Authority employee or former employee a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter; and

[f] Developer has not retained any persons to solicit or secure this Agreement or any contract with the Authority upon an agreement or understanding for a contingent commission, percentage, or brokerage fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

SECTION 6. THE AUTHORITY'S OBLIGATIONS AND COMMITMENTS

The Authority covenants and agrees as follows:

6.1 Approvals. The Authority agrees to cooperate with and assist Developer in securing the Permits and to use commercially reasonable efforts to expedite the issuance of the Permits, including any approval related to or required for Metro Nashville's Capitol Mall Redevelopment District. However, nothing herein shall adversely affect, limit, restrict or reduce the right of any governmental authority, including Metro Nashville, to exercise their respective governmental powers and authority.

6.2 Authority's Representations, Warranties and Covenants. As an inducement to Developer to enter into this Agreement, the Authority represents and warrants to, and covenants and agrees with Developer, as follows:

[a] The Authority is duly formed and validly existing under the laws of the State of Tennessee, with all necessary power and authority to enter into this Agreement and to consummate the transactions herein contemplated. The execution and delivery hereof and the performance by Authority of its obligations hereunder will not violate or constitute an event of default under any material terms or material provisions of any agreement, document, instrument, judgment, order or decree to which Authority is a party or by which Authority is bound.

[b] The Authority has caused all governmental proceedings required to be taken by or on behalf of Authority to authorize the Authority to make and deliver this Agreement and to perform the covenants, obligations and agreements of Authority hereunder and that no further approval to the execution or delivery of this Agreement by Authority or the performance by Authority of its covenants, obligations and agreements hereunder is required from any board of directors, creditor, judicial, legislative or administrative body, governmental authority or other person, other than any such approval which already has been unconditionally given, and this Agreement will be binding upon the Authority in accordance with its terms.

[c] The Authority hereby designates Marty Dickens to be the Authority Representative (the "Authority Representative") for purposes of this Agreement. The Authority shall have the right, from time to time, to change the person or entity who is the Authority Representative by giving Developer notice thereof. Any written approval, decision or determination hereunder to be made by Authority shall be made by the Authority Representative and the giving of such approval or making of such determination or decision by the Authority Representative shall be confirmation that all necessary action of the Authority has been taken to make the same binding on the Authority. Developer shall have the unconditional right to rely on such approval, decision or determination of the Authority Representative.

SECTION 7. DEVELOPER COMMITMENT TO DIVERSIFIED BUSINESS ENTERPRISE INVOLVEMENT AND LOCAL PARTICIPATION.

Developer recognizes [i] that it is the policy of the Authority to promote full and equal business opportunities for all persons doing business with the Authority by increasing the purchase of goods and services from minority and women-owned businesses within the Nashville Metropolitan Statistical Area, as such are defined by the U.S. Office of Management and Budget and is the result of the application of published standards to Census Bureau data; and [ii] that the Authority has expressed a strong desire to ensure maximum local participation in all aspects of the construction, completion and operation of the Authority Garage.

7.1 Assistance to Small, Minority-Owned and Women-Owned Business Enterprises. Developer agrees to manage and produce a successful diversified business enterprise result and to assist small, minority-owned, and women-owned business enterprises with respect to their doing business with respect to the Authority Garage pursuant to the Authority's Procurement Nondiscrimination Program and the procedures adopted by the Authority. Accordingly, Developer commits to spend a minimum of twenty percent (20%) of the Project's Hard Construction Costs (hereinafter defined) with small, minority-owned, and women-owned business enterprises as reasonably approved and certified by the Authority or other recognized organizations, reasonably acceptable to the Authority, that certify such business enterprises. Developer agrees to meet with designated representatives of the Authority and the Authority's Business Assistance Office on a regular basis regarding its commitments in, and ongoing compliance with, this Section 7.1.

7.2 Preference to Local Businesses. Developer agrees to give local and regional business enterprises (meaning businesses with a significant business presence where employees are regularly based and that such place of business has a substantial role in the business' performance of a commercially useful function in the Nashville Metropolitan Statistical Area) first consideration and the maximum practical opportunity to participate in construction trade agreements and/or subcontracts associated with the Authority Garage to the full extent consistent with the efficient performance of the work, provided that such local and regional business enterprises offer competitive pricing, quality, work and service. Developer agrees to meet with designated representatives of the Authority and the Authority's Business Assistance Office on a regular basis regarding its commitments in and ongoing compliance with this Section 7.2.

7.3 Definition of Hard Construction Costs. For purposes of this Section 7.3, the term "Hard Construction Costs" shall mean the site development and building costs expended directly in connection with the Project, comprised of the actual construction costs, signage costs, and the costs of labor, supplies and materials, including all fees paid to Developer's general contractor, subcontractors, and suppliers.

SECTION 8. TERM OF AGREEMENT

The term of this Agreement ("Term") shall commence on the Effective Date and, unless terminated earlier as provided by and in accordance with the terms of this Agreement, shall end on the date as of which all Transfer Conditions have been satisfied, the Authority Garage has

been transferred to the Authority, the Garage Lease has been executed by the parties, and each Party has performed all of its obligations hereunder.

SECTION 9. PROGRESS REPORTS, AUDIT & INSPECTION.

9.1 Progress Reports. Developer, subject to the review of the Authority, shall establish cost control, accounting, audit and reporting systems with respect to the construction of the Authority Garage. Developer agrees to make monthly progress reports in a mutually agreed upon form advising the Authority on all matters related to the construction of the Authority Garage, including information on design, construction, compliance with the Final Plans, and expenses and construction spending. In addition, (i) Developer agrees to meet with the Authority Representative on a regular basis regarding construction and development matters, and (ii) upon no less than fifteen (15) days written notice from the Authority, Developer agrees to provide the Authority's Board with updates regarding the development of the Authority Garage at its scheduled Board meetings, provided that Developer shall not be required to appear at such Board meetings more than once per calendar quarter.

9.2 Books and Records. Developer shall maintain adequate and complete books, records, papers, accounts, contracts and files relating to its duties under this Agreement. All documents and records maintained by Developer with respect to the construction and completion of the Authority Garage and the performance of Developer's duties under this Agreement shall be available at all times during normal business hours for inspection and copying by the Authority or its agents and representatives.

9.3 Inspection of Authority Garage. At any time during the construction of the Authority Garage from time to time following advance notice to Developer, the Authority shall have, and Developer shall provide or cause to be provided, access to the Authority Garage in order for the Authority and/or its authorized representatives to inspect the Authority Garage to ensure compliance with this Agreement. Developer may require that any individuals inspecting the Authority Garage be escorted at all times by an employee or authorized representative of Developer. Developer, its officers, agents, servants, employees, contractors and subcontractors shall cooperate fully with the Authority during any such inspection.

SECTION 10. DEFAULT, REMEDIES, TERMINATION AND DISPUTE RESOLUTION PROCEDURES.

10.1 Breaches by Developer. In the event that Developer breaches this Agreement, the Authority shall notify Developer in writing, which notice shall specify the nature of the breach, and Developer shall have thirty (30) calendar days to cure the breach, or if such breach is not reasonably curable within the thirty (30) calendar days, such additional time as may be reasonably necessary to cure the breach provided that Developer is diligently pursuing cure. If the breach has not been fully cured within such time, the Authority shall have all rights and remedies available under the law or in equity, other than termination of this Agreement, including, but not limited to, the right to demand specific performance to cure the breach and to collect damages plus reasonable attorneys' fees incurred in the enforcement of this Agreement (in which event the Authority may offset any amounts owed by Developer pursuant to this Section

10.1 as a result of such breach against the payments required to be made to Developer by the Authority pursuant to this Agreement).

10.2 Breaches by Authority. In addition to any other rights or remedies of Developer expressly set forth elsewhere in this Agreement, in the event that the Authority breaches this Agreement, Developer shall notify the Authority in writing, which notice shall specify the nature of the breach, and the Authority shall have thirty (30) calendar days to cure the breach, or if such breach is not reasonably curable within the thirty (30) calendar days, such additional time as may be reasonably necessary to cure the breach provided that the Authority is diligently pursuing cure. If the breach has not been fully cured within such time, Developer shall have all rights and remedies available under the law or in equity, including, but not limited to, [i] the right to terminate this Agreement, [ii] the right to demand specific performance to cure the breach and [iii] the rights to collect damages plus reasonable attorneys' fees incurred in the enforcement of this Agreement.

10.3 Mediation. If the Parties are in disagreement regarding any provision of this Agreement, the Parties, within ten (10) days after the first notice given under this Agreement regarding such dispute, shall first submit such dispute to non-binding mediation in Nashville, Tennessee, with each party to bear their own costs and expenses and with each party to share the fees and expenses of the mediator equally. The duration of the mediation shall be limited to two business days and shall be concluded on or before ten (10) calendar days following the selection by the Parties of a mediator (or at such later date as the parties may agree). The Parties agree to meet with the mediator in good faith in an effort to resolve the dispute. The Parties will cooperate [i] in selecting an independent mediator experienced in disputes of the subject and nature under dispute and [ii] in scheduling the mediation proceedings. No settlement reached by mediation will be binding unless agreed to in writing by the Parties. If mediation of the dispute fails to resolve the dispute, any such unresolved dispute shall be determined by a court of competent jurisdiction. Notwithstanding the foregoing, nothing shall prevent the Parties from first attempting in good faith to resolve any such dispute promptly by negotiation between executives and/or appropriate representatives of each party who have authority to resolve the dispute.

10.4 Injunctive/Ancillary/Emergency Relief. Notwithstanding any provision of Section 10 of this Agreement to the contrary, any party may seek injunctive relief or other form of ancillary relief at any time from any court of competent jurisdiction.

SECTION 11. ASSIGNMENT; DEVELOPER FINANCING.

11.1 Assignment. This Agreement shall only be assigned by Developer without the consent of the Authority in conjunction with an assignment of the Redevelopment Agreement pursuant to the terms thereof (any approval of an assignment of the Redevelopment Agreement shall constitute an approval of the assignment of this Agreement), provided that Developer may, without the consent of the Authority, assign this Agreement to an Affiliate, as such term is defined in the Redevelopment Agreement. In the event of any such assignment the assignee or successor shall enter into a written agreement with the Authority under which the assignee or successor agrees to assume all covenants and obligations of Developer under this Agreement. The Authority may not assign this Agreement, or any rights or obligations hereunder.

11.2 Developer Financing. Notwithstanding anything else contained herein to the contrary, Developer may transfer, assign, mortgage, deed in trust, grant a security interest in, or otherwise transfer all or any portion of its rights and interest hereunder to any lender(s) (each, a "Lender") providing financing for all or any portion of the Project, without the consent or approval of the Authority. Any Lender may cause or accept the transfer of Developer's rights hereunder (whether pursuant to the exercise of its rights and remedies under any financing or collateral agreement, or otherwise) without the consent of the Authority, and further, such Lender may transfer or assign all of Developer's rights and interest hereunder to any person acquiring all or any portion of the Project, without the approval or consent of the Authority. The Authority (acting through its President) shall execute and deliver to Developer and/or to any Lender requesting same from time to time, such letter, certificate or other writing as may be reasonably requested to confirm the status of this Agreement and the Parties' obligations hereunder, and agreeing to provide written notice to Lender with respect to any matter arising hereunder, including any assertion that Developer is in default or is otherwise in violation of this Agreement. Any Lender shall have the right, and a reasonable opportunity and time period, but not the obligation, to cure any default by Developer hereunder, and the Authority agrees to accept such cure as though fully provided by Developer. The Authority further agrees to enter into customary modifications to the foregoing restrictions and to agree to customary mortgagee protection provisions for the benefit of Lender and its successors and assigns.

11.3 Authority Financing. Nothing contained in this Agreement shall prohibit Authority from (i) mortgaging its fee interest in the Authority Garage at or after the Closing or (ii) collaterally assigning Authority's interest under the Garage Lease at or after the execution of the Garage Lease.

SECTION 12. MISCELLANEOUS.

12.1 Capitalized Terms. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Redevelopment Agreement.

12.2 Section Headings. The section headings contained herein are for convenience of reference and are not intended to define or limit the scope of any provision thereof.

12.3 Independent Contractor. It is expressly understood and agreed that Developer shall operate as an independent contractor in each and every respect hereunder and not as an agent, representative or employee of the Authority. The Parties acknowledge that the doctrine of *respondeat superior* will not apply as between the Authority and Developer, its officers, agents, servants, employees, contractors, subcontractors, licensees and invitees. The Parties further agree that nothing in this Agreement will be considered as the creation of a partnership or joint enterprise between the Authority and Developer.

12.4 Governing Law. This Agreement is to be performed in Davidson County, Tennessee, and all of the rights and obligations of the Parties hereto and all of the terms and conditions hereof shall be construed, interpreted and applied in accordance with, governed by and enforced under the laws of the State of Tennessee. Any legal proceedings brought by any Party pursuant to the terms of this Agreement must be filed in the Tennessee State Courts or Federal Courts located in Davidson County, Tennessee.

12.5 Time is of the Essence. Time is of the essence with respect to all of the express conditions contained herein. Subject to delays caused by the failure of another Party to provide approvals or other necessary information on a timely basis or within the time periods specified in this Agreement, or other delays beyond its reasonable control, a Party's failure to timely perform its obligations hereunder shall be considered a breach of this Agreement.

12.6 Attorneys Fees. In the event of any dispute between the Parties hereto involving the covenants or conditions contained in this Agreement or arising out of the subject matter of this Agreement, the prevailing Party shall be entitled to recover reasonable expenses, including attorneys' fees and costs.

12.7 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than Developer and the Authority and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party to this Agreement, nor shall any provisions give any third persons any right of subrogation or action over or against any Party to this Agreement. As such, only the Authority is entitled to enforce the obligations of Developer with respect hereto.

12.8 Entire Agreement. This Agreement (including the documents referenced herein) constitutes the entire understanding and agreement of the Parties regarding the Authority Garage, integrates all of the terms and conditions mentioned herein or incidental hereto, supersedes all negotiations or previous agreements (including the provisions of the Redevelopment Agreement addressing the Authority Garage) between the Parties or their predecessors in interest with respect to all or any part of the subject matter hereof, and may be modified or waived only by a separate writing between the Parties expressly modifying or waiving this Agreement.

12.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument.

12.10 Intentionally deleted.

12.11 Legal Opinion. Contemporaneously with the execution of this Agreement, the Authority shall deliver to Developer a legal opinion in form and substance reasonably acceptable to Developer, providing that the Redevelopment Agreement and this Agreement are enforceable against the Authority in accordance with their terms.

SECTION 13. NOTICES.

Notices given or to be given by the Authority or Developer to the other may be personally served upon the Authority or Developer or any person hereafter authorized by either in writing to receive such notice, may be served by a reputable national overnight courier addressed to the appropriate address hereinafter set forth or to such other address as the Authority or Developer may hereafter designate by written notice, or may be served by electronic mail or facsimile sent to the electronic mail addressed or facsimile numbers set forth below. If served by overnight courier, service will be considered completed and binding on the other Party when placed in the hands of the overnight courier for delivery to recipient. If served

4820-7080-8376.8

by electronic mail or facsimile, service will be considered completed and binding upon the transmission of such notice. All notices shall be in writing and shall be made as follows:

To the Authority: The Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County
201 Fifth Avenue South
Nashville, Tennessee 37203
Attention: President & CEO
Electronic Mail: charles.starks@nashvillemcc.com
Facsimile: 615-401-1480

With a copy to: Metropolitan Government Finance Department
Metropolitan Courthouse
1 Public Square, Suite 106
Nashville, Tennessee 37201
Attention: Finance Director
Electronic Mail: talia.lomaxodneal@nashville.gov
Facsimile: 615-862-6156

With a copy to: Bone McAllester Norton PLLC
511 Union Street, Suite 1600
Nashville, Tennessee 37219
Attention: Charles Robert Bone
Electronic Mail: crb@bonelaw.com
Facsimile: 615-687-5597

To Developer: OliverMcMillan Spectrum Emery, LLC
810 Crescent Centre Drive, Suite 560
Franklin, Tennessee 37067
Attention: Pat Emery
Electronic Mail: pemery@spectrum-properties.com
Facsimile: (615) 656-2596

With a copy to: OliverMcMillan Spectrum Emery, LLC
733 8th Avenue
San Diego, California 92101
Attn: Eric Buchanan
Electronic Mail: ebuchanan@olivermcmillan.com
Facsimile: (619) 321-1234

With a copy to: Spectrum Properties
201 South Tryon Street, Suite 550
Charlotte, NC 28202
Attention: Darryl B. Dewberry
Electronic Mail: ddewberry@spectrum-properties.com

Facsimile: (704) 358-9099

With a copy to:

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, Tennessee 37219
Attention: Robert R. Campbell, Jr.
Electronic Mail: bo.campbell@wallerlaw.com
Facsimile: (615) 244-6804

**[The remainder of this page has been intentionally left blank.
Signatures appear on the next page.]**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first above written.

AUTHORITY:

THE CONVENTION CENTER
AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY

By: _____

Name: _____

Title: _____

DEVELOPER:

OLIVERMCMILLAN
SPECTRUM EMERY, LLC,
a Delaware limited liability company

By: OMB Nashville, LLC,
a Delaware limited liability company
Its: Sole Member

By: OM/SE Manager, LLC,
a Delaware limited liability company
Its: Managing Member

By: SE Nashville Group, LLC,
a North Carolina limited liability
company
Its: Authorized Member

By: _____

Name: Patrick G. Emery

Title: Manager

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

Land in Davidson County, Tennessee, being Lot(s) 1, as shown on the map entitled Re-Subdivision of Lot 1, Section 1, Nashville Convention Center Plan, of record in Instrument No. 20130306-0022366, Register's Office for Davidson County, Tennessee, to which plan reference is hereby made for a more complete and accurate legal description.

Being part of the same property conveyed to Metropolitan Government of Nashville and Davidson County, Tennessee, by deed from The Metropolitan Development and Housing Agency, of record in Book 6327, Page 613, dated June 29, 1984, said Register's Office.

EXHIBIT B

GENERAL LOCATION OF AUTHORITY GARAGE

See Attached.



Gensler

OVERALL SITE LOCATION OF GARAGE IN CONTEXT
1" = 100'
0 100 200 300

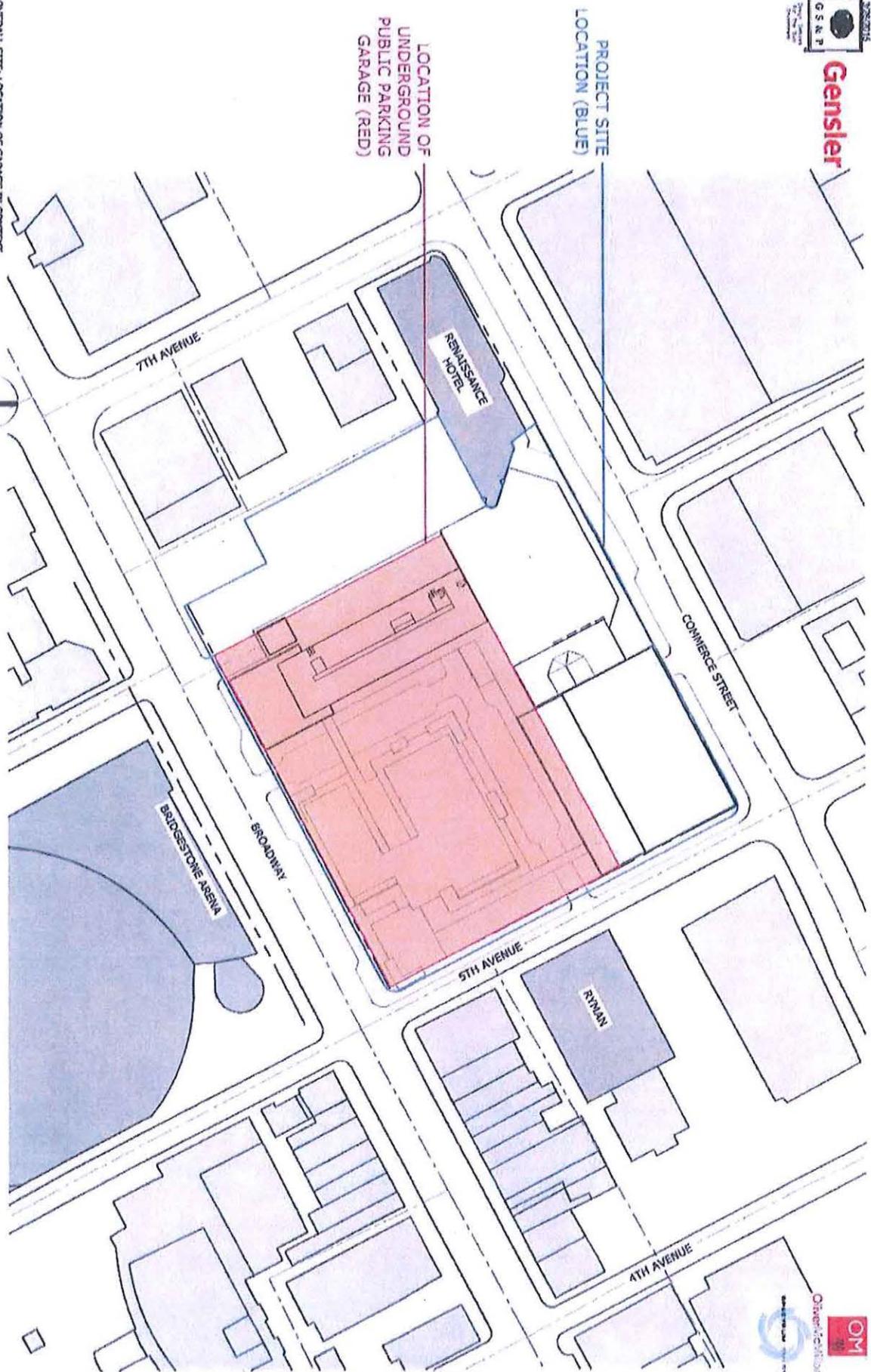


EXHIBIT C

AUTHORITY GARAGE CONCEPTUAL DRAWINGS

See Attached.



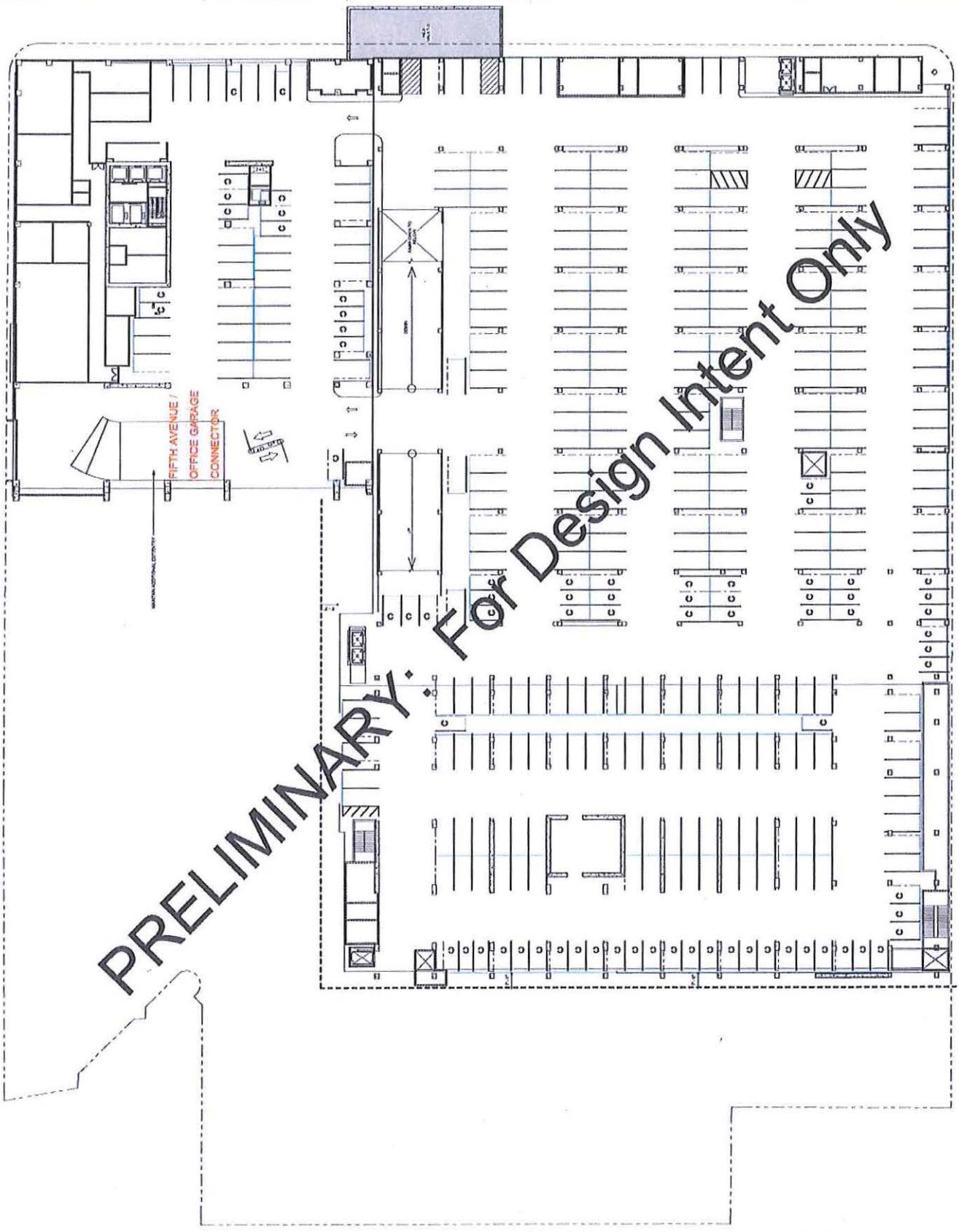
OMI SE

FIFTH + BROADWAY
NASHVILLE

PRELIMINARY
CONSTRUCTION

CONVENTION CENTER AUTHORITY MEETING	
DATE	11/9/2016
PROJECT	CONVENTION CENTER
SCALE	AS SHOWN
DESIGNED BY	
CHECKED BY	
DATE	

CONVENTION CENTER AUTHORITY MEETING
11/9/2016
EX-336



① - OFFICE LEVEL, 11/10/16
11/10/16

Project Name
Drawing Date
Drawing No.



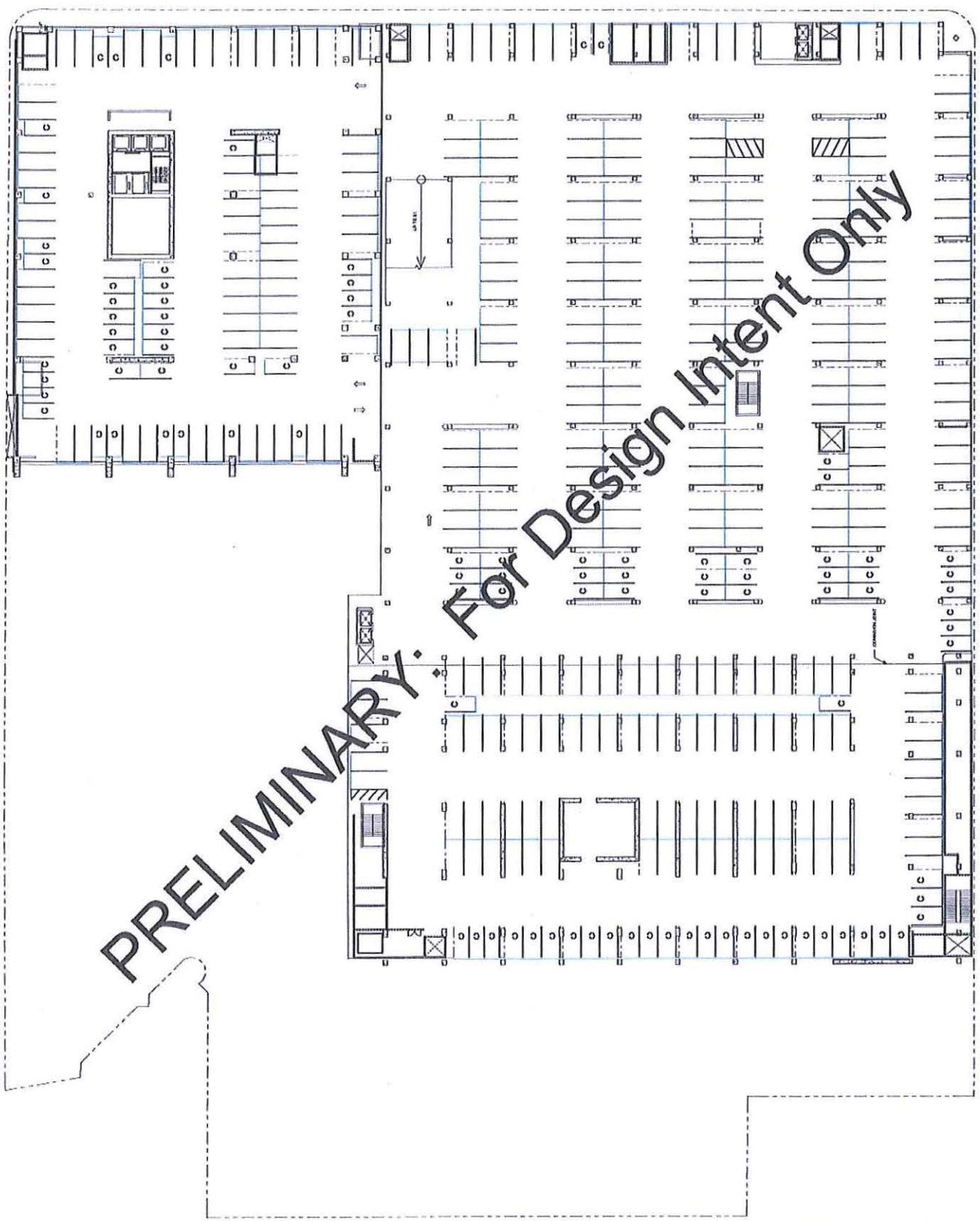
OMISE
2325 Avenue of the Americas, CA 23203

FIFTH + BROADWAY
NASHVILLE
500 Broadway, Nashville, TN 37203

PRELIMINARY
NOT FOR
CONSTRUCTION

Convention Center Authority Meeting
11/9/2016

OPTION 5
EX-34
PROJECT: CONVENTION CENTER
DATE: 11/9/2016



PRELIMINARY. For Design Intent Only

OPTION 5, LEVEL 2, 2
1/8" = 1'-0"

Room Name
Capacity
Remarks

EXHIBIT D

BASELINE BUDGET FOR AUTHORITY GARAGE

See Attached.

NCCR (Nashville) OM-SE
Parking Structure Schedule of Values
November 9, 2016



	Retail Parking Total
Gross Building sf	361,826
Net Rentable sf	361,826
# Units	-
Parking	815
LAND	
Pursuit Costs	104,439
Land Purchase Price	-
TOTAL LAND	\$ 104,439
INDIRECT COSTS	
Fees and Permits	148,927
Architecture and Engineering	2,003,317
Development Costs	1,512,902
Insurance/Bonds	600,759
Leasing Commissions	-
Marketing	69,103
G&A/Administrative	176,881
Accounting/Legal	96,862
Property Taxes	-
Consultants	678,846
Project Management Services (Commonwealth Development Group)	325,000
Indirect Contingency	268,429
TOTAL INDIRECTS	\$ 5,881,026
DIRECT COSTS	
Building Shell	29,815,079
Conference Center Shell	-
Museum Shell	-
Contingency	2,499,095
Demolition	1,009,459
Environmental	-
Offsites	-
Onsites and Landscaping	268,445
Tenant Improvements	-
Furniture Fixtures & Equipment	127,356
TOTAL DIRECTS	\$ 33,719,434
FINANCING COSTS	
Closing Costs	-
Interest	8,325
Leaseup Costs	2,171
Loan Fees	48,237
TOTAL FINANCING	\$ 58,732
TOTAL COSTS	\$ 39,763,630
<i>Total Cost pnsf (Excl Parking sf)</i>	<i>\$109.90</i>
<i>Total Cost (per unit)</i>	<i>\$ 48,790</i>
AUTHORITY CONTRIBUTION	34,500,000
PROJECT COSTS- Net of Authority Contribution	\$ 5,263,630
<i>Net Project Costs pnsf (Excl Parking sf)</i>	<i>\$ 14.55</i>

EXHIBIT E

FORM OF PARKING GARAGE LEASE

See Attached.

PARKING GARAGE LEASE

THIS PARKING GARAGE LEASE ("Lease"), dated as of the ____ day of _____, 201__ (the "Effective Date"), is made by and between THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY (hereinafter called "Landlord"), and OLIVERMCMILLAN SPECTRUM EMERY, LLC, a Delaware limited liability company, or its successors or assigns (hereinafter called "Tenant").

WITNESSETH:

1. Premises. In consideration of the obligation of Tenant to pay rent as hereinafter provided and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord, (i) that certain parking garage condominium unit that is more particularly described on Exhibit A, attached hereto and made a part hereof by this reference (the "Condominium Unit"); (ii) the parking structure containing approximately 781 parking spaces on two (2) levels and other improvements located within the Condominium Unit (collectively, the "Improvements"); and (iii) all other rights and easements that are appurtenant to the Condominium Unit and Improvements, including, without limitation, the rights and easements created for the benefit of the Condominium Unit and Improvements that are set forth in that certain [Declaration], dated _____, recorded as Instrument No. _____, in the Register's Office of Davidson County, Tennessee (the "Land Records"), as amended from time to time (the "Declaration"). The Condominium Unit, Improvements and rights and easements for the benefit of the Condominium Unit described in clauses (i), (ii) and (iii) above shall hereinafter be referred to as the "Premises".

2. Term. Landlord leases the Premises to Tenant for a term commencing on the Effective Date and expiring on the date that is ninety-nine (99) years following the Rent Commencement Date (as such term is defined below) (the "Term"). As used herein, the term "Lease Year" shall mean the twelve (12) month period commencing on the Rent Commencement Date and each twelve (12) month period thereafter during the Term.

3. Rent.

(a) Tenant, in consideration of the leasing of the Premises to Tenant by Landlord, hereby covenants and agrees to pay to Landlord the following base rent (hereinafter called the "Base Rent") as, when and in the manner herein provided and subject to the terms, provisions and conditions herein set forth. Commencing upon the first day of the month following substantial completion of the Improvements (the "Rent Commencement Date"), and continuing throughout the Term, Tenant will pay to Landlord Base Rent in the following annual amounts:

<u>Period</u>	<u>Annual Base Rent</u>
Rent Commencement Date - Occupancy Date (as hereinafter defined)	One Hundred percent (100%) of the net cash flow generated from the Premises each month in excess of all operational, management and other expenses (" <u>Garage NOI</u> "), such Garage NOI not to exceed 4% of Reimbursable Costs (as defined below).
Occupancy Date - Stabilization Date (as hereinafter defined)	An amount equal to one percent (1%) of the Reimbursable Costs (as such term is defined in Section 1.9(b) of the Development Agreement, the " <u>Reimbursable Costs</u> ") actually funded by Landlord to construct the Improvements pursuant to the terms of that certain Development Agreement by and between Landlord and Tenant dated as of _____, 201__ (the " <u>Development Agreement</u> ").
Stabilization Date - Lease Year 99	An amount equal to four percent (4%) of the Reimbursable Costs actually funded by Landlord to construct the Improvements pursuant to the terms of the Development Agreement.

"Occupancy Date", as used herein, shall mean the earlier to occur of: (i) the first day of the calendar month following the date that the first retail tenant in the retail space in the development located above and/or adjacent to the Premises is in occupancy and open for business; or (ii) July 1, 2019.

"Stabilization Date", as used herein, shall mean the date that is twelve (12) calendar months after the Occupancy Date, which shall be no later than July 1, 2020.

Base Rent shall be payable to Landlord in equal monthly installments (which will be 1/12 of the Annual Base Rent for the applicable Lease Year), in advance beginning on the Rent Commencement Date and thereafter on the first day of each calendar month during the Term of this Lease; provided however, that from the Rent Commencement Date until the Occupancy Date, Tenant shall pay to the Landlord the Garage NOI for the applicable calendar month within the first fifteen (15) days of the next calendar month and therewith submit supporting documentation allowing the Landlord to verify the Garage NOI certified to be correct by an officer of Tenant.

(b) All payments of Base Rent or any other sums due hereunder shall be made to Landlord at the same address provided herein for notices to Landlord or to such other address as Landlord may direct by written notice to Tenant.

(c) All rent payable by Tenant hereunder shall be absolutely net to Landlord, so that this Lease shall yield net to Landlord the rent to be paid during the Term of this Lease. Accordingly, all costs, expenses and obligations of every kind or nature whatsoever, relating to the Premises, which may arise or become due during the Term, shall be paid by Tenant. Tenant shall be responsible for all costs, expenses, liabilities, obligations and charges whatsoever of the ownership, maintenance, repair and operation of the Premises incurred or relating to the period of time during the Term.

4. Memorandum of Lease. Landlord agrees upon request of Tenant to execute, in recordable form, a written (i) Memorandum of Lease in the form attached hereto and incorporated herein by reference as Exhibit B and (ii) Statement of Rent Commencement Date in the form attached hereto and incorporated herein by reference as Exhibit C. Tenant may record the Memorandum of Lease in the Land Records at any time following the Effective Date.

5. Utilities. Commencing on the Rent Commencement Date, Tenant shall be responsible for and shall pay all charges incurred for the use of for electricity, water, gas, telephone service, sewerage service and other utilities serving the Premises. Utility charges for the first and last month of the Term shall be prorated on a daily basis, if necessary.

6. Signage. Tenant may, at Tenant's sole cost and expense, install signage on, in and about the Premises in accordance with applicable laws.

7. Taxes.

(a) Tenant shall pay, directly to the taxing authority, prior to the accrual of any interest or penalties thereon all Taxes (as such term is defined below in this paragraph) levied against the Premises and any buildings and improvements thereon to the full extent of installments falling due during any portion of the Term following the Rent Commencement Date. As used herein, the term "Taxes" shall mean and refer to all ad valorem real property taxes and general and special assessments levied against the Premises by any governmental or quasi-governmental entity. The term "Taxes" shall not include, and Tenant shall not be required to pay, any franchise, capital levy, or transfer tax of Landlord, excise taxes on Landlord's gross or net rentals or other income, any income tax measured by the income of Landlord from all sources, or any tax which may at any time during the Term be required to be paid on any gift, estate, succession, inheritance, deed, mortgage, or other alienation of any part or all of the estate of Landlord in and to the Premises or any buildings or improvements which are now or hereafter located thereon.

(b) All payments of Taxes shall be prorated for the initial Lease Year and for the Lease Year in which the Lease terminates.

(c) Tenant shall have the right to contest, at Tenant's expense, in Landlord's name if necessary, the amount of taxes attributable to the Premises and any Improvements located thereon. Landlord agrees to cooperate with Tenant, as necessary, to carry out the purpose of this paragraph, at no cost or expense to Landlord.

(d) At Tenant's request, Landlord shall use reasonable efforts to cause the assessor's office to issue a separate tax bill for the Premises, and Landlord shall direct the taxing authority to send the tax bills for the Premises directly to Tenant.

8. Insurance; Casualty.

(a) Insurance to be Provided. During the Term of this Lease, Tenant, at its sole cost and expense and to the extent available on commercially reasonable terms and premiums, will keep and maintain, or cause to be kept and maintained, policies of:

(i) Insurance on the Improvements and all other improvements constructed or placed on the Premises insuring against perils of loss or damage by fire, flood, earthquake, windstorm or other generally insurable causes of loss in an amount not less than one hundred percent (100%) of the then full replacement value of the Improvements located on the Premises. In addition to insurance on the structure, tenant will purchase time element insurance, such as Business Interruption coverage, to cover any reduction or loss in revenues attributable to the perils insured against by Tenant in accordance with the terms Section 8(a)(i) hereof, for a period of no less than 12 months after a covered loss. Tenant shall be responsible for the payment of any deductibles associated with this insurance and shall cause Landlord to be named as a Loss Payee regarding any claims, as its interests may appear.

(ii) Commercial General Liability Insurance with Landlord being named as an additional insured as its interests may appear on all such policies, against any and all claims for Bodily Injury, Property Damage, personal injuries, loss of life, or by reason of any business or operations conducted on the Premises and liability thereon, or by reason of any act or omission of Tenant or its agents or employees, with limits of not less than Two Million Dollars (\$2,000,000) combined single limit Each Occurrence.

(iii) Automobile Liability Insurance with Landlord being named as an additional insured as its interests may appear on any claim involving the ownership or operation of any vehicle in, on, or around the structure with limits of not less than Two Million Dollars (\$2,000,000) combined single limit each accident.

(iv) Workers' Compensation insurance in full accordance with the laws of the State of Tennessee and including Employer's Liability insurance with limits of no less than \$500,000 / \$500,000 / \$500,000.

(v) Umbrella / Excess Liability insurance over the required Commercial General Liability, Automobile Liability, and Employer's Liability coverages above with limits of no less than \$5,000,000 per Occurrence and \$5,000,000 Aggregate with Landlord being named as additional insured as its interests may appear.

(vi) Builder's risk insurance covering the full value of any construction or similar work in an amount equal to not less than one hundred percent (100%) of the replacement cost of the Improvements being constructed on the Premises, to the extent that such construction or other work is not covered by the insurance described in paragraph (i) above and provided that such insurance shall only be required during the construction of the Improvements.

(b) Form of Policies. All insurance provided hereunder shall be effected under standard form policies issued by insurers of recognized responsibility, authorized to do business in the State of Tennessee, which are rated no less than A- (financial size VIII) or similar by A. M. Best & Company or other national rating organizations, and which are reasonably acceptable to the Tenant. Landlord shall be listed as an additional insured as its interests may appear on all insurance policies required by this Section 8, except with respect to Workers' Compensation and Employer's Liability insurance policies. Tenant may place all or any of the foregoing insurance coverages under blanket insurance policies carried by Tenant or its affiliates so long as such policy complies with the amount of coverage required hereunder and otherwise provides the same protection as would a separate policy insuring only Tenant's insurance obligations in compliance with the provisions of this Lease hereof.

(c) Additional Insurance. Tenant, at its option and expense, may obtain and carry such further or additional insurance as it may desire including, without limitation, coverage on any equipment, inventory or other property installed or placed in the Premises by Tenant. Landlord, at its option and expense, may obtain and carry such further or additional insurance as it may desire including, without limitation, Commercial General Liability Insurance.

(d) Waiver of Subrogation. Notwithstanding anything in this Lease to the contrary, neither party shall be liable to the other for damage to or destruction of the property of the other resulting from fire, explosion, or other hazard coverable by fire or property insurance with extended coverage, however caused, whether or not by the negligence of such party (which term includes officers, employees, agents and invitees), and each party hereby expressly releases the other from all liability for or on account of any such damage or destruction, to the extent of such insurance coverage. Each party shall procure if necessary all such endorsements to any such insurance carried by it as will fully protect the other from any right of subrogation and liability in the event of such loss.

(e) Damage or Destruction. Except as hereinafter provided, if during the Term any of the Improvements shall be damaged or destroyed by fire or any other casualty, Tenant shall thereafter commence and diligently prosecute to completion, the repair or rebuilding of the Improvements or the portion thereof which was damaged, in a good and workmanlike manner, to substantially the condition existing prior to such damage or destruction. Tenant shall utilize available insurance proceeds for such repair or rebuilding, and Landlord shall contribute the amount of any deductible up to \$50,000.00, with the Tenant being liable for any deductible amounts over \$50,000.00. In the event that the available insurance proceeds and deductible are insufficient to cover all of costs and expenses of such repair or reconstruction, Landlord shall fund any additional costs or expenses to repair or restore the Improvements. Notwithstanding the foregoing, in the event the Improvements are damaged or destroyed and if (A) the cost to repair or replace the Improvements exceeds 20% of the replacement costs of the total Improvements then in existence, and (B) such repair and replacement cannot reasonably be completed within 360 days of the date of the damage or destruction, then Tenant may, at its option, terminate this Lease upon such date as is set forth in a written notice given to Landlord within one hundred eighty (180) days after the date of the damage or destruction. If this Lease is terminated pursuant to this Section, Landlord shall refund to Tenant any Base Rent, additional rent and other sums prepaid beyond the effective date of termination, and all casualty insurance proceeds for the Improvements resulting from a casualty event following which Tenant terminates this Lease

shall be paid solely to Landlord and Tenant shall have no claim or right thereto. If this Lease is not terminated pursuant to this Section, all insurance proceeds resulting from a casualty event shall be paid solely to Tenant and Landlord shall have no claim or right thereto.

9. Repairs. Landlord shall not be required to make any repairs to the Improvements during the Term. Upon the expiration or earlier termination of this Lease, Tenant shall deliver to Landlord the Land with any Improvements thereon in a good and safe condition, ordinary wear and tear and damage resulting from casualty and condemnation excepted.

10. Alterations. Except as otherwise set forth in this Section 10, Tenant shall have the right to make any alterations, additions or improvements to the Premises, which Tenant deems necessary, desirable or appropriate, without the necessity of obtaining the prior written consent of Landlord and without the payment of any additional rent. Notwithstanding the foregoing, alterations of the following items shall require Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed: (i) moving the location of automobile ingress and egress points within the Premises; (ii) a reduction in the number of automobile parking spaces within the Premises in excess of five percent (5%) of the total number of automobile parking spaces within the Premises; and (iii) any alterations to the Premises the cost of which exceed \$1,000,000.00 in the aggregate. Notwithstanding anything herein to the contrary, Tenant shall have the right to make any alterations or modifications to the Premises that are required by applicable law, rule or regulation or by any applicable governmental entity without the Landlord's consent or approval.

11. Title to Improvements. Title to the Improvements up to the amount of the Reimbursable Costs advanced by Landlord pursuant to the Development Agreement shall be in the Landlord; provided, however, that amounts expended by the Tenant on the Improvements beyond such Reimbursable Costs (with such amounts first being allocated to the Improvements that are tangible personal property within the meaning of Section 168 of the Internal Revenue Code, and then to the Improvements that are land improvements within the meaning of such section) together with any and all changes, additions and alterations thereto, and all renewals and replacements thereof (collectively, "Additional Improvements"), when made, erected, constructed, installed or placed upon the Premises by Tenant, shall be and remain in Tenant from the Effective Date until the expiration or earlier termination of the Term of this Lease. Upon the expiration or earlier termination of this Lease, title to all such property located upon the Premises shall automatically pass to, vest in and belong to Landlord without further action on the part of either party. So long as Tenant retains ownership of the Additional Improvements, Tenant shall be entitled to claim the depreciation, investment tax credits, deductions and any other tax advantages relating thereto or otherwise resulting from the ownership thereof. Landlord shall not grant, allow or impose any lien whatsoever, whether statutory or otherwise, that encumbers the Additional Improvements or any other property of any type whatsoever located upon the Premises.

12. Use of Premises; Compliance with Declaration.

(a) The Premises shall be used for a parking facility that serves the retail space in the development located above and/or adjacent to the Premises and may be used for public parking purposes; provided, however, that after obtaining Landlord's prior written consent

the use of the Premises may be changed to any other purpose permitted under the Declaration, as the same may be amended.

(b) During the Term of this Lease, Tenant shall comply with and shall perform all of the duties, obligations and liabilities of the owner of the Premises under the Declaration at Tenant's sole cost and expense, and shall pay all amounts required to be paid by the owner of the Premises pursuant to the terms of the Declaration. Accordingly, Landlord hereby affirmatively grants, assigns and conveys to Tenant for the entire Term all voting, governing and other rights provided to the owner of the Premises under the terms of the Declaration (including, without limitation, the right to appoint a Director to the owner's association created by the Declaration, if applicable) (collectively, the "Owner's Rights"). During the Term of this Lease, Landlord hereby appoints Tenant as Landlord's attorney-in-fact for all matters related to the Premises and rights accruing to the owner of the Premises under the terms of the Declaration, including, without limitation, all Owner's Rights pursuant to the terms of the Declaration. Notwithstanding anything in this Section 12(b) to the contrary, in the course of exercising the Owner's Rights Tenant shall not take any of the following actions without obtaining the Landlord's prior written consent: (i) vote in favor of any action proposed by any owner's association created pursuant to the Declaration that either (a) disproportionately discriminates against the Condominium Unit or (b) affects only the Condominium Unit in a material and adverse manner; or (ii) propose any amendment to the Declaration that either (a) disproportionately discriminates against the Condominium Unit or (b) affects only the Condominium Unit in a material and adverse manner.

13. Financing.

(a) In addition to any other right herein granted, Tenant and its respective successors, assigns and subtenants, shall at all times have the right, without any consent on the part of the Landlord being required, to convey or encumber by mortgage, deed of trust or by any other security instrument, including, without limitation, an assignment of the rents, issues or profits from the Premises, such party's interest in and to the Premises or any part thereof, together with its rights and interests in and to all Improvements whether now existing or hereafter constructed or placed on the Premises, and to assign this Lease or such party's interest therein as collateral for any and all such conveyances, mortgages, deeds of trust, assignments, security instruments or other methods of financing or refinancing such parties interests in this Lease and/or the Premises (collectively, a "Mortgage"); but any and all Mortgages shall be subject to this Lease and the right, title and interest of Landlord in the Premises. If any such Mortgage shall be foreclosed or the estate secured thereby sold under any power contained therein, the mortgagee or other purchaser at such sale shall immediately succeed to all rights of Tenant hereunder. The holder of any indebtedness secured by any Mortgage (collectively, a "Mortgagee") may at its option at any time before the date that is sixty (60) days after the rights of the Tenant shall have been forfeited to Landlord, or within sixty (60) days after any time period permitted for curing or commencing to cure defaults as provided under this Lease, pay any of the Base Rent, additional rent and other sums due hereunder, pay any other governmental charges, or insurance premiums, make any deposits, or do any other act or thing required of Tenant by the terms of this Lease, to prevent the termination hereof. A Mortgagee shall not become personally liable for any obligation of the Tenant under this Lease unless and until such Mortgagee becomes the owner of such party's interest by foreclosure, assignment in lieu of

foreclosure or otherwise, and thereafter such Mortgagee shall remain liable for such obligations only so long as it remains the owner of such party's interest. All Mortgagees of Tenant and its successors, assigns and subtenants shall have full rights to assign this Lease or any interest therein. If any Mortgagee notifies Landlord of the execution of a Mortgage, and the name and place for service of notices upon such Mortgagee, then and in such event, Landlord hereby agrees for the benefit of Tenant and its successors, assigns and subtenants and any such Mortgagee from time to time:

(i) That Landlord will give to any Mortgagee simultaneously with service on Tenant a duplicate of any and all notices or demands given by Landlord to such party or parties;

(ii) Any and all Mortgagees shall have the right to (A) perform any covenants or obligations of Tenant arising hereunder, (B) cure any defaults by Tenant arising hereunder, and (C) exercise any election, option or privilege conferred upon Tenant by the terms of this Lease;

(iii) Landlord shall not terminate this Lease or the right of possession of Tenant for any default of Tenant if, within the period of time within which Tenant might cure such default, the default is cured or caused to be cured by any Mortgagee; and

(iv) No liability for the payment of Base Rent, additional rent, or other sums hereunder or the performance of any of the covenants and obligations of Tenant pursuant to this Lease shall attach to or be imposed upon any Mortgagee, while not in possession of all or any portion of the Premises.

(b) Should this Lease terminate for any reason during the Term, Landlord shall offer to lease the Premises, or the applicable portion thereof, to any Mortgagee on all the same terms and conditions as set forth herein for the remainder of the Term, including any options to purchase or rights of first refusal. Each Mortgagee shall have sixty (60) days after receipt of such offer in writing to accept such offer. Any failure to accept such offer within the allowed time period shall constitute a rejection of the offer.

(c) Landlord will execute such instruments as may be required at any time and from time to time by any Mortgagee to subordinate the rights and interests of Landlord in the personal property and Improvements on the Premises of Tenant and its successors, assigns and subtenants (subject to the transfer of title to Landlord in the Improvements upon termination of this Lease) to the lien of any Mortgage now or hereafter at any time placed upon the interests of Tenant and its successors, assigns and subtenants.

(d) Nothing contained in this Lease shall be construed as a subordination to any Mortgage of Landlord's fee interest in the Premises or its reversionary interest in the Improvements.

(e) Nothing contained in this Lease shall prohibit Landlord from (i) mortgaging its fee interest in the Premises or its reversionary interest in the Improvements or (ii) collaterally assigning Landlord's interest under this Lease.

14. Condemnation.

(a) If all of the Premises, or such portion of the Premises as Tenant determines, in its reasonable business judgment, will materially interfere with Tenant's right to use the Premises for Tenant's intended use thereof, shall be acquired by the right of condemnation or the power of eminent domain for any public or quasi-public use or purpose, or be sold to a condemning authority under threat of condemnation, then the Term of this Lease shall cease and terminate upon written notice of termination given by Tenant to be effective as of the date of title vesting pursuant to such proceeding (or sale), and all rental shall be paid up to that date. If this Lease is terminated pursuant to this Section, Landlord shall refund to Tenant any Base Rent, additional rent and other sums prepaid beyond the effective date of termination. If this Lease is not terminated pursuant to this Section, Base Rent shall be equitably and proportionately abated from and after the date of such taking or conveyance in the proportion that the taken or conveyed area of the Premises bears to the entire area of the Premises as of the Effective Date.

(b) Landlord and Tenant each covenant and agree to seek separate awards in all such condemnation proceedings and to use their respective best efforts to see that such separate awards are made at all stages of all proceedings. Regardless of the allocation of condemnation proceeds between Landlord and Tenant by any order or decree in any condemnation or similar proceeding, the parties acknowledge and agree that (i) Landlord shall be entitled to receive 100% of all condemnation proceeds related to the Improvements (up to the amount of the Reimbursable Costs) together with its reversionary interest in the Premises at the expiration of the Term; and (ii) Tenant shall be entitled to receive 100% of all condemnation proceeds related to the Additional Improvements together with its interest in the remainder of the Term of this Lease.

(c) Notwithstanding anything herein to the contrary, (i) Tenant shall be entitled to retain all awards and proceeds payable with respect to any temporary taking of any portion of the Premises, the term of which temporary taking expires during the Term of this Lease, and (ii) any awards or other compensations or sums received, receivable or retained by Landlord in connection with a permanent taking of all or any portion of the Premises shall reduce the Purchase Price payable by Tenant pursuant to the terms of the Purchase Option set forth in Section 24.

15. Assignment and Subletting.

(a) Except for an assignment or sublease to a Permitted Transferee (as hereinafter defined), Tenant shall not assign this Lease or sublet all or any portion of the Premises without first obtaining the Landlord's prior written consent, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Landlord shall not withhold its consent to any assignment of this Lease or subletting all or any portion of the Premises, provided that Tenant is not in default of any of its material obligations under this Lease (after the expiration of any applicable notice and cure period) and the proposed transferee (a) is creditworthy and has a tangible net worth of at least \$10,000,000.00, (b) has business reputation and experience reasonably acceptable to the Landlord given Tenant's obligations hereunder, and (c) will use the Premises as a parking garage in compliance with the terms of this Lease,

including, without limitation, the standards set forth in Section 26. For the purposes of this Section 15(a), a transfer of an ownership interest in Tenant that results in a change in the current direct or indirect control of Tenant shall be deemed to be an assignment of this Lease, unless Tenant is a corporation whose stock is publicly traded. Further, in agreeing to act reasonably, Landlord is agreeing to act in a manner consistent with the standards followed by large institutional owners of commercial real estate.

(b) As used herein, the term "**Permitted Transferee**" shall mean: (a) an affiliate of the Tenant; (b) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities; (c) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets; and (d) any owner of the retail space in the development located above and/or adjacent to the Premises or any affiliate of such owner. The parties acknowledge and agree that Tenant may freely assign this Lease or sublet all or any portion of the Premises to any Permitted Transferee without Landlord's consent or approval.

(c) Tenant shall be solely entitled to any consideration paid by any assignee, subtenant or grantee, including, but not limited to, compensation for the Improvements or equipment located thereon, goodwill and rent in excess of the amounts set forth in this Lease. Upon the execution of a written assignment of this Lease that is permitted pursuant to the terms hereof in which such assignee assumes all of Tenant's obligations hereunder, Tenant shall be released from all obligations and liabilities hereunder. Further, upon the execution of a written sublease that is permitted pursuant to the terms hereof, Tenant shall be released from all obligations and liabilities hereunder for the applicable portion of the Improvements that are sublet in the event that Tenant subleases the Premises or any interest therein to a subtenant.

16. Tenant Default.

(a) Any one of the following events shall be an "**Event of Default**" under this Lease:

(i) Tenant shall fail to pay any installment of Base Rent within thirty (30) days after written notice of delinquency is received by Tenant, provided that Landlord need not send such notice to Tenant more than two (2) times in any twelve (12) month period, and thereafter during such twelve (12) month period, any failure of Tenant to pay when due any installment of Base Rent or any other obligation under this Lease involving the payment of money shall be an immediate Event of Default under this Lease;

(ii) Tenant shall fail to comply with any term, provision or covenant of this Lease, including failure to comply with the management standards set forth in Section 26, and shall not cure such failure within ninety (90) days after written notice thereof is given by Landlord to Tenant; provided, however, with respect to a non-monetary default not susceptible of being cured within ninety (90) days, Tenant shall not be in default unless it fails to commence its efforts to cure such default within said ninety (90) day period or fails to diligently prosecute the same to effect such cure within a reasonable time thereafter;

(iii) Tenant shall be adjudged insolvent, make a transfer in fraud of creditors, or make an assignment for the benefit of creditors;

(iv) A petition shall be filed by Tenant under any chapter of the United States Bankruptcy Code, or any similar proceeding is filed by Tenant under any state law; or a petition under any chapter of the United States Bankruptcy Code or any similar state law is filed against Tenant and Tenant fails to have the same dismissed within ninety (90) days from date of filing; or

(v) A receiver or trustee (other than a bankruptcy trustee or receiver) shall be appointed for all or substantially all of the assets of Tenant, and Tenant shall fail to have such receivership or trusteeship terminated within ninety (90) days after appointment.

(b) Upon the occurrence of an Event of Default, Landlord shall be entitled to seek monetary damages and any and all other remedies at law or equity. Further, if any action is filed by Landlord to seek specific performance of Tenant's obligations or for recovery of amounts due by Tenant, Landlord, in addition to all other remedies, shall have the right to recover reasonable attorneys' fees and expenses incurred in asserting or protecting Landlord's rights under this Lease. Any such remedies shall be cumulative and non-exclusive. Forbearance by Landlord to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default shall not be deemed or construed to constitute a waiver of such default.

As set forth in Section 13, Landlord shall give any Mortgagee of Tenant simultaneous duplicate copies of all notices required or permitted to be given to Tenant hereunder, including without limitation, notices of default. Any Mortgagee of Tenant shall have the right, but not the obligation, to cure any and all defaults of Tenant, and Landlord shall accept any such cure by any Mortgagee on behalf of Tenant as if such cure had been tendered by Tenant itself. Tenant shall not be deemed to be in default, and Landlord shall not be entitled to exercise any remedies hereunder or other rights now or hereafter allowed by law, whether legal or equitable, unless and until Landlord shall have given written notice of the default to Tenant and to any Mortgagee of Tenant and such default remains uncured for a period of sixty (60) days after written notice in the event of a default hereunder or if more than sixty (60) days are reasonably required for cure in the case of a non-monetary default, then Tenant shall not be deemed to be in default if Tenant or Mortgagee commences such cure within said sixty (60) day period and thereafter prosecutes in good faith such cure to completion; provided, that if any default shall be personal to Tenant and not susceptible to cure by Mortgagee, then Landlord shall not exercise any remedies on account of such default as long as Mortgagee shall pay or cause to be paid all rent when due and payable hereunder. Nothing in this Lease shall be construed to obligate Mortgagee to cure any default by Tenant, and Mortgagee's commencement of efforts to cure any such default by Tenant shall not be deemed or construed to obligate Mortgagee to complete such cure.

(c) No constituent member of or agent of Tenant, nor any advisor, trustee, director, officer, employee, beneficiary, shareholder, participant, representative or agent of any entity that is or becomes a constituent member of Tenant shall have any personal liability, directly or indirectly, under or in connection with this Lease or any agreement made or entered into under or pursuant to the provisions of this Lease, or any amendment or amendments to any

of the foregoing made at any time or times, heretofore or hereafter, and Landlord and its successors and assigns and, without limitation, all other persons and entities, shall look solely to Tenant's assets for the payment of any claim or for any performance, and Landlord, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. Notwithstanding anything to the contrary contained in this Lease, neither the negative capital account of any constituent member of Tenant (or in any other constituent member of Tenant), nor any obligation of any constituent member of Tenant (or in any other constituent member of Tenant) to restore a negative capital account or to contribute capital to Tenant (or to any other constituent member of Tenant), shall at any time be deemed to be the property or an asset of Tenant or any such other constituent member (and neither Landlord nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account of a member's obligations to restore or contribute). The provisions of this Section 16(c) shall survive any termination of this Lease.

17. Landlord Default. In the event Landlord shall fail to comply with any term, provision or covenant of this Lease and shall not cure such failure within sixty (60) days after written notice thereof is given by Tenant to Landlord, (provided, however, with respect to a default not susceptible of being cured within sixty (60) days, Landlord shall not be in default unless it fails to commence all work required to cure such default within said sixty (60) day period or fails to diligently prosecute the same to effect such cure within a reasonable period of time thereafter), Landlord shall be considered in default hereunder (a "Landlord Default"). Upon the occurrence of a Landlord Default, Tenant shall have the option to terminate this Lease and/or pursue any other available remedies at law or in equity, including recovery of monetary damages. Any such remedies shall be cumulative and non-exclusive. Forbearance by Tenant to enforce one or more of the remedies herein provided upon the occurrence of a Landlord Default shall not be deemed or construed to constitute a waiver of such default.

18. Warranty of Title and Covenant of Quiet Enjoyment.

(a) Landlord represents and warrants that (i) it is the owner of the fee simple interest in the Premises, which interest is unencumbered and subject only to the easements and restrictions of record affecting the Premises, (ii) it has full right to lease the Premises for the Term set out herein, and (iii) it has no knowledge of any condemnation or threat of condemnation affecting any portion of the Premises.

(b) Landlord covenants and represents to Tenant that Landlord has full right and power to execute this Lease and to grant the Term herein demised, and that Tenant, on paying the rent herein provided and performing all of the other covenants and obligations herein provided to be kept and performed by Tenant or on its behalf, shall quietly and peaceably have, hold and enjoy the Premises and all rights and privileges thereunto belonging during the Term of this Lease and any renewals or extensions hereof, subject, however, to all the covenants, agreements, terms and conditions of this Lease. Landlord further covenants and agrees that, upon the request of any subtenants of the Premises, Landlord shall enter into nondisturbance agreements with such subtenants which nondisturbance agreements shall contain commercially reasonable terms.

19. Personal Property and Fixtures. Tenant and its subtenants shall have the right to erect, install, maintain, store and operate within the Premises such equipment, appliances, furnishings, inventory, equipment, signs, trade and business fixtures and other personal property as may be deemed necessary, desirable or appropriate by such parties, and such property shall not be deemed to be part of the Premises, but shall remain the property of Tenant or its subtenants, as the case may be. At any time during the Term of this Lease and within thirty (30) days after the expiration or termination thereof, Tenant and its subtenants shall have the right to remove from the Premises their furnishings, equipment, appliances, fixtures, inventory, signs and other personal property as well as nonstructural alterations, provided that all damages to the Improvements caused by such removal shall be repaired. Before surrendering possession of the Premises, Tenant shall, at its sole cost and expense, remove or cause to be removed from the Premises all signs, furnishings, equipment, trade fixtures, merchandise and other personal property of Tenant installed or placed therein and shall repair all damage to the Premises caused by such removal. Tenant shall not be required to remove the Improvements upon the Premises and Tenant's failure to do so after the expiration of such period shall be deemed to be an abandonment thereof, whereby title shall become vested in Landlord. Landlord will execute such instruments as may be required at any time and from time to time to subordinate the rights and interests of Landlord in the personal property and improvements on the Premises to the lien of any Mortgage now or hereafter at any time placed by Tenant and its successors, assigns and subtenants on such parties' interests hereunder.

20. Holding Over By Tenant. Should Tenant or any assignee or subtenant holdover in the Premises or any part thereof after the expiration or termination of this Lease without the consent of the Landlord, such holdover shall not constitute a renewal of this Lease and shall constitute and be construed as a tenancy from month to month only, for which Tenant shall pay rental equal to 125% of the Base Rent paid or to be paid to Tenant hereunder for the last month of the term immediately preceding such holdover period, and otherwise subject to all of the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

21. Right of First Refusal.

(a) The Premises and any and all improvements, rights and interests now or hereafter appurtenant to it shall be subject to a right of first refusal by Tenant and its successors and assigns ("Right of First Refusal"), which Tenant retains and which Landlord grants to Tenant on the terms and conditions set forth in this Section.

(b) If during the term of this Lease, Landlord or its successors or assigns desires or is required to sell, assign, lease, or otherwise transfer, (a "Transfer"), all or any part of or any Landlord's interest in the Premises (the "Interest") to any person or entity, then Landlord must first and shall promptly notify Tenant in writing and furnish Tenant with a true and complete copy of any offer and all of the terms of such proposed Transfer (collectively, the "Terms"). The Terms shall be set out in writing and shall include, but need not be limited to (1) a description of the Transfer and Interest, (2) the price for the Interest, net of any brokerage or similar fees, (3) the time period for investigation of the Interest, (4) the amount of any deposit required in connection with the Transfer, (5) the date or time period for the closing and (6) any other information pertinent to the Transfer. Tenant shall have an absolute first, prior and

irrevocable right to acquire the Interest on those Terms, which it may exercise by giving written notice to Landlord within sixty (60) days after receipt of written notice and the Terms. Landlord shall not enter into a contract to Transfer the Interest to any other person or entity unless and until Tenant's right to exercise the Right of First Refusal expires without being exercised. Within thirty (30) days after Tenant gives notice of its exercise of the Right of First Refusal, Tenant and the Landlord shall enter into a written contract on such Terms (the "First Refusal Contract"); however, executing such a contract shall not be a prerequisite to Tenant's enforcement of its rights under this Section. Tenant's Right of First Refusal shall apply to each and every Transfer. For purposes of this Section, in the event that Landlord is an entity rather than a natural person, then conveyance of a controlling interest or at least 51% of the equity interests in Landlord shall constitute a Transfer, and the offered interest in Landlord shall constitute an "Interest" subject to the Right of First Refusal provided herein. In the event Tenant, or its successors or assigns, shall elect to purchase upon the Terms contained in Landlord's notice, then Tenant shall consummate said purchase in accordance with the terms set forth in such offer, and Landlord shall convey the Premises by executing a good and sufficient special warranty deed acceptable for title insurance by an American Land Title Association approved title insurer, free and clear of all liens and encumbrances, except this Lease and those matters of record which are acceptable to Tenant.

(c) If Tenant does not exercise the Right of First Refusal with respect to a Transfer, Landlord shall be free to consummate the proposed Transfer in exact accordance with the Terms and expressly subject to all applicable provisions of this Lease, including without limitation the Purchase Option and the Right of First Refusal as to any other Transfer, but only to the transferee named in such notice, and not on any other terms. If the Transfer is so consummated, then that transferee shall then become the Landlord under this Lease, and the Landlord shall promptly furnish to Tenant copies of all closing and other pertinent documents relating to the Transfer. Any attempted Transfer not in compliance with the provisions of this Section shall be null and void, and Tenant shall have all remedies available to Tenant at law or in equity, including without limitation injunctive relief to halt or enjoin, or to set aside any such Transfer. In addition, if the proposed Transfer is not consummated within ninety (90) days after the expiration of the Right of First Refusal as to that Transfer (or such longer time period for the closing as is specified in the Terms), then that Interest shall again become subject to the Right of First Refusal and all of the requirements of this Section shall apply.

(d) The Right of First Refusal shall constitute a real property interest in the Premises that runs with and burdens the Premises and all parts thereof and interests therein. The failure of Tenant or its successor or assign to exercise the Right of First Refusal with respect to any Transfer, whether consummated or not, shall not in any way affect the validity and continuing enforceability of the Right of First Refusal with respect to any subsequent Transfer to which the Right of First Refusal applies, nor shall it in any way affect any other rights and interests in the Premises reserved by Tenant herein or any of the covenants and agreements of Landlord with respect to the Premises.

22. Hazardous Materials.

(a) Landlord shall deliver to Tenant true, correct and complete copies of all environmental, soils, geotechnical and seismic reports in Landlord's possession or control in

connection with the use and operation of the Premises within five (5) days following the Effective Date. Landlord represents and warrants that it has not received written notice of and no knowledge of any non-compliance with or violation of any Environmental Laws (as such term is defined below) with respect to the Premises or the presence or release of Hazardous Materials (as such term is defined below) in, on, under, or from, the Premises, and (ii) to Landlord's knowledge, there has been no release or a threatened release of Hazardous Materials to or from the Premises. As used in this Lease, the Term "Environmental Laws" shall mean any federal, state or local laws, rules or ordinances for environmental protection, including, but not limited to, the following: Federal Clean Air Act, 42 U.S.C. 1857, et seq.; Federal Clean Water Act, 33 U.S.C. 1151, et seq.; Resource Conservation and Recovery Act, 42 U.S.C. 6903, 6921, et seq.; Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "SUPERFUND"), 42 U.S.C. 901, et seq.; National Environmental Protection Agency (40 C.F.R., Chapters 373, 380 and 403). As used in this Lease, the Term "Hazardous Materials" shall mean any gasoline, diesel fuel, kerosene, or other petroleum product or by-product which is not contained in an approved storage tank, any explosive, any radioactive substance, and any material, waste, liquid or substance which has been determined by any federal, state or local governmental authority, or agency thereof, to be capable of posing a risk of injury to health, safety and property, including, without limitation, all materials, waste and substances designated as hazardous or toxic by the United States Environmental Protection Agency, and all materials, waste and substances designated or defined as hazardous, extremely hazardous, or toxic, pursuant to Environmental Laws, as any of such Environmental Laws have been or may hereafter be amended, or any similar federal or state statute intended to regulate hazardous substances.

(b) Tenant agrees that its operations on the Premises will not violate any Environmental Laws, and Tenant shall not cause any intentional release of Hazardous Materials other than those licensed or permitted by governmental agencies or by applicable law or regulations. Should Tenant cause any intentional or unintentional release of Hazardous Materials onto the surface or into the subsurface of the Premises resulting in damage to soil, or any adjacent properties, Tenant shall notify Landlord in writing.

(c) Notwithstanding the foregoing, the parties acknowledge that prior to the Effective Date, Landlord has not owned the Premises or underlying land and that such Premises and land have been conveyed to Landlord by Tenant.

23. Notices. Any notice or document required or permitted to be delivered hereunder or by law shall be deemed to be delivered, whether actually received or not, when delivered personally or by guaranteed overnight courier service, addressed to the parties hereto at the respective addresses below, or at such other address as theretofore specified by written notice delivered in accordance herewith:

If to Landlord, to: The Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County
201 Fifth Avenue South
Nashville, Tennessee 37203
Attention: Charles Starks, President & CEO

with a copy to: Metropolitan Government Finance Department
Metropolitan Courthouse
1 Public Square, Suite 106
Nashville, Tennessee 37201
Attention: Talia Lomax-O'dneal, Finance Director

with a copy to: Bone McAllester Norton PLLC
511 Union Street, Suite 1600
Nashville, TN 37219
Attention: Charles Robert Bone, Esq.

If to Tenant, to: OliverMcMillan Spectrum Emery, LLC
810 Crescent Centre Drive, Suite 560
Franklin, Tennessee 37067
Attention: Pat Emery

with a copy to: OliverMcMillan Spectrum Emery, LLC
733 8th Avenue
San Diego, California 92101
Attn: Eric Buchanan

with a copy to: Spectrum Properties
201 South Tryon Street, Suite 550
Charlotte, NC 28202
Attention: Darryl B. Dewberry

with a copy to: Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219
Attention: Robert R. Campbell, Jr., Esq.

Additionally, Landlord shall give any Mortgagee of Tenant simultaneous duplicate copies of all notices required or permitted to be given to Tenant hereunder, including without limitation, notices of default.

24. Purchase Option.

(a) During the period beginning on the first day of the 6th Lease Year of the Term and ending on the last day of the 10th Lease Year of the Term (the "Purchase Option Period"), Tenant shall have the right and option (the "Purchase Option") to purchase Landlord's unencumbered fee simple interest in the Premises and all Improvements located

thereon for a purchase price equal to Forty Three Million One Hundred Twenty Five Thousand and No/100 Dollars (\$43,125,000.00) (the "**Purchase Price**"), which Purchase Option shall be exercisable by providing Landlord written notice thereof ("**Tenant's Purchase Notice**") prior to the expiration of the Purchase Option Period. The closing of such purchase shall occur within sixty (60) days of the date of Tenant's Purchase Notice, and the Premises shall be conveyed to Tenant by special warranty deed free and clear of any and all liens and encumbrances except for any matters acceptable to Tenant. The Purchase Price shall be paid at the time of closing by wire transfer in immediately available funds or by such other method as Landlord may approve. Tenant shall be entitled to and shall receive a credit against the Purchase Price at closing in the amount of any Base Rent, additional rent or other sums prepaid for the period after closing. Tenant shall pay the costs of any title insurance it may require in connection with the purchase of the Land and all closing costs, including, without limitation, title insurance premiums, survey costs, recording fees and transfer taxes. Each party shall be responsible for the fees of its respective counsel.

(b) Tenant may freely convey, assign, or otherwise transfer the Purchase Option to any person or entity without Landlord's consent, and any assignee or transferee of the Purchase Option similarly may convey, assign or transfer the Purchase Option without Landlord's consent. Any such conveyance, assignment or transfer shall not affect the validity or continuing enforceability of the Purchase Option. Any such conveyance, assignment or transfer (or a memorandum of it) shall be recorded in the Land Records.

25. Estoppel Certificates.

(a) At any time and from time to time, Tenant, on or before the date specified in a written request therefor, made by Landlord, which date shall not be earlier than ten (10) days from the making of such request, shall execute, acknowledge and deliver to Landlord an estoppel certificate or similar instrument stating the absence of a default by Landlord under this Lease, the date through which rent has been paid, the absence of any modification of this Lease, or other matters reasonably requested by Landlord. If Tenant cannot, in good faith, make the foregoing representations, then Tenant shall state with specificity the exceptions or reservations with regard to such representations. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser, transferee or tenant or the holder or prospective holder of any mortgage or deed of trust of the Premises.

(b) At any time and from time to time, Landlord, on or before the date specified in a written request therefor, made by Tenant, which date shall not be earlier than ten (10) days from the making of such request, shall execute, acknowledge and deliver to Tenant an estoppel certificate or similar instrument stating the absence of a default by Tenant under this Lease, the date through which rent has been paid, the absence of any modification of this Lease, or other matters reasonably requested by Tenant. If Landlord cannot, in good faith, make the foregoing representations, then Landlord shall state with specificity the exceptions or reservations with regard to such representations. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser, transferee, tenant, subtenant or the holder or prospective holder of any Mortgage.

26. Operation of the Premises. The Tenant shall cause the Premises to be managed and operated as a public parking garage by an experienced professional parking garage operator (for example, SP+, Ace or Premier Parking) who shall operate and maintain the Premises consistent with similar sized parking garages within mixed-use projects in Nashville, Tennessee, and in compliance with all applicable laws. Additionally, during the Term, Tenant shall: (i) maintain the Premises in good condition and repair, ordinary wear and tear and casualty and condemnation excepted; (ii) not commit waste at the Premises; and (iii) not overload the floors in the Premises in excess of its design capacity.

27. Financial Statements. Upon Landlord's written request but in no event more often than quarterly, Tenant shall deliver to Landlord financial statements detailing the operations of the Premises.

28. Miscellaneous.

(a) This Lease contains the entire agreement of the parties hereto with respect to the subject matter hereof and can be altered, amended or modified only by written instrument executed by all such parties.

(b) This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee.

(c) This Lease shall be binding upon and shall inure to the benefit of the undersigned parties and their respective heirs, legal representatives, successors and assigns. All provisions of this Lease shall run with the Land.

(d) Words of any gender used in this Lease shall be construed to include any other gender, and words in the singular shall include the plural and vice versa, unless the context requires otherwise.

(e) The captions used in this Lease are for convenience only and shall not be deemed to amplify, modify or limit the provisions hereof.

(f) The relationship between Landlord and Tenant at all times shall remain solely that of Landlord and Tenant and shall not be deemed a partnership or joint venture.

(g) In case any one or more of the provisions contained in this Lease shall for any reason be held invalid, illegal or unenforceable in any respects, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(h) The rights and remedies provided by this Lease are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other available remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

(i) Each date by which a condition or obligation in this Lease must be satisfied, including conditions precedent to the commencement of any type of rental provided for

herein, shall be extended (as shall be the commencement of any rental dependent thereon) by the number of days during which the satisfaction of such condition or obligation is delayed by strikes, lockouts, labor unrest, civil strife, riots, war, natural disasters, action of the elements, acts of God, unavailability of materials or supplies at a reasonable cost, or other events beyond the control of the party required to perform, but nothing contained in this Section shall be deemed to affect in any way Tenant's obligations to make timely payment of Base Rent due hereunder except in the case of force majeure which causes banks, post offices, or carrier services, as the case may be, to have reduced operations resulting in an untimely transmittal of the Base Rent to Landlord.

(j) Landlord and Tenant each warrant and represent to the other party that it has not dealt with any real estate broker, agent or finder in connection with this transaction.

(k) Tenant shall have the right to select the name of the redevelopment project contemplated herein, and any portion thereof, and to change the name thereof from time to time during the Term.

(l) Landlord represents, in addition to any other representations contained in this Lease, that (i) execution of this Lease by Landlord and operation of a parking structure on the Premises will not violate any terms of any agreements that Landlord may have with any other parties, including leases, restrictive covenants, exclusives, mortgages, stand still agreements, and cease and desist orders of Landlord; (ii) there are no actions, suits or proceedings pending against, by or affecting Landlord which affect title to the Premises or which questions the validity or enforceability of this Lease or of any action taken by Landlord under this Lease, in any court or before any governmental authority, domestic or foreign; (iii) there are no pending, threatened or contemplated condemnation actions involving all or any portion of the Premises; (iv) other than this Lease, there are no leases, including without limitation, billboard leases, or other agreements for use, occupancy or possession presently in force with respect to all or any portion of the Premises; and (v) all information and data furnished by Landlord to Tenant with respect to the Premises will be true, correct complete and not misleading. All of the covenants and representations and agreements contained in this Section shall run with the land and extend to and be binding upon the successors and assigns of the respective parties.

(m) Should the interest of Landlord hereunder ever be held by or owned for the benefit of more than one party, then, at Tenant's written request, the parties holding the Landlord interest shall designate one party as the representative of that interest ("**Landlord Representative**"). The Landlord Representative shall be authorized to deal unilaterally with the Tenant regarding matters arising under this Lease. Tenant shall not be required to obtain the agreement of any other parties with respect to matters requiring Landlord's consent or agreement, and the Landlord Representative shall have the exclusive authority to act on behalf of Landlord until such time as Tenant receives written notice from all holders of the interest of Landlord that the Landlord Representative has been changed. Should the holders of the interest of Landlord fail or refuse to appoint a Landlord Representative within thirty (30) days after written request from Tenant, then Tenant may seek to have a Landlord Representative determined through a court of competent jurisdiction, and all the costs of the arbitration proceeding shall be charged to Landlord, including reasonable attorneys' fees.

(n) TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO SHALL AND THEY HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE DEMISED PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE.

(o) During the Term, Tenant agrees to defend, indemnify, and hold the Landlord, its officers, board members, agents, servants and employees, harmless against any and all claims, lawsuits, actions, costs and expenses of any kind, including, but not limited to, those for property damage or loss (including alleged damage or loss to Tenant's business and any resulting lost profits) and/or personal injury, including death, that may relate to, arise out of or be occasioned by [i] Tenant's breach of any of the terms or provisions of this Lease or [ii] any act or omission of Tenant or any of its officers, agents, associates, employees, contractors or subcontractors, related to the Premises, or any operations or activities within the Premises or the Improvements thereon; provided, however, that the indemnity provided herein shall not apply to any liability resulting from the negligence or willful misconduct of the Landlord or its officers, board members, agents, servants, employees or contractors, and in the event of negligence of both Tenant and the Landlord or its officers, board members, agents, servants, employees or contractors, responsibility, if any, shall be apportioned comparatively in accordance with the laws of the State of Tennessee.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal as of the day and year first above written.

LANDLORD:

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____

Name: _____

Title: _____

TENANT:

**OLIVERMCMILLAN
SPECTRUM EMERY, LLC,**
a Delaware limited liability company

By: OMB Nashville, LLC,
a Delaware limited liability company
Its: Sole Member

By: OM/SE Manager, LLC,
a Delaware limited liability company
Its: Managing Member

By: SE Nashville Group, LLC,
a North Carolina limited liability
company
Its: Authorized Member

By: _____

Name: Patrick G. Emery

Title: Manager

EXHIBIT A

Condominium Unit

[insert condo description]

Being the same property conveyed to _____ by _____ Deed from _____, dated _____, of record in Instrument Number _____ in the Register's Office for Davidson County, Tennessee.

EXHIBIT B

Form of Memorandum of Parking Garage Lease

This Instrument Prepared By:
Robert R. Campbell, Jr., Esq.
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

MEMORANDUM OF PARKING GARAGE LEASE

This Memorandum of Parking Garage Lease is made and entered into effective the ____ day of _____, 20__, by and between **THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY** ("Landlord"), whose address is _____, and _____, a _____ ("Tenant"), whose address is _____.

WITNESSETH:

WHEREAS, Landlord has leased certain real property [**describe condo unit**], as further described in Exhibit "A", attached hereto and made a part hereof (the "Premises"), to the Tenant pursuant to a Parking Garage Lease dated effective _____, 201__, which is incorporated herein by reference as if appearing in full (the "Lease"); and

WHEREAS, the parties wish to provide record notice of certain terms and conditions of the Lease.

NOW, THEREFORE, Landlord and Tenant do hereby state the following:

1. Lease of the Premises. Landlord does hereby lease the Premises to the Tenant, and the Tenant hereby leases the Premises from Landlord, upon the terms and conditions stipulated in the Lease.

2. Term. The initial term of this Lease is ninety-nine (99) years from the Rent Commencement Date, as defined in the Lease, unless extended or sooner terminated as provided by the Lease.

3. Right of First Refusal. The Premises and any and all improvements, rights and interests now or hereafter appurtenant to it shall be subject to a right of first refusal by Tenant ("Right of First Refusal"), which Tenant retains and which Landlord grants to Tenant on the terms and conditions set forth in the Lease.

4. Purchase Option. During the period beginning on the first day of the 6th Lease Year of the Term and ending on the last day of the 10th Lease Year of the Term (the "Purchase Option Period"), Tenant shall have the right and option to purchase Landlord's unencumbered fee simple interest in the Premises and all Improvements located thereon which shall be exercisable by providing Landlord written notice thereof prior to the expiration of the Purchase Option Period in accordance with the provisions set forth in the Lease.

5. Binding Effect. The Lease and this Memorandum shall inure to the benefit of and shall be binding upon the Landlord, its successors and assigns, and upon the Tenant and its permitted successors and assigns.

6. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or overnight mail or courier addressed as follows:

If to Landlord, to: _____

with a copy to: _____

If to Tenant, to: _____

Attn: _____

with a copy to: Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219
Attn: Robert R. Campbell, Jr. , Esq.

The Landlord or Tenant may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

7. Conflict. In the event of a conflict between the terms and provisions of this Memorandum and the Lease, the Lease shall govern and control.

8. Defined Terms. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Memorandum as of the date and year first above written.

LANDLORD:

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____
Name: _____
Title: _____

TENANT:

By: _____
Name: _____
Title: _____

STATE OF TENNESSEE)
COUNTY OF _____)

Before me, a Notary Public of the State and County aforesaid, personally appeared _____ with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be _____ of Convention Center Authority of the Metropolitan Government of Nashville & Davidson County, the within named bargainor, and that he as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the _____ by himself as its authorized _____.

WITNESS my hand and official seal this _____ day of _____, 201__.

Notary Public

My Commission Expires: _____

STATE OF TENNESSEE)
COUNTY OF _____)

Before me, a Notary Public of the State and County aforesaid, personally appeared _____ with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be _____ of _____, a _____ limited liability company, the within named bargainor, and that he as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as its authorized _____.

WITNESS my hand and official seal this _____ day of _____, 201__.

Notary Public

My Commission Expires: _____

EXHIBIT "A" TO MEMORANDUM OF LEASE

[insert legal description]

EXHIBIT C

Form of Statement of Rent Commencement Date

STATEMENT OF RENT COMMENCEMENT

The undersigned hereby certify that the Rent Commencement Date of that certain Parking Garage Lease with an Effective Date of _____, 201__ (the "Lease") between The Convention Center Authority of the Metropolitan Government of Nashville & Davidson County, as Landlord, and _____, a _____, or its successors or assigns, as Tenant, for the lease of that certain [describe condo unit], is _____, 201__ and that the expiration date of the Term of the Lease is _____, ____.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

In witness whereof the parties have hereunto set their respective hands the day and year below written.

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____
Name: _____
Title: _____
Date: _____

TENANT:

By: _____
Name: _____
Title: _____
Date: _____

PARKING GARAGE LEASE

THIS PARKING GARAGE LEASE ("Lease"), dated as of the ____ day of _____, 201__ (the "Effective Date"), is made by and between **THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY** (hereinafter called "Landlord"), and **OLIVERMCMILLAN SPECTRUM EMERY, LLC**, a Delaware limited liability company, or its successors or assigns (hereinafter called "Tenant").

WITNESSETH:

1. Premises. In consideration of the obligation of Tenant to pay rent as hereinafter provided and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord, (i) that certain parking garage condominium unit that is more particularly described on Exhibit A, attached hereto and made a part hereof by this reference (the "Condominium Unit"); (ii) the parking structure containing approximately 781 parking spaces on two (2) levels and other improvements located within the Condominium Unit (collectively, the "Improvements"); and (iii) all other rights and easements that are appurtenant to the Condominium Unit and Improvements, including, without limitation, the rights and easements created for the benefit of the Condominium Unit and Improvements that are set forth in that certain [Declaration], dated _____, recorded as Instrument No. _____, in the Register's Office of Davidson County, Tennessee (the "Land Records"), as amended from time to time (the "Declaration"). The Condominium Unit, Improvements and rights and easements for the benefit of the Condominium Unit described in clauses (i), (ii) and (iii) above shall hereinafter be referred to as the "Premises".

2. Term. Landlord leases the Premises to Tenant for a term commencing on the Effective Date and expiring on the date that is ninety-nine (99) years following the Rent Commencement Date (as such term is defined below) (the "Term"). As used herein, the term "Lease Year" shall mean the twelve (12) month period commencing on the Rent Commencement Date and each twelve (12) month period thereafter during the Term.

3. Rent.

(a) Tenant, in consideration of the leasing of the Premises to Tenant by Landlord, hereby covenants and agrees to pay to Landlord the following base rent (hereinafter called the "Base Rent") as, when and in the manner herein provided and subject to the terms, provisions and conditions herein set forth. Commencing upon the first day of the month following substantial completion of the Improvements (the "Rent Commencement Date"), and continuing throughout the Term, Tenant will pay to Landlord Base Rent in the following annual amounts:

<u>Period</u>	<u>Annual Base Rent</u>
Rent Commencement Date - Occupancy Date (as hereinafter defined)	One Hundred percent (100%) of the net cash flow generated from the Premises each month in excess of all operational, management and other expenses (" Garage NOI "), such Garage NOI not to exceed 4% of Reimbursable Costs (as defined below).
Occupancy Date - Stabilization Date (as hereinafter defined)	An amount equal to one percent (1%) of the Reimbursable Costs (as such term is defined in Section 1.9(b) of the Development Agreement, the " Reimbursable Costs ") actually funded by Landlord to construct the Improvements pursuant to the terms of that certain Development Agreement by and between Landlord and Tenant dated as of _____, 201__ (the " Development Agreement ").
Stabilization Date - Lease Year 99	An amount equal to four percent (4%) of the Reimbursable Costs actually funded by Landlord to construct the Improvements pursuant to the terms of the Development Agreement.

"Occupancy Date", as used herein, shall mean the earlier to occur of: (i) the first day of the calendar month following the date that the first retail tenant in the retail space in the development located above and/or adjacent to the Premises is in occupancy and open for business; or (ii) July 1, 2019.

"Stabilization Date", as used herein, shall mean the date that is twelve (12) calendar months after the Occupancy Date, which shall be no later than July 1, 2020.

Base Rent shall be payable to Landlord in equal monthly installments (which will be 1/12 of the Annual Base Rent for the applicable Lease Year), in advance beginning on the Rent Commencement Date and thereafter on the first day of each calendar month during the Term of this Lease; provided however, that from the Rent Commencement Date until the Occupancy Date, Tenant shall pay to the Landlord the Garage NOI for the applicable calendar month within the first fifteen (15) days of the next calendar month and therewith submit supporting documentation allowing the Landlord to verify the Garage NOI certified to be correct by an officer of Tenant.

(b) All payments of Base Rent or any other sums due hereunder shall be made to Landlord at the same address provided herein for notices to Landlord or to such other address as Landlord may direct by written notice to Tenant.

(c) All rent payable by Tenant hereunder shall be absolutely net to Landlord, so that this Lease shall yield net to Landlord the rent to be paid during the Term of this Lease. Accordingly, all costs, expenses and obligations of every kind or nature whatsoever, relating to the Premises, which may arise or become due during the Term, shall be paid by Tenant. Tenant shall be responsible for all costs, expenses, liabilities, obligations and charges whatsoever of the ownership, maintenance, repair and operation of the Premises incurred or relating to the period of time during the Term.

4. Memorandum of Lease. Landlord agrees upon request of Tenant to execute, in recordable form, a written (i) Memorandum of Lease in the form attached hereto and incorporated herein by reference as Exhibit B and (ii) Statement of Rent Commencement Date in the form attached hereto and incorporated herein by reference as Exhibit C. Tenant may record the Memorandum of Lease in the Land Records at any time following the Effective Date.

5. Utilities. Commencing on the Rent Commencement Date, Tenant shall be responsible for and shall pay all charges incurred for the use of for electricity, water, gas, telephone service, sewerage service and other utilities serving the Premises. Utility charges for the first and last month of the Term shall be prorated on a daily basis, if necessary.

6. Signage. Tenant may, at Tenant's sole cost and expense, install signage on, in and about the Premises in accordance with applicable laws.

7. Taxes.

(a) Tenant shall pay, directly to the taxing authority, prior to the accrual of any interest or penalties thereon all Taxes (as such term is defined below in this paragraph) levied against the Premises and any buildings and improvements thereon to the full extent of installments falling due during any portion of the Term following the Rent Commencement Date. As used herein, the term "Taxes" shall mean and refer to all ad valorem real property taxes and general and special assessments levied against the Premises by any governmental or quasi-governmental entity. The term "Taxes" shall not include, and Tenant shall not be required to pay, any franchise, capital levy, or transfer tax of Landlord, excise taxes on Landlord's gross or net rentals or other income, any income tax measured by the income of Landlord from all sources, or any tax which may at any time during the Term be required to be paid on any gift, estate, succession, inheritance, deed, mortgage, or other alienation of any part or all of the estate of Landlord in and to the Premises or any buildings or improvements which are now or hereafter located thereon.

(b) All payments of Taxes shall be prorated for the initial Lease Year and for the Lease Year in which the Lease terminates.

(c) Tenant shall have the right to contest, at Tenant's expense, in Landlord's name if necessary, the amount of taxes attributable to the Premises and any Improvements located thereon. Landlord agrees to cooperate with Tenant, as necessary, to carry out the purpose of this paragraph, at no cost or expense to Landlord.

(d) At Tenant's request, Landlord shall use reasonable efforts to cause the assessor's office to issue a separate tax bill for the Premises, and Landlord shall direct the taxing authority to send the tax bills for the Premises directly to Tenant.

8. Insurance; Casualty.

(a) Insurance to be Provided. During the Term of this Lease, Tenant, at its sole cost and expense and to the extent available on commercially reasonable terms and premiums, will keep and maintain, or cause to be kept and maintained, policies of:

(i) Insurance on the Improvements and all other improvements constructed or placed on the Premises insuring against perils of loss or damage by fire, flood, earthquake, windstorm or other generally insurable causes of loss in an amount not less than one hundred percent (100%) of the then full replacement value of the Improvements located on the Premises. In addition to insurance on the structure, tenant will purchase time element insurance, such as Business Interruption coverage, to cover any reduction or loss in revenues attributable to the perils insured against by Tenant in accordance with the terms Section 8(a)(i) hereof, for a period of no less than 12 months after a covered loss. Tenant shall be responsible for the payment of any deductibles associated with this insurance and shall cause Landlord to be named as a Loss Payee regarding any claims, as its interests may appear.

(ii) Commercial General Liability Insurance with Landlord being named as an additional insured as its interests may appear on all such policies, against any and all claims for Bodily Injury, Property Damage, personal injuries, loss of life, or by reason of any business or operations conducted on the Premises and liability thereon, or by reason of any act or omission of Tenant or its agents or employees, with limits of not less than Two Million Dollars (\$2,000,000) combined single limit Each Occurrence.

(iii) Automobile Liability Insurance with Landlord being named as an additional insured as its interests may appear on any claim involving the ownership or operation of any vehicle in, on, or around the structure with limits of not less than Two Million Dollars (\$2,000,000) combined single limit each accident.

(iv) Workers' Compensation insurance in full accordance with the laws of the State of Tennessee and including Employer's Liability insurance with limits of no less than \$500,000 / \$500,000 / \$500,000.

(v) Umbrella / Excess Liability insurance over the required Commercial General Liability, Automobile Liability, and Employer's Liability coverages above with limits of no less than \$5,000,000 per Occurrence and \$5,000,000 Aggregate with Landlord being named as additional insured as its interests may appear.

(vi) Builder's risk insurance covering the full value of any construction or similar work in an amount equal to not less than one hundred percent (100%) of the replacement cost of the Improvements being constructed on the Premises, to the extent that such construction or other work is not covered by the insurance described in paragraph (i) above and provided that such insurance shall only be required during the construction of the Improvements.

(b) Form of Policies. All insurance provided hereunder shall be effected under standard form policies issued by insurers of recognized responsibility, authorized to do business in the State of Tennessee, which are rated no less than A- (financial size VIII) or similar by A. M. Best & Company or other national rating organizations, and which are reasonably acceptable to the Tenant. Landlord shall be listed as an additional insured as its interests may appear on all insurance policies required by this Section 8, except with respect to Workers' Compensation and Employer's Liability insurance policies. Tenant may place all or any of the foregoing insurance coverages under blanket insurance policies carried by Tenant or its affiliates so long as such policy complies with the amount of coverage required hereunder and otherwise provides the same protection as would a separate policy insuring only Tenant's insurance obligations in compliance with the provisions of this Lease hereof.

(c) Additional Insurance. Tenant, at its option and expense, may obtain and carry such further or additional insurance as it may desire including, without limitation, coverage on any equipment, inventory or other property installed or placed in the Premises by Tenant. Landlord, at its option and expense, may obtain and carry such further or additional insurance as it may desire including, without limitation, Commercial General Liability Insurance.

(d) Waiver of Subrogation. Notwithstanding anything in this Lease to the contrary, neither party shall be liable to the other for damage to or destruction of the property of the other resulting from fire, explosion, or other hazard coverable by fire or property insurance with extended coverage, however caused, whether or not by the negligence of such party (which term includes officers, employees, agents and invitees), and each party hereby expressly releases the other from all liability for or on account of any such damage or destruction, to the extent of such insurance coverage. Each party shall procure if necessary all such endorsements to any such insurance carried by it as will fully protect the other from any right of subrogation and liability in the event of such loss.

(e) Damage or Destruction. Except as hereinafter provided, if during the Term any of the Improvements shall be damaged or destroyed by fire or any other casualty, Tenant shall thereafter commence and diligently prosecute to completion, the repair or rebuilding of the Improvements or the portion thereof which was damaged, in a good and workmanlike manner, to substantially the condition existing prior to such damage or destruction. Tenant shall utilize available insurance proceeds for such repair or rebuilding, and Landlord shall contribute the amount of any deductible up to \$50,000.00, with the Tenant being liable for any deductible amounts over \$50,000.00. In the event that the available insurance proceeds and deductible are insufficient to cover all of costs and expenses of such repair or reconstruction, Landlord shall fund any additional costs or expenses to repair or restore the Improvements. Notwithstanding the foregoing, in the event the Improvements are damaged or destroyed and if (A) the cost to repair or replace the Improvements exceeds 20% of the replacement costs of the total Improvements then in existence, and (B) such repair and replacement cannot reasonably be completed within 360 days of the date of the damage or destruction, then Tenant may, at its option, terminate this Lease upon such date as is set forth in a written notice given to Landlord within one hundred eighty (180) days after the date of the damage or destruction. If this Lease is terminated pursuant to this Section, Landlord shall refund to Tenant any Base Rent, additional rent and other sums prepaid beyond the effective date of termination, and all casualty insurance proceeds for the Improvements resulting from a casualty event following which Tenant terminates this Lease

shall be paid solely to Landlord and Tenant shall have no claim or right thereto. If this Lease is not terminated pursuant to this Section, all insurance proceeds resulting from a casualty event shall be paid solely to Tenant and Landlord shall have no claim or right thereto.

9. Repairs. Landlord shall not be required to make any repairs to the Improvements during the Term. Upon the expiration or earlier termination of this Lease, Tenant shall deliver to Landlord the Land with any Improvements thereon in a good and safe condition, ordinary wear and tear and damage resulting from casualty and condemnation excepted.

10. Alterations. Except as otherwise set forth in this Section 10, Tenant shall have the right to make any alterations, additions or improvements to the Premises, which Tenant deems necessary, desirable or appropriate, without the necessity of obtaining the prior written consent of Landlord and without the payment of any additional rent. Notwithstanding the foregoing, alterations of the following items shall require Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed: (i) moving the location of automobile ingress and egress points within the Premises; (ii) a reduction in the number of automobile parking spaces within the Premises in excess of five percent (5%) of the total number of automobile parking spaces within the Premises; and (iii) any alterations to the Premises the cost of which exceed \$1,000,000.00 in the aggregate. Notwithstanding anything herein to the contrary, Tenant shall have the right to make any alterations or modifications to the Premises that are required by applicable law, rule or regulation or by any applicable governmental entity without the Landlord's consent or approval.

11. Title to Improvements. Title to the Improvements up to the amount of the Reimbursable Costs advanced by Landlord pursuant to the Development Agreement shall be in the Landlord; provided, however, that amounts expended by the Tenant on the Improvements beyond such Reimbursable Costs (with such amounts first being allocated to the Improvements that are tangible personal property within the meaning of Section 168 of the Internal Revenue Code, and then to the Improvements that are land improvements within the meaning of such section) together with any and all changes, additions and alterations thereto, and all renewals and replacements thereof (collectively, "Additional Improvements"), when made, erected, constructed, installed or placed upon the Premises by Tenant, shall be and remain in Tenant from the Effective Date until the expiration or earlier termination of the Term of this Lease. Upon the expiration or earlier termination of this Lease, title to all such property located upon the Premises shall automatically pass to, vest in and belong to Landlord without further action on the part of either party. So long as Tenant retains ownership of the Additional Improvements, Tenant shall be entitled to claim the depreciation, investment tax credits, deductions and any other tax advantages relating thereto or otherwise resulting from the ownership thereof. Landlord shall not grant, allow or impose any lien whatsoever, whether statutory or otherwise, that encumbers the Additional Improvements or any other property of any type whatsoever located upon the Premises.

12. Use of Premises; Compliance with Declaration.

(a) The Premises shall be used for a parking facility that serves the retail space in the development located above and/or adjacent to the Premises and may be used for public parking purposes; provided, however, that after obtaining Landlord's prior written consent

the use of the Premises may be changed to any other purpose permitted under the Declaration, as the same may be amended.

(b) During the Term of this Lease, Tenant shall comply with and shall perform all of the duties, obligations and liabilities of the owner of the Premises under the Declaration at Tenant's sole cost and expense, and shall pay all amounts required to be paid by the owner of the Premises pursuant to the terms of the Declaration. Accordingly, Landlord hereby affirmatively grants, assigns and conveys to Tenant for the entire Term all voting, governing and other rights provided to the owner of the Premises under the terms of the Declaration (including, without limitation, the right to appoint a Director to the owner's association created by the Declaration, if applicable) (collectively, the "**Owner's Rights**"). During the Term of this Lease, Landlord hereby appoints Tenant as Landlord's attorney-in-fact for all matters related to the Premises and rights accruing to the owner of the Premises under the terms of the Declaration, including, without limitation, all Owner's Rights pursuant to the terms of the Declaration. Notwithstanding anything in this Section 12(b) to the contrary, in the course of exercising the Owner's Rights Tenant shall not take any of the following actions without obtaining the Landlord's prior written consent: (i) vote in favor of any action proposed by any owner's association created pursuant to the Declaration that either (a) disproportionately discriminates against the Condominium Unit or (b) affects only the Condominium Unit in a material and adverse manner; or (ii) propose any amendment to the Declaration that either (a) disproportionately discriminates against the Condominium Unit or (b) affects only the Condominium Unit in a material and adverse manner.

13. Financing.

(a) In addition to any other right herein granted, Tenant and its respective successors, assigns and subtenants, shall at all times have the right, without any consent on the part of the Landlord being required, to convey or encumber by mortgage, deed of trust or by any other security instrument, including, without limitation, an assignment of the rents, issues or profits from the Premises, such party's interest in and to the Premises or any part thereof, together with its rights and interests in and to all Improvements whether now existing or hereafter constructed or placed on the Premises, and to assign this Lease or such party's interest therein as collateral for any and all such conveyances, mortgages, deeds of trust, assignments, security instruments or other methods of financing or refinancing such parties interests in this Lease and/or the Premises (collectively, a "**Mortgage**"); but any and all Mortgages shall be subject to this Lease and the right, title and interest of Landlord in the Premises. If any such Mortgage shall be foreclosed or the estate secured thereby sold under any power contained therein, the mortgagee or other purchaser at such sale shall immediately succeed to all rights of Tenant hereunder. The holder of any indebtedness secured by any Mortgage (collectively, a "**Mortgagee**") may at its option at any time before the date that is sixty (60) days after the rights of the Tenant shall have been forfeited to Landlord, or within sixty (60) days after any time period permitted for curing or commencing to cure defaults as provided under this Lease, pay any of the Base Rent, additional rent and other sums due hereunder, pay any other governmental charges, or insurance premiums, make any deposits, or do any other act or thing required of Tenant by the terms of this Lease, to prevent the termination hereof. A Mortgagee shall not become personally liable for any obligation of the Tenant under this Lease unless and until such Mortgagee becomes the owner of such party's interest by foreclosure, assignment in lieu of

foreclosure or otherwise, and thereafter such Mortgagee shall remain liable for such obligations only so long as it remains the owner of such party's interest. All Mortgagees of Tenant and its successors, assigns and subtenants shall have full rights to assign this Lease or any interest therein. If any Mortgagee notifies Landlord of the execution of a Mortgage, and the name and place for service of notices upon such Mortgagee, then and in such event, Landlord hereby agrees for the benefit of Tenant and its successors, assigns and subtenants and any such Mortgagee from time to time:

(i) That Landlord will give to any Mortgagee simultaneously with service on Tenant a duplicate of any and all notices or demands given by Landlord to such party or parties;

(ii) Any and all Mortgagees shall have the right to (A) perform any covenants or obligations of Tenant arising hereunder, (B) cure any defaults by Tenant arising hereunder, and (C) exercise any election, option or privilege conferred upon Tenant by the terms of this Lease;

(iii) Landlord shall not terminate this Lease or the right of possession of Tenant for any default of Tenant if, within the period of time within which Tenant might cure such default, the default is cured or caused to be cured by any Mortgagee; and

(iv) No liability for the payment of Base Rent, additional rent, or other sums hereunder or the performance of any of the covenants and obligations of Tenant pursuant to this Lease shall attach to or be imposed upon any Mortgagee, while not in possession of all or any portion of the Premises.

(b) Should this Lease terminate for any reason during the Term, Landlord shall offer to lease the Premises, or the applicable portion thereof, to any Mortgagee on all the same terms and conditions as set forth herein for the remainder of the Term, including any options to purchase or rights of first refusal. Each Mortgagee shall have sixty (60) days after receipt of such offer in writing to accept such offer. Any failure to accept such offer within the allowed time period shall constitute a rejection of the offer.

(c) Landlord will execute such instruments as may be required at any time and from time to time by any Mortgagee to subordinate the rights and interests of Landlord in the personal property and Improvements on the Premises of Tenant and its successors, assigns and subtenants (subject to the transfer of title to Landlord in the Improvements upon termination of this Lease) to the lien of any Mortgage now or hereafter at any time placed upon the interests of Tenant and its successors, assigns and subtenants.

(d) Nothing contained in this Lease shall be construed as a subordination to any Mortgage of Landlord's fee interest in the Premises or its reversionary interest in the Improvements.

(e) Nothing contained in this Lease shall prohibit Landlord from (i) mortgaging its fee interest in the Premises or its reversionary interest in the Improvements or (ii) collaterally assigning Landlord's interest under this Lease.

14. Condemnation.

(a) If all of the Premises, or such portion of the Premises as Tenant determines, in its reasonable business judgment, will materially interfere with Tenant's right to use the Premises for Tenant's intended use thereof, shall be acquired by the right of condemnation or the power of eminent domain for any public or quasi-public use or purpose, or be sold to a condemning authority under threat of condemnation, then the Term of this Lease shall cease and terminate upon written notice of termination given by Tenant to be effective as of the date of title vesting pursuant to such proceeding (or sale), and all rental shall be paid up to that date. If this Lease is terminated pursuant to this Section, Landlord shall refund to Tenant any Base Rent, additional rent and other sums prepaid beyond the effective date of termination. If this Lease is not terminated pursuant to this Section, Base Rent shall be equitably and proportionately abated from and after the date of such taking or conveyance in the proportion that the taken or conveyed area of the Premises bears to the entire area of the Premises as of the Effective Date.

(b) Landlord and Tenant each covenant and agree to seek separate awards in all such condemnation proceedings and to use their respective best efforts to see that such separate awards are made at all stages of all proceedings. Regardless of the allocation of condemnation proceeds between Landlord and Tenant by any order or decree in any condemnation or similar proceeding, the parties acknowledge and agree that (i) Landlord shall be entitled to receive 100% of all condemnation proceeds related to the Improvements (up to the amount of the Reimbursable Costs) together with its reversionary interest in the Premises at the expiration of the Term; and (ii) Tenant shall be entitled to receive 100% of all condemnation proceeds related to the Additional Improvements together with its interest in the remainder of the Term of this Lease.

(c) Notwithstanding anything herein to the contrary, (i) Tenant shall be entitled to retain all awards and proceeds payable with respect to any temporary taking of any portion of the Premises, the term of which temporary taking expires during the Term of this Lease, and (ii) any awards or other compensations or sums received, receivable or retained by Landlord in connection with a permanent taking of all or any portion of the Premises shall reduce the Purchase Price payable by Tenant pursuant to the terms of the Purchase Option set forth in Section 24.

15. Assignment and Subletting.

(a) Except for an assignment or sublease to a Permitted Transferee (as hereinafter defined), Tenant shall not assign this Lease or sublet all or any portion of the Premises without first obtaining the Landlord's prior written consent, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Landlord shall not withhold its consent to any assignment of this Lease or subletting all or any portion of the Premises, provided that Tenant is not in default of any of its material obligations under this Lease (after the expiration of any applicable notice and cure period) and the proposed transferee (a) is creditworthy and has a tangible net worth of at least \$10,000,000.00, (b) has business reputation and experience reasonably acceptable to the Landlord given Tenant's obligations hereunder, and (c) will use the Premises as a parking garage in compliance with the terms of this Lease,

including, without limitation, the standards set forth in Section 26. For the purposes of this Section 15(a), a transfer of an ownership interest in Tenant that results in a change in the current direct or indirect control of Tenant shall be deemed to be an assignment of this Lease, unless Tenant is a corporation whose stock is publicly traded. Further, in agreeing to act reasonably, Landlord is agreeing to act in a manner consistent with the standards followed by large institutional owners of commercial real estate.

(b) As used herein, the term "**Permitted Transferee**" shall mean: (a) an affiliate of the Tenant; (b) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities; (c) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets; and (d) any owner of the retail space in the development located above and/or adjacent to the Premises or any affiliate of such owner. The parties acknowledge and agree that Tenant may freely assign this Lease or sublet all or any portion of the Premises to any Permitted Transferee without Landlord's consent or approval.

(c) Tenant shall be solely entitled to any consideration paid by any assignee, subtenant or grantee, including, but not limited to, compensation for the Improvements or equipment located thereon, goodwill and rent in excess of the amounts set forth in this Lease. Upon the execution of a written assignment of this Lease that is permitted pursuant to the terms hereof in which such assignee assumes all of Tenant's obligations hereunder, Tenant shall be released from all obligations and liabilities hereunder. Further, upon the execution of a written sublease that is permitted pursuant to the terms hereof, Tenant shall be released from all obligations and liabilities hereunder for the applicable portion of the Improvements that are sublet in the event that Tenant subleases the Premises or any interest therein to a subtenant.

16. Tenant Default.

(a) Any one of the following events shall be an "**Event of Default**" under this Lease:

(i) Tenant shall fail to pay any installment of Base Rent within thirty (30) days after written notice of delinquency is received by Tenant, provided that Landlord need not send such notice to Tenant more than two (2) times in any twelve (12) month period, and thereafter during such twelve (12) month period, any failure of Tenant to pay when due any installment of Base Rent or any other obligation under this Lease involving the payment of money shall be an immediate Event of Default under this Lease;

(ii) Tenant shall fail to comply with any term, provision or covenant of this Lease, including failure to comply with the management standards set forth in Section 26, and shall not cure such failure within ninety (90) days after written notice thereof is given by Landlord to Tenant; provided, however, with respect to a non-monetary default not susceptible of being cured within ninety (90) days, Tenant shall not be in default unless it fails to commence its efforts to cure such default within said ninety (90) day period or fails to diligently prosecute the same to effect such cure within a reasonable time thereafter;

(iii) Tenant shall be adjudged insolvent, make a transfer in fraud of creditors, or make an assignment for the benefit of creditors;

(iv) A petition shall be filed by Tenant under any chapter of the United States Bankruptcy Code, or any similar proceeding is filed by Tenant under any state law; or a petition under any chapter of the United States Bankruptcy Code or any similar state law is filed against Tenant and Tenant fails to have the same dismissed within ninety (90) days from date of filing; or

(v) A receiver or trustee (other than a bankruptcy trustee or receiver) shall be appointed for all or substantially all of the assets of Tenant, and Tenant shall fail to have such receivership or trusteeship terminated within ninety (90) days after appointment.

(b) Upon the occurrence of an Event of Default, Landlord shall be entitled to seek monetary damages and any and all other remedies at law or equity. Further, if any action is filed by Landlord to seek specific performance of Tenant's obligations or for recovery of amounts due by Tenant, Landlord, in addition to all other remedies, shall have the right to recover reasonable attorneys' fees and expenses incurred in asserting or protecting Landlord's rights under this Lease. Any such remedies shall be cumulative and non-exclusive. Forbearance by Landlord to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default shall not be deemed or construed to constitute a waiver of such default.

As set forth in Section 13, Landlord shall give any Mortgagee of Tenant simultaneous duplicate copies of all notices required or permitted to be given to Tenant hereunder, including without limitation, notices of default. Any Mortgagee of Tenant shall have the right, but not the obligation, to cure any and all defaults of Tenant, and Landlord shall accept any such cure by any Mortgagee on behalf of Tenant as if such cure had been tendered by Tenant itself. Tenant shall not be deemed to be in default, and Landlord shall not be entitled to exercise any remedies hereunder or other rights now or hereafter allowed by law, whether legal or equitable, unless and until Landlord shall have given written notice of the default to Tenant and to any Mortgagee of Tenant and such default remains uncured for a period of sixty (60) days after written notice in the event of a default hereunder or if more than sixty (60) days are reasonably required for cure in the case of a non-monetary default, then Tenant shall not be deemed to be in default if Tenant or Mortgagee commences such cure within said sixty (60) day period and thereafter prosecutes in good faith such cure to completion; provided, that if any default shall be personal to Tenant and not susceptible to cure by Mortgagee, then Landlord shall not exercise any remedies on account of such default as long as Mortgagee shall pay or cause to be paid all rent when due and payable hereunder. Nothing in this Lease shall be construed to obligate Mortgagee to cure any default by Tenant, and Mortgagee's commencement of efforts to cure any such default by Tenant shall not be deemed or construed to obligate Mortgagee to complete such cure.

(c) No constituent member of or agent of Tenant, nor any advisor, trustee, director, officer, employee, beneficiary, shareholder, participant, representative or agent of any entity that is or becomes a constituent member of Tenant shall have any personal liability, directly or indirectly, under or in connection with this Lease or any agreement made or entered into under or pursuant to the provisions of this Lease, or any amendment or amendments to any

of the foregoing made at any time or times, heretofore or hereafter, and Landlord and its successors and assigns and, without limitation, all other persons and entities, shall look solely to Tenant's assets for the payment of any claim or for any performance, and Landlord, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. Notwithstanding anything to the contrary contained in this Lease, neither the negative capital account of any constituent member of Tenant (or in any other constituent member of Tenant), nor any obligation of any constituent member of Tenant (or in any other constituent member of Tenant) to restore a negative capital account or to contribute capital to Tenant (or to any other constituent member of Tenant), shall at any time be deemed to be the property or an asset of Tenant or any such other constituent member (and neither Landlord nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account of a member's obligations to restore or contribute). The provisions of this Section 16(c) shall survive any termination of this Lease.

17. Landlord Default. In the event Landlord shall fail to comply with any term, provision or covenant of this Lease and shall not cure such failure within sixty (60) days after written notice thereof is given by Tenant to Landlord, (provided, however, with respect to a default not susceptible of being cured within sixty (60) days, Landlord shall not be in default unless it fails to commence all work required to cure such default within said sixty (60) day period or fails to diligently prosecute the same to effect such cure within a reasonable period of time thereafter), Landlord shall be considered in default hereunder (a "Landlord Default"). Upon the occurrence of a Landlord Default, Tenant shall have the option to terminate this Lease and/or pursue any other available remedies at law or in equity, including recovery of monetary damages. Any such remedies shall be cumulative and non-exclusive. Forbearance by Tenant to enforce one or more of the remedies herein provided upon the occurrence of a Landlord Default shall not be deemed or construed to constitute a waiver of such default.

18. Warranty of Title and Covenant of Quiet Enjoyment.

(a) Landlord represents and warrants that (i) it is the owner of the fee simple interest in the Premises, which interest is unencumbered and subject only to the easements and restrictions of record affecting the Premises, (ii) it has full right to lease the Premises for the Term set out herein, and (iii) it has no knowledge of any condemnation or threat of condemnation affecting any portion of the Premises.

(b) Landlord covenants and represents to Tenant that Landlord has full right and power to execute this Lease and to grant the Term herein demised, and that Tenant, on paying the rent herein provided and performing all of the other covenants and obligations herein provided to be kept and performed by Tenant or on its behalf, shall quietly and peaceably have, hold and enjoy the Premises and all rights and privileges thereunto belonging during the Term of this Lease and any renewals or extensions hereof, subject, however, to all the covenants, agreements, terms and conditions of this Lease. Landlord further covenants and agrees that, upon the request of any subtenants of the Premises, Landlord shall enter into nondisturbance agreements with such subtenants which nondisturbance agreements shall contain commercially reasonable terms.

19. Personal Property and Fixtures. Tenant and its subtenants shall have the right to erect, install, maintain, store and operate within the Premises such equipment, appliances, furnishings, inventory, equipment, signs, trade and business fixtures and other personal property as may be deemed necessary, desirable or appropriate by such parties, and such property shall not be deemed to be part of the Premises, but shall remain the property of Tenant or its subtenants, as the case may be. At any time during the Term of this Lease and within thirty (30) days after the expiration or termination thereof, Tenant and its subtenants shall have the right to remove from the Premises their furnishings, equipment, appliances, fixtures, inventory, signs and other personal property as well as nonstructural alterations, provided that all damages to the Improvements caused by such removal shall be repaired. Before surrendering possession of the Premises, Tenant shall, at its sole cost and expense, remove or cause to be removed from the Premises all signs, furnishings, equipment, trade fixtures, merchandise and other personal property of Tenant installed or placed therein and shall repair all damage to the Premises caused by such removal. Tenant shall not be required to remove the Improvements upon the Premises and Tenant's failure to do so after the expiration of such period shall be deemed to be an abandonment thereof, whereby title shall become vested in Landlord. Landlord will execute such instruments as may be required at any time and from time to time to subordinate the rights and interests of Landlord in the personal property and improvements on the Premises to the lien of any Mortgage now or hereafter at any time placed by Tenant and its successors, assigns and subtenants on such parties' interests hereunder.

20. Holding Over By Tenant. Should Tenant or any assignee or subtenant holdover in the Premises or any part thereof after the expiration or termination of this Lease without the consent of the Landlord, such holdover shall not constitute a renewal of this Lease and shall constitute and be construed as a tenancy from month to month only, for which Tenant shall pay rental equal to 125% of the Base Rent paid or to be paid to Tenant hereunder for the last month of the term immediately preceding such holdover period, and otherwise subject to all of the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

21. Right of First Refusal.

(a) The Premises and any and all improvements, rights and interests now or hereafter appurtenant to it shall be subject to a right of first refusal by Tenant and its successors and assigns ("Right of First Refusal"), which Tenant retains and which Landlord grants to Tenant on the terms and conditions set forth in this Section.

(b) If during the term of this Lease, Landlord or its successors or assigns desires or is required to sell, assign, lease, or otherwise transfer, (a "Transfer"), all or any part of or any Landlord's interest in the Premises (the "Interest") to any person or entity, then Landlord must first and shall promptly notify Tenant in writing and furnish Tenant with a true and complete copy of any offer and all of the terms of such proposed Transfer (collectively, the "Terms"). The Terms shall be set out in writing and shall include, but need not be limited to (1) a description of the Transfer and Interest, (2) the price for the Interest, net of any brokerage or similar fees, (3) the time period for investigation of the Interest, (4) the amount of any deposit required in connection with the Transfer, (5) the date or time period for the closing and (6) any other information pertinent to the Transfer. Tenant shall have an absolute first, prior and

irrevocable right to acquire the Interest on those Terms, which it may exercise by giving written notice to Landlord within sixty (60) days after receipt of written notice and the Terms. Landlord shall not enter into a contract to Transfer the Interest to any other person or entity unless and until Tenant's right to exercise the Right of First Refusal expires without being exercised. Within thirty (30) days after Tenant gives notice of its exercise of the Right of First Refusal, Tenant and the Landlord shall enter into a written contract on such Terms (the "**First Refusal Contract**"); however, executing such a contract shall not be a prerequisite to Tenant's enforcement of its rights under this Section. Tenant's Right of First Refusal shall apply to each and every Transfer. For purposes of this Section, in the event that Landlord is an entity rather than a natural person, then conveyance of a controlling interest or at least 51% of the equity interests in Landlord shall constitute a Transfer, and the offered interest in Landlord shall constitute an "Interest" subject to the Right of First Refusal provided herein. In the event Tenant, or its successors or assigns, shall elect to purchase upon the Terms contained in Landlord's notice, then Tenant shall consummate said purchase in accordance with the terms set forth in such offer, and Landlord shall convey the Premises by executing a good and sufficient special warranty deed acceptable for title insurance by an American Land Title Association approved title insurer, free and clear of all liens and encumbrances, except this Lease and those matters of record which are acceptable to Tenant.

(c) If Tenant does not exercise the Right of First Refusal with respect to a Transfer, Landlord shall be free to consummate the proposed Transfer in exact accordance with the Terms and expressly subject to all applicable provisions of this Lease, including without limitation the Purchase Option and the Right of First Refusal as to any other Transfer, but only to the transferee named in such notice, and not on any other terms. If the Transfer is so consummated, then that transferee shall then become the Landlord under this Lease, and the Landlord shall promptly furnish to Tenant copies of all closing and other pertinent documents relating to the Transfer. Any attempted Transfer not in compliance with the provisions of this Section shall be null and void, and Tenant shall have all remedies available to Tenant at law or in equity, including without limitation injunctive relief to halt or enjoin, or to set aside any such Transfer. In addition, if the proposed Transfer is not consummated within ninety (90) days after the expiration of the Right of First Refusal as to that Transfer (or such longer time period for the closing as is specified in the Terms), then that Interest shall again become subject to the Right of First Refusal and all of the requirements of this Section shall apply.

(d) The Right of First Refusal shall constitute a real property interest in the Premises that runs with and burdens the Premises and all parts thereof and interests therein. The failure of Tenant or its successor or assign to exercise the Right of First Refusal with respect to any Transfer, whether consummated or not, shall not in any way affect the validity and continuing enforceability of the Right of First Refusal with respect to any subsequent Transfer to which the Right of First Refusal applies, nor shall it in any way affect any other rights and interests in the Premises reserved by Tenant herein or any of the covenants and agreements of Landlord with respect to the Premises.

22. Hazardous Materials.

(a) Landlord shall deliver to Tenant true, correct and complete copies of all environmental, soils, geotechnical and seismic reports in Landlord's possession or control in

connection with the use and operation of the Premises within five (5) days following the Effective Date. Landlord represents and warrants that it has not received written notice of and no knowledge of any non-compliance with or violation of any Environmental Laws (as such term is defined below) with respect to the Premises or the presence or release of Hazardous Materials (as such term is defined below) in, on, under, or from, the Premises, and (ii) to Landlord's knowledge, there has been no release or a threatened release of Hazardous Materials to or from the Premises. As used in this Lease, the Term "Environmental Laws" shall mean any federal, state or local laws, rules or ordinances for environmental protection, including, but not limited to, the following: Federal Clean Air Act, 42 U.S.C. 1857, et seq.; Federal Clean Water Act, 33 U.S.C. 1151, et seq.; Resource Conservation and Recovery Act, 42 U.S.C. 6903, 6921, et seq.; Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "SUPERFUND"), 42 U.S.C. 901, et seq.; National Environmental Protection Agency (40 C.F.R., Chapters 373, 380 and 403). As used in this Lease, the Term "Hazardous Materials" shall mean any gasoline, diesel fuel, kerosene, or other petroleum product or by-product which is not contained in an approved storage tank, any explosive, any radioactive substance, and any material, waste, liquid or substance which has been determined by any federal, state or local governmental authority, or agency thereof, to be capable of posing a risk of injury to health, safety and property, including, without limitation, all materials, waste and substances designated as hazardous or toxic by the United States Environmental Protection Agency, and all materials, waste and substances designated or defined as hazardous, extremely hazardous, or toxic, pursuant to Environmental Laws, as any of such Environmental Laws have been or may hereafter be amended, or any similar federal or state statute intended to regulate hazardous substances.

(b) Tenant agrees that its operations on the Premises will not violate any Environmental Laws, and Tenant shall not cause any intentional release of Hazardous Materials other than those licensed or permitted by governmental agencies or by applicable law or regulations. Should Tenant cause any intentional or unintentional release of Hazardous Materials onto the surface or into the subsurface of the Premises resulting in damage to soil, or any adjacent properties, Tenant shall notify Landlord in writing.

(c) Notwithstanding the foregoing, the parties acknowledge that prior to the Effective Date, Landlord has not owned the Premises or underlying land and that such Premises and land have been conveyed to Landlord by Tenant.

23. Notices. Any notice or document required or permitted to be delivered hereunder or by law shall be deemed to be delivered, whether actually received or not, when delivered personally or by guaranteed overnight courier service, addressed to the parties hereto at the respective addresses below, or at such other address as theretofore specified by written notice delivered in accordance herewith:

If to Landlord, to: The Convention Center Authority of the Metropolitan
 Government of Nashville and Davidson County
 201 Fifth Avenue South
 Nashville, Tennessee 37203
 Attention: Charles Starks, President & CEO

with a copy to: Metropolitan Government Finance Department
Metropolitan Courthouse
1 Public Square, Suite 106
Nashville, Tennessee 37201
Attention: Talia Lomax-O'dneal, Finance Director

with a copy to: Bone McAllester Norton PLLC
511 Union Street, Suite 1600
Nashville, TN 37219
Attention: Charles Robert Bone, Esq.

If to Tenant, to: OliverMcMillan Spectrum Emery, LLC
810 Crescent Centre Drive, Suite 560
Franklin, Tennessee 37067
Attention: Pat Emery

with a copy to: OliverMcMillan Spectrum Emery, LLC
733 8th Avenue
San Diego, California 92101
Attn: Eric Buchanan

with a copy to: Spectrum Properties
201 South Tryon Street, Suite 550
Charlotte, NC 28202
Attention: Darryl B. Dewberry

with a copy to: Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219
Attention: Robert R. Campbell, Jr., Esq.

Additionally, Landlord shall give any Mortgagee of Tenant simultaneous duplicate copies of all notices required or permitted to be given to Tenant hereunder, including without limitation, notices of default.

24. Purchase Option.

(a) During the period beginning on the first day of the 6th Lease Year of the Term and ending on the last day of the 10th Lease Year of the Term (the "Purchase Option Period"), Tenant shall have the right and option (the "Purchase Option") to purchase Landlord's unencumbered fee simple interest in the Premises and all Improvements located

thereon for a purchase price equal to Forty Three Million One Hundred Twenty Five Thousand and No/100 Dollars (\$43,125,000.00) (the "Purchase Price"), which Purchase Option shall be exercisable by providing Landlord written notice thereof ("Tenant's Purchase Notice") prior to the expiration of the Purchase Option Period. The closing of such purchase shall occur within sixty (60) days of the date of Tenant's Purchase Notice, and the Premises shall be conveyed to Tenant by special warranty deed free and clear of any and all liens and encumbrances except for any matters acceptable to Tenant. The Purchase Price shall be paid at the time of closing by wire transfer in immediately available funds or by such other method as Landlord may approve. Tenant shall be entitled to and shall receive a credit against the Purchase Price at closing in the amount of any Base Rent, additional rent or other sums prepaid for the period after closing. Tenant shall pay the costs of any title insurance it may require in connection with the purchase of the Land and all closing costs, including, without limitation, title insurance premiums, survey costs, recording fees and transfer taxes. Each party shall be responsible for the fees of its respective counsel.

(b) Tenant may freely convey, assign, or otherwise transfer the Purchase Option to any person or entity without Landlord's consent, and any assignee or transferee of the Purchase Option similarly may convey, assign or transfer the Purchase Option without Landlord's consent. Any such conveyance, assignment or transfer shall not affect the validity or continuing enforceability of the Purchase Option. Any such conveyance, assignment or transfer (or a memorandum of it) shall be recorded in the Land Records.

25. Estoppel Certificates.

(a) At any time and from time to time, Tenant, on or before the date specified in a written request therefor, made by Landlord, which date shall not be earlier than ten (10) days from the making of such request, shall execute, acknowledge and deliver to Landlord an estoppel certificate or similar instrument stating the absence of a default by Landlord under this Lease, the date through which rent has been paid, the absence of any modification of this Lease, or other matters reasonably requested by Landlord. If Tenant cannot, in good faith, make the foregoing representations, then Tenant shall state with specificity the exceptions or reservations with regard to such representations. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser, transferee or tenant or the holder or prospective holder of any mortgage or deed of trust of the Premises.

(b) At any time and from time to time, Landlord, on or before the date specified in a written request therefor, made by Tenant, which date shall not be earlier than ten (10) days from the making of such request, shall execute, acknowledge and deliver to Tenant an estoppel certificate or similar instrument stating the absence of a default by Tenant under this Lease, the date through which rent has been paid, the absence of any modification of this Lease, or other matters reasonably requested by Tenant. If Landlord cannot, in good faith, make the foregoing representations, then Landlord shall state with specificity the exceptions or reservations with regard to such representations. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser, transferee, tenant, subtenant or the holder or prospective holder of any Mortgage.

26. Operation of the Premises. The Tenant shall cause the Premises to be managed and operated as a public parking garage by an experienced professional parking garage operator (for example, SP+, Ace or Premier Parking) who shall operate and maintain the Premises consistent with similar sized parking garages within mixed-use projects in Nashville, Tennessee, and in compliance with all applicable laws. Additionally, during the Term, Tenant shall: (i) maintain the Premises in good condition and repair, ordinary wear and tear and casualty and condemnation excepted; (ii) not commit waste at the Premises; and (iii) not overload the floors in the Premises in excess of its design capacity.

27. Financial Statements. Upon Landlord's written request but in no event more often than quarterly, Tenant shall deliver to Landlord financial statements detailing the operations of the Premises.

28. Miscellaneous.

(a) This Lease contains the entire agreement of the parties hereto with respect to the subject matter hereof and can be altered, amended or modified only by written instrument executed by all such parties.

(b) This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee.

(c) This Lease shall be binding upon and shall inure to the benefit of the undersigned parties and their respective heirs, legal representatives, successors and assigns. All provisions of this Lease shall run with the Land.

(d) Words of any gender used in this Lease shall be construed to include any other gender, and words in the singular shall include the plural and vice versa, unless the context requires otherwise.

(e) The captions used in this Lease are for convenience only and shall not be deemed to amplify, modify or limit the provisions hereof.

(f) The relationship between Landlord and Tenant at all times shall remain solely that of Landlord and Tenant and shall not be deemed a partnership or joint venture.

(g) In case any one or more of the provisions contained in this Lease shall for any reason be held invalid, illegal or unenforceable in any respects, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(h) The rights and remedies provided by this Lease are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other available remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

(i) Each date by which a condition or obligation in this Lease must be satisfied, including conditions precedent to the commencement of any type of rental provided for

herein, shall be extended (as shall be the commencement of any rental dependent thereon) by the number of days during which the satisfaction of such condition or obligation is delayed by strikes, lockouts, labor unrest, civil strife, riots, war, natural disasters, action of the elements, acts of God, unavailability of materials or supplies at a reasonable cost, or other events beyond the control of the party required to perform, but nothing contained in this Section shall be deemed to affect in any way Tenant's obligations to make timely payment of Base Rent due hereunder except in the case of force majeure which causes banks, post offices, or carrier services, as the case may be, to have reduced operations resulting in an untimely transmittal of the Base Rent to Landlord.

(j) Landlord and Tenant each warrant and represent to the other party that it has not dealt with any real estate broker, agent or finder in connection with this transaction.

(k) Tenant shall have the right to select the name of the redevelopment project contemplated herein, and any portion thereof, and to change the name thereof from time to time during the Term.

(l) Landlord represents, in addition to any other representations contained in this Lease, that (i) execution of this Lease by Landlord and operation of a parking structure on the Premises will not violate any terms of any agreements that Landlord may have with any other parties, including leases, restrictive covenants, exclusives, mortgages, stand still agreements, and cease and desist orders of Landlord; (ii) there are no actions, suits or proceedings pending against, by or affecting Landlord which affect title to the Premises or which questions the validity or enforceability of this Lease or of any action taken by Landlord under this Lease, in any court or before any governmental authority, domestic or foreign; (iii) there are no pending, threatened or contemplated condemnation actions involving all or any portion of the Premises; (iv) other than this Lease, there are no leases, including without limitation, billboard leases, or other agreements for use, occupancy or possession presently in force with respect to all or any portion of the Premises; and (v) all information and data furnished by Landlord to Tenant with respect to the Premises will be true, correct complete and not misleading. All of the covenants and representations and agreements contained in this Section shall run with the land and extend to and be binding upon the successors and assigns of the respective parties.

(m) Should the interest of Landlord hereunder ever be held by or owned for the benefit of more than one party, then, at Tenant's written request, the parties holding the Landlord interest shall designate one party as the representative of that interest ("Landlord Representative"). The Landlord Representative shall be authorized to deal unilaterally with the Tenant regarding matters arising under this Lease. Tenant shall not be required to obtain the agreement of any other parties with respect to matters requiring Landlord's consent or agreement, and the Landlord Representative shall have the exclusive authority to act on behalf of Landlord until such time as Tenant receives written notice from all holders of the interest of Landlord that the Landlord Representative has been changed. Should the holders of the interest of Landlord fail or refuse to appoint a Landlord Representative within thirty (30) days after written request from Tenant, then Tenant may seek to have a Landlord Representative determined through a court of competent jurisdiction, and all the costs of the arbitration proceeding shall be charged to Landlord, including reasonable attorneys' fees.

(n) TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO SHALL AND THEY HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE DEMISED PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE.

(o) During the Term, Tenant agrees to defend, indemnify, and hold the Landlord, its officers, board members, agents, servants and employees, harmless against any and all claims, lawsuits, actions, costs and expenses of any kind, including, but not limited to, those for property damage or loss (including alleged damage or loss to Tenant's business and any resulting lost profits) and/or personal injury, including death, that may relate to, arise out of or be occasioned by [i] Tenant's breach of any of the terms or provisions of this Lease or [ii] any act or omission of Tenant or any of its officers, agents, associates, employees, contractors or subcontractors, related to the Premises, or any operations or activities within the Premises or the Improvements thereon; provided, however, that the indemnity provided herein shall not apply to any liability resulting from the negligence or willful misconduct of the Landlord or its officers, board members, agents, servants, employees or contractors, and in the event of negligence of both Tenant and the Landlord or its officers, board members, agents, servants, employees or contractors, responsibility, if any, shall be apportioned comparatively in accordance with the laws of the State of Tennessee.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal as of the day and year first above written.

LANDLORD:

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____

Name: _____

Title: _____

TENANT:

**OLIVERMCMILLAN
SPECTRUM EMERY, LLC,**
a Delaware limited liability company

By: OMB Nashville, LLC,
a Delaware limited liability company
Its: Sole Member

By: OM/SE Manager, LLC,
a Delaware limited liability company
Its: Managing Member

By: SE Nashville Group, LLC,
a North Carolina limited liability
company
Its: Authorized Member

By: _____

Name: Patrick G. Emery

Title: Manager

EXHIBIT A

Condominium Unit

[insert condo description]

Being the same property conveyed to _____ by ____ Deed from _____, dated _____, of record in Instrument Number _____ in the Register's Office for Davidson County, Tennessee.

EXHIBIT B

Form of Memorandum of Parking Garage Lease

This Instrument Prepared By:
Robert R. Campbell, Jr., Esq.
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

MEMORANDUM OF PARKING GARAGE LEASE

This Memorandum of Parking Garage Lease is made and entered into effective the ____ day of _____, 20__, by and between **THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY** ("Landlord"), whose address is _____, and _____, a _____ ("Tenant"), whose address is _____.

WITNESSETH:

WHEREAS, Landlord has leased certain real property [**describe condo unit**], as further described in Exhibit "A", attached hereto and made a part hereof (the "Premises"), to the Tenant pursuant to a Parking Garage Lease dated effective _____, 201__, which is incorporated herein by reference as if appearing in full (the "Lease"); and

WHEREAS, the parties wish to provide record notice of certain terms and conditions of the Lease.

NOW, THEREFORE, Landlord and Tenant do hereby state the following:

1. Lease of the Premises. Landlord does hereby lease the Premises to the Tenant, and the Tenant hereby leases the Premises from Landlord, upon the terms and conditions stipulated in the Lease.
2. Term. The initial term of this Lease is ninety-nine (99) years from the Rent Commencement Date, as defined in the Lease, unless extended or sooner terminated as provided by the Lease.
3. Right of First Refusal. The Premises and any and all improvements, rights and interests now or hereafter appurtenant to it shall be subject to a right of first refusal by Tenant ("Right of First Refusal"), which Tenant retains and which Landlord grants to Tenant on the terms and conditions set forth in the Lease.

4. Purchase Option. During the period beginning on the first day of the 6th Lease Year of the Term and ending on the last day of the 10th Lease Year of the Term (the "Purchase Option Period"), Tenant shall have the right and option to purchase Landlord's unencumbered fee simple interest in the Premises and all Improvements located thereon which shall be exercisable by providing Landlord written notice thereof prior to the expiration of the Purchase Option Period in accordance with the provisions set forth in the Lease.

5. Binding Effect. The Lease and this Memorandum shall inure to the benefit of and shall be binding upon the Landlord, its successors and assigns, and upon the Tenant and its permitted successors and assigns.

6. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or overnight mail or courier addressed as follows:

If to Landlord, to:

with a copy to:

If to Tenant, to:

Attn: _____

with a copy to:

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219
Attn: Robert R. Campbell, Jr., Esq.

The Landlord or Tenant may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

7. Conflict. In the event of a conflict between the terms and provisions of this Memorandum and the Lease, the Lease shall govern and control.

8. Defined Terms. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Memorandum as of the date and year first above written.

LANDLORD:

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____

Name: _____

Title: _____

TENANT:

By: _____

Name: _____

Title: _____

STATE OF TENNESSEE)
COUNTY OF _____)

Before me, a Notary Public of the State and County aforesaid, personally appeared _____ with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be _____ of Convention Center Authority of the Metropolitan Government of Nashville & Davidson County, the within named bargainor, and that he as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the _____ by himself as its authorized _____.

WITNESS my hand and official seal this _____ day of _____, 201__.

Notary Public

My Commission Expires: _____

STATE OF TENNESSEE)
COUNTY OF _____)

Before me, a Notary Public of the State and County aforesaid, personally appeared _____ with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be _____ of _____, a _____ limited liability company, the within named bargainor, and that he as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as its authorized _____.

WITNESS my hand and official seal this _____ day of _____, 201__.

Notary Public

My Commission Expires: _____

EXHIBIT "A" TO MEMORANDUM OF LEASE

[insert legal description]

EXHIBIT C

Form of Statement of Rent Commencement Date

STATEMENT OF RENT COMMENCEMENT

The undersigned hereby certify that the Rent Commencement Date of that certain Parking Garage Lease with an Effective Date of _____, 201__ (the "Lease") between The Convention Center Authority of the Metropolitan Government of Nashville & Davidson County, as Landlord, and _____, a _____, or its successors or assigns, as Tenant, for the lease of that certain [describe condo unit], is _____, 201__ and that the expiration date of the Term of the Lease is _____, ____.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

In witness whereof the parties have hereunto set their respective hands the day and year below written.

**THE CONVENTION CENTER AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE & DAVIDSON COUNTY**

By: _____
Name: _____
Title: _____
Date: _____

TENANT:

By: _____
Name: _____
Title: _____
Date: _____



**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Financial Statements and Supplemental Information

December 31, 2015

(With Independent Auditors' Report Thereon)

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

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Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

The Plan Administrator
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County
Employees' Savings Trust:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County Employees' Savings Trust (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2015, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 5, which was certified by MG Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended December 31, 2015, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter – Supplemental Schedule

The supplemental schedule (Schedule H, Line 4i – Schedule of Assets Held at End of Year) as of December 31, 2015, is required by the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

Nashville, Tennessee
October 16, 2016

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Statement of Net Assets Available for Benefits

December 31, 2015

Assets:		
Cash		\$ 10,912
Investments, at fair value:		
Mutual funds		686,668
Guaranteed investment contract		<u>11,347</u>
Total investments		698,015
Contributions receivable		<u>10,267</u>
Total assets		719,194
Adjustment from fair value to contract value for fully benefit-responsive investment contract		<u>(216)</u>
Net assets available for benefits		<u><u>\$ 718,978</u></u>

See accompanying notes to financial statements.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2015

Additions:	
Investment income (loss):	
Net depreciation in value of investments	\$ (32,829)
Interest and dividends	18,736
	<hr/>
Total investment income (loss)	(14,093)
Contributions:	
Participants	165,986
Employer	116,173
Rollovers	34,246
	<hr/>
Total contributions	316,405
	<hr/>
Total additions	302,312
Deductions:	
Benefits paid directly to participants	71,280
Administrative fees and charges	7,412
	<hr/>
Total deductions	78,692
	<hr/>
Net increase in net assets available for benefits	223,620
Net assets available for benefits:	
Beginning of year	495,358
	<hr/>
End of year	\$ 718,978
	<hr/> <hr/>

See accompanying notes to financial statements.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

(1) Description of the Plan

The following description of The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County Employees' Savings Trust (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan, adopted effective January 1, 2013, is a defined contribution plan covering substantially all employees hired directly by the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Employer or Authority) who are at least 18 years of age. The Plan is subject to the provisions of the Employment Retirement Income Security Act of 1974 (ERISA).

CUNA Mutual Retirement Solutions (CUNA) serves as the record keeper of the Plan and maintains and administers the Plan's records and investment allocations for the benefit of participants. MG Trust Company is the custodian of the Plan assets.

(b) Contributions

Upon achieving eligibility to participate in the Plan, employees must elect to participate or not participate in the Plan. Participants may contribute up to the maximum amount allowed by federal law and direct the investment of their contributions into various investment options offered by the Plan. The Employer may make a discretionary matching contribution on behalf of each participant. In 2015, the Employer matched 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary. For the year ended December 31, 2015, there were \$116,173 in Employer discretionary contributions made to the Plan.

(c) Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of the Employer's contribution and Plan earnings. Allocations are based on participant earnings or account balances, as defined by the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting

Participants are immediately vested in their contributions, rollover contributions and actual earnings thereon. Participants vest 20% at the end of the first year of service and then vest 20% per year in the Employer's contribution portion of their account plus actual earnings thereon, for each year of credited service as defined by the Plan document. A participant is 100% vested after five years of credited service.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

(e) Forfeitures

Forfeitures of terminated participants' nonvested accounts are used to reduce future Employer contributions or to pay Plan administrative expenses. At December 31, 2015, the forfeited nonvested account totaled \$24,938. This account will be used to reduce future Employer contributions or to pay Plan administrative expenses.

(f) Payment of Benefits

On termination of service, whether due to death, disability, retirement, or otherwise, the participant or the beneficiary of the participant shall receive a lump-sum payment in cash. The Plan also permits in-service withdrawals due to financial hardship, in accordance with provisions specified in the Plan document.

(g) Administrative Expenses

The Plan's expenses are paid either by the Plan or the Authority, as provided by the Plan document. Expenses that are paid directly by the Authority are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statement of changes in net assets available for benefits. In addition, certain investment-related expenses are included in net depreciation of fair value of investments presented in the accompanying statement of changes in net assets available for benefits.

(h) Participant Loans

Participant loans are not permitted under the Plan.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared under the accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using the contract value basis for fully benefit-responsive investment contracts.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

(b) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(d) Payments of Benefits

Benefits are recorded when paid.

(e) Excess Contributions Payable

The Plan is required to return contributions received during the Plan year in excess of the IRC limits. There were no excess contributions payable in 2015.

(f) Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments in this ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments in this ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Plan should apply the amendments retrospectively to all periods presented. Earlier application is permitted. Plan management is currently evaluating the impact of adopting this guidance on the financial statements.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

In July 2015, the Financial Accounting Standards Board (FASB) issued Update No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (Consensuses of the FASB Emerging Issues Task Force)*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early adoption permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early adoption permitted.

The update seeks to reduce the cost and complexity of reporting fully benefit responsive investment contracts. Plan management is currently evaluating the impact of adopting this accounting standard update on the financial statements and disclosures.

(3) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Guaranteed investment contract – Valued at contract value, which utilizes a cost approach to approximate fair value. Since the participants transact at contract value, fair value is determined annually for financial statement reporting purposes only.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015:

Description	Level 1	Level 2	Level 3	Total
Cash	\$ 10,912	—	—	10,912
Mutual funds:				
Balanced Funds	623,739	—	—	623,739
Index Funds	34,267	—	—	34,267
Fixed Income Funds	3,724	—	—	3,724
Money Market Funds	24,938	—	—	24,938
Guaranteed Investment Contract	—	11,347	—	11,347
Total assets at fair value	\$ 697,580	11,347	—	708,927

(4) Investments

The following investments represent 5% or more of the Plan's net assets at December 31, 2015:

JPMorgan SmartRetirement 2025	\$ 49,661
JPMorgan SmartRetirement 2030	78,560
JPMorgan SmartRetirement 2035	125,813
JPMorgan SmartRetirement 2040	66,936
JPMorgan SmartRetirement 2045	76,881
JPMorgan SmartRetirement 2050	119,278
JPMorgan SmartRetirement 2055	37,482

During the year ended December 31, 2015, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$32,829 and related entirely to mutual funds.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

(5) Information Certified by the Plan's Trustee

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosures under ERISA. Accordingly, MG Trust Company, the custodian, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate at December 31, 2015:

Mutual funds	\$	686,668
Guaranteed investment contract , at contract value		11,131
Interest bearing cash		10,912
Net depreciation in fair value		(32,829)
Interest and dividends		18,736

The Plan's independent auditor did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

(6) Income Tax Status

The Plan has adopted a prototype Volume Submitter Profit Sharing Plan as provided by the Plan's record keeper, CUNA Mutual Retirement Solutions. The IRS issued an opinion letter dated March 31, 2008, indicating that the prototype profit sharing plan is designed in accordance with applicable sections of the IRC. Although the Plan is amended periodically, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(7) Transactions with Parties-in-Interest

Certain Plan investments are shares of mutual funds managed by CUNA Mutual Retirement Solutions. CUNA Mutual Retirement Solutions is the record keeper of the Plan's assets and, therefore, qualifies as a party-in-interest.

(8) Plan Termination

Although it has not expressed any intent to do so, the Authority has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

Notes to Financial Statements

December 31, 2015

(9) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(10) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits according to the financial statements as compared to Form 5500 at December 31:

Net assets available for benefits per the financial statements	\$	718,978
Less contribution receivable at end of year		(10,267)
Investment contract – contract value adjustment		216
Other		(199)
		708,728
Net assets available for benefits per Form 5500	\$	708,728

The following is a reconciliation of the net increase in net assets available for benefits according to the financial statements as compared to Form 5500 at December 31:

Total increase in net assets available for benefits	\$	223,620
Add contribution receivable at beginning of year		9,047
Less contribution receivable at end of year		(10,267)
		222,400
Total increase in net assets available for benefits per Form 5500	\$	222,400

The following is a reconciliation of employee contributions according to the financial statements as compared to Form 5500 at December 31:

Participant contributions per financial statements	\$	165,986
Add participant contribution receivable at beginning of year		5,389
Less participant contribution receivable at end of year		(6,076)
		165,299
Total employee contributions per Form 5500	\$	165,299

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
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Notes to Financial Statements

December 31, 2015

The following is a reconciliation of employer contributions according to the financial statements as compared to Form 5500 at December 31:

Employer contributions per financial statements	\$ 116,173
Add employer contribution receivable at beginning of year	3,642
Less employer contribution receivable at end of year	<u>(4,191)</u>
Total employee contributions per Form 5500	<u>\$ 115,624</u>

(11) Subsequent Events

The Plan has evaluated subsequent events from December 31, 2015 through October 16, 2016, the date of issuance of its financial statements, and determined there are no items to disclose.

SUPPLEMENTAL INFORMATION

Schedule I

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY EMPLOYEES'
SAVINGS TRUST**

EIN: 27-2078125, Plan No. 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2015

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, par, or maturity value	(e) Current value
	JPMorgan	JPMORGAN SMARTRETIREMENT 2015	\$ 6,374
	JPMorgan	JPMORGAN SMARTRETIREMENT 2020	17,115
	JPMorgan	JPMORGAN SMARTRETIREMENT 2025	49,661
	JPMorgan	JPMORGAN SMARTRETIREMENT 2030	78,560
	JPMorgan	JPMORGAN SMARTRETIREMENT 2035	125,813
	JPMorgan	JPMORGAN SMARTRETIREMENT 2040	66,936
	JPMorgan	JPMORGAN SMARTRETIREMENT 2045	76,881
	JPMorgan	JPMORGAN SMARTRETIREMENT 2050	119,278
	JPMorgan	JPMORGAN SMARTRETIREMENT 2055	37,482
	JPMorgan	JPMORGAN SMARTRETIREMENT INCOM	9,527
	JPMorgan	JP MORGAN RESEARCH MRKT NEUTRAL FD – A	1,065
	JPMorgan	JPMORGAN CORE BOND FUND-R2	1,223
	BlackRock	BLACKROCK INFLATION PROTECT BD SER – C	1,971
	BlackRock	BLACKROCK S & P STOCK FUND- A	33,201
	AllianceBernstein	ALLIANCE/BERN DISCOVERY VALUE FD – R	1,846
	American Funds	AM FDS EUROPACIFIC GROWTH – R3	6,779
	Deutsche Bank	DEUTSCHE ENHANCED COMMODITY STRATEGY A	612
	Franklin Templeton	FRANKLIN RISING DIVIDENDS – R	4,609
	Franklin Templeton	HIGH INCOME FD R SH	6,754
	Franklin Templeton	TEMPLETON GLOBAL BOND FUND	530
	John Hancock	J HANCOCK INCOME FD – R3	2,697
	Oppenheimer	OPPENHEIMER CASH RESERVES – A	24,938
	Prudential Investments	PRUD-JENNISON SMALL COMP FD – R	4,014
	Prudential Investments	PRUDENTIAL GLOBAL REAL EST- R (1548)	5,809
	Wells Fargo	WFA EMERGING MARKETS EQUITY FD A SHARES	2,993
		Total mutual fund accounts	<u>686,668</u>
*	CUNA Mutual	GUARANTEED ACCOUNT (CLASS 23)	11,347
		Total Guaranteed Investment Contract	<u>11,347</u>
	Matrix Trust Company	INTEREST BEARING CASH	10,912
		Total assets held at end of year	<u>\$ 708,927</u>

* Party-in-interest

Note: Investments are participant directed, thus cost information is not required. The above information has been certified as complete and accurate by MG Trust Company.

See accompanying independent auditors' report.



**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Reports Thereon)

CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE

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**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Management's Discussion and Analysis (Unaudited)

June 30, 2016 and 2015

This section of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (Authority) annual financial report presents management's discussion and analysis (MD&A) of financial performance as of and for the years ended June 30, 2016, 2015, and 2014. This MD&A should be read in conjunction with the Authority's financial statements and footnotes.

Overview of the Financial Statements

The Authority's financial report consists of this MD&A, financial statements, and footnotes to the financial statements. The Authority's financial statements are prepared using accounting principles generally accepted in the United States of America as applied to governmental units using the economic resources measurement focus and the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Authority at June 30, 2016 and 2015 are included in the statements of net position. For the years ended June 30, 2016 and 2015, the Authority's revenues and expenses are reported in the statements of revenue, expenses, and changes in net position. The statement of cash flows reports receipts, cash payments and net changes in cash resulting from operating, financing and investing activities.

Financial Analysis

The Authority's net position as of June 30, 2016, 2015, and 2014 were as follows (in thousands of dollars):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 132,859	99,964	61,946
Capital assets	669,212	682,909	697,283
Other noncurrent assets	50,291	42,256	40,325
Total assets	<u>852,362</u>	<u>825,129</u>	<u>799,554</u>
Deferred outflows of resources	568	172	—
Current liabilities	40,957	32,109	26,832
Noncurrent liabilities	613,734	621,249	624,181
Total liabilities	<u>654,691</u>	<u>653,358</u>	<u>651,013</u>
Deferred inflows of resources	228	187	—
Net position:			
Net investment in capital assets	49,062	61,868	78,150
Restricted for debt retirement	55,823	51,247	46,752
Unrestricted	93,126	58,640	23,639
Total net position	<u>\$ 198,011</u>	<u>171,755</u>	<u>148,541</u>

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Management's Discussion and Analysis (Unaudited)

June 30, 2016 and 2015

The Authority was created to develop, acquire, construct and then operate a new convention center (the Music City Center) within the boundaries of the Metropolitan Government of Nashville and Davidson County (Metropolitan Government). During the year ended June 30, 2010, the Authority issued revenue bonds for and began construction of the Music City Center. Construction is complete and operation of the Music City Center began in May of 2013. As more fully described in the financial statements and footnotes, the Authority's assets consist primarily of cash, accounts receivable and other items related to operations, cash and investments restricted for construction and debt service, and capital assets related to the Music City Center. Liabilities consist of current amounts payable related to operations, construction and debt service, and the revenue bonds payable. The components of net position reflect the nature of the underlying assets and liabilities. Note that \$49.1 million of the Authority's net position of \$198.0 million is invested in capital assets while \$55.8 million is restricted for debt retirement.

The Authority's change in net position for the years ended June 30, 2016, 2015, and 2014 were as follows (in thousands of dollars):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenue	\$ 21,765	21,456	13,817
Operating expense	<u>(36,915)</u>	<u>(35,497)</u>	<u>(30,954)</u>
Operating loss	(15,150)	(14,041)	(17,137)
Nonoperating revenue (expense)	41,348	37,740	14,062
Capital contributions	<u>57</u>	<u>—</u>	<u>37,291</u>
Net increase in net position	<u>\$ 26,255</u>	<u>23,699</u>	<u>34,216</u>

The increase in operating revenue and expense for the year ended June 30, 2016 is primarily related to an increase in the average size of events as compared to the prior year. Annual attendance for the year ended June 30, 2016 was 685,884 compared to 670,060 for the year ended June 30, 2015. The increase in nonoperating revenue (expense) for the year ended June 30, 2016 is due to a \$4.1 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center, and a \$272,090 increase in the Music City Center campus sales tax. Additionally, other tourism taxes increased overall due to a continued increase in tourism over the prior years. The increase in nonoperating revenue is partially offset by an increase in nonoperating expense for payments to the Omni Hotel. The \$57,162 in capital contributions for the year ended June 30, 2016 is due to a transfer of capital assets from the Nashville Convention Center.

The increase in operating revenue and expense for the year ended June 30, 2015 is primarily related to an increase in the average size of events as compared to the prior year. Annual attendance for the year ended June 30, 2015 was 670,060 compared to 491,352 for the year ended June 30, 2014. The increase in nonoperating revenue for the year ended June 30, 2015 is due to an \$11.1 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center, a \$4.6 million increase in the Music City Center campus sales tax, and a \$4.1 million increase resulting from a transfer of residual construction contingency from the Metropolitan Government. Additionally, other tourism taxes increased overall due to a general increase in tourism over the prior year. There were no capital contributions for the year ended June 30, 2015.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Management's Discussion and Analysis (Unaudited)

June 30, 2016 and 2015

Capital Assets and Long-Term Debt

During the year ended June 30, 2016, the Authority incurred costs of \$2,688,918 for various assets acquired subsequent to the opening of the Music City Center which includes an increase in the potential settlement amount of a condemnation case for land acquired for the Music City Center site. During the year ended June 30, 2015, the Authority incurred costs of \$2,114,598 for various assets acquired subsequent to the opening of the Music City Center. During the year ended June 30, 2014, the Authority incurred costs of \$10,630,371 for various assets acquired and also received a capital contribution of \$37,291,733 related to the Country Music Hall of Fame and Omni Hotel connector. Additional information on the Authority's capital assets can be found in note 6 to the financial statements.

During the period ended June 30, 2010, the Authority issued revenue bonds totaling \$623,215,000, plus a premium of \$1,301,329, to finance the construction of the Music City Center. As more fully described in note 7 to the financial statements, the revenue bonds were issued in three series: Series 2010A-1, Series 2010A-2, and Series 2010B. The ratings on the revenue bonds issued were as follows.

	Series A Bonds	Series B Bonds
Moody's	A2	AA3
Standard and Poor's	A	A
Fitch	A+	A+

Other Matters

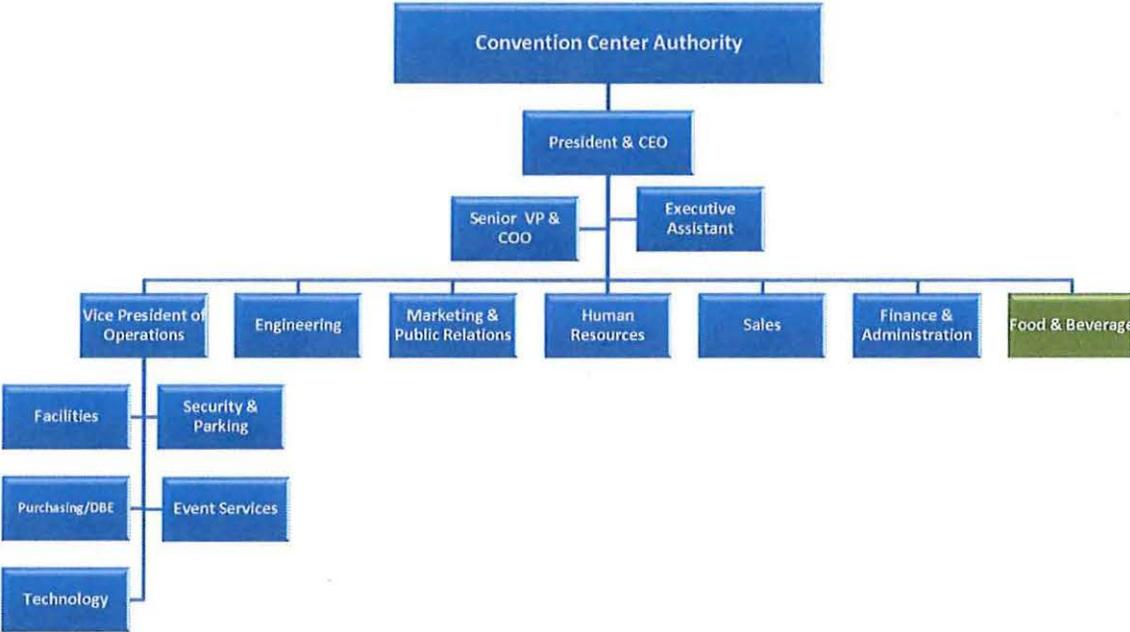
As more fully described in note 12 to the financial statements, the Authority Board entered into an agreement with Omni Hotels to develop a premier convention center hotel adjacent to the Music City Center. Omni Hotels privately financed the hotel at its sole expense, and the Authority will make annual payments to Omni Hotels from certain tourism taxes pledged to the Authority by the Government.

The Authority Board has entered into an agreement with a private developer related to the former Nashville Convention Center site. As more fully described in note 12 to the financial statements, pending satisfaction of several terms of the agreement, the Authority has agreed to pay for the construction of a parking garage on the site.

Requests for additional financial information should be directed to Finance Department – Division of Accounts, 700 Second Avenue South, Suite 310, Nashville, Tennessee 37210.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
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Organization Chart (Unaudited)



**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Authority Members as of June 30, 2016 (Unaudited)

Marty Dickens, Chair

Irwin Fisher

Randy Goodman

Vonda McDaniel

Willie McDonald

David McMurry

Luke Simmons

Renata Soto

Mona Lisa Warren



KPMG LLP
Suite 1000
401 Commerce Street
Nashville, TN 37219-2422

Independent Auditors' Report

Authority Members
Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County, Tennessee:

Report on the Financial Statements

We have audited the accompanying financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and 2015, and its changes in financial position, and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The introductory sections on pages 6 and 7 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Nashville, Tennessee
October 30, 2016

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Net Position

June 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 95,208,607	57,349,133
Accounts receivable	1,236,807	2,205,137
Accrued interest receivable	81,897	2,076
Due from the primary government	5,806,441	6,447,362
Prepaid expenses	474,041	474,852
Restricted for construction funds:		
Cash and cash equivalents	3,834,419	3,961,462
Accrued interest receivable	3,419	113
Prepaid expenses	2,272	23,014
Accounts receivable	250,000	—
Restricted for debt service and reserve funds:		
Cash and cash equivalents	20,429,377	23,729,877
Accrued interest receivable	109,879	121,483
Due from the primary government	2,933,384	2,533,947
Accounts receivable	2,488,410	3,115,264
Total current assets	<u>132,858,953</u>	<u>99,963,720</u>
Other noncurrent and capital assets:		
Restricted for debt service and reserve funds:		
Cash and cash equivalents	17,418,806	3,160,195
Investments	32,872,268	39,095,658
Total other noncurrent assets	<u>50,291,074</u>	<u>42,255,853</u>
Capital assets:		
Land	79,989,700	77,398,808
Art collection	1,183,844	1,183,844
Buildings and improvements	635,466,263	635,486,985
Furniture, machinery and equipment	3,342,298	3,223,550
Less accumulated depreciation	(50,770,615)	(34,383,604)
Total capital assets	<u>669,211,490</u>	<u>682,909,583</u>
Total other noncurrent and capital assets	<u>719,502,564</u>	<u>725,165,436</u>
Total assets	<u>852,361,517</u>	<u>825,129,156</u>
Deferred Outflows of Resources		
Deferred outflows, pensions	568,283	171,640

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Net Position

June 30, 2016 and 2015

Liabilities	<u>2016</u>	<u>2015</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,974,592	1,491,201
Accrued payroll	1,113,264	1,349,556
Due to the primary government	10,036	12,284
Unearned revenue	5,124,519	4,600,783
Liabilities payable from restricted assets:		
Construction funds:		
Accounts payable and accrued liabilities	3,439,759	925,462
Debt service and reserve funds:		
Accrued interest payable	20,429,377	20,509,877
Current portion of long-term debt	<u>7,865,000</u>	<u>3,220,000</u>
Total current liabilities	40,956,547	32,109,163
Noncurrent liabilities:		
Long-term revenue bonds payable	612,934,946	620,880,438
Net pension liability	<u>799,038</u>	<u>368,709</u>
Total noncurrent liabilities	<u>613,733,984</u>	<u>621,249,147</u>
Total liabilities	<u>654,690,531</u>	<u>653,358,310</u>
Deferred Inflows of Resources		
Deferred inflows, pensions	228,589	187,053
Net Position		
Net position:		
Net investment in capital assets	49,061,895	61,868,272
Restricted for debt retirement	55,822,747	51,246,547
Unrestricted	<u>93,126,038</u>	<u>58,640,614</u>
Total net position	<u>\$ 198,010,680</u>	<u>171,755,433</u>

See accompanying notes to financial statements.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2016 and 2015

	2016	2015
Operating revenue:		
Charges for services	\$ 21,765,253	21,456,384
Operating expense:		
Personal services	9,066,395	8,502,444
Contractual services	9,147,554	8,560,328
Supplies and materials	1,362,186	1,180,967
Depreciation	16,387,011	16,476,920
Other	952,456	776,763
Total operating expense	36,915,602	35,497,422
Operating loss	(15,150,349)	(14,041,038)
Nonoperating revenue (expense):		
Tourism tax revenue	76,943,627	71,810,601
Investment income	1,482,786	1,087,932
Other income	250,000	—
Interest expense	(28,175,749)	(28,405,227)
Other expense	(9,152,230)	(6,752,762)
Total nonoperating revenue, net	41,348,434	37,740,544
Income before capital contributions	26,198,085	23,699,506
Capital contributions	57,162	—
Increase in net position	26,255,247	23,699,506
Net position, beginning of year	171,755,433	148,055,927
Net position, end of year	\$ 198,010,680	171,755,433

See accompanying notes to financial statements.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 24,168,240	16,021,188
Payments to suppliers	(9,980,241)	(10,419,221)
Payments to employees	(9,227,465)	(8,181,420)
Net cash provided by (used in) operating activities	4,960,534	(2,579,453)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(96,717)	(1,914,752)
Principal paid	(3,220,000)	—
Interest paid	(40,939,254)	(41,020,622)
Interest subsidy	12,602,510	12,534,900
Other (expense) revenue	(152,230)	1,142,750
Net cash used in capital and related financing activities	(31,805,691)	(29,257,724)
Cash flows from noncapital financing activities:		
Receipts from governments	76,901,045	72,518,270
Payments to hotel developer	(9,000,000)	(8,000,000)
Net cash provided by noncapital financing activities	67,901,045	64,518,270
Cash flows from investing activities:		
Purchases of investments	(63,305,784)	(17,286,888)
Proceeds from sales and maturities of investments	69,822,886	18,057,988
Interest income	1,117,552	735,843
Net cash provided by investing activities	7,634,654	1,506,943
Net changes in cash and cash equivalents	48,690,542	34,188,036
Cash and cash equivalents at beginning of year	88,200,667	54,012,631
Cash and cash equivalents at end of year	\$ 136,891,209	88,200,667

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (15,150,349)	(14,041,038)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	16,387,011	16,476,920
Provision for doubtful accounts	3,771	—
Changes in assets and liabilities:		
Accounts receivable	964,560	(642,766)
Prepaid expenses	811	(4,309)
Due from the primary government	910,921	(6,381,320)
Deferred outflows of resources	(396,643)	(171,640)
Accounts payable and accrued liabilities	1,483,391	96,901
Accrued payroll	(236,292)	422,261
Due to the primary government	(2,248)	6,247
Unearned revenue	523,736	1,588,890
Net pension liability	430,329	(116,652)
Deferred inflows of resources	41,536	187,053
Total adjustments	20,110,883	11,461,585
Net cash provided by (used in) operating activities	\$ 4,960,534	(2,579,453)
Schedule of noncash capital and related financing activities:		
Amortization of bond premium	\$ 80,492	80,495
Capital contributions	57,162	—
Schedule of noncash investing activities:		
Unrealized gain on investments	293,711	298,555

See accompanying notes to financial statements.

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(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority) was formed by Resolution of the Metropolitan Council of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Metropolitan Government) on August 10, 2009 (date of inception) under the State of Tennessee Convention Center Authorities Act of 2009. The Authority is governed by a nine member Board of Directors appointed by the Mayor and confirmed by the Metropolitan Council. The Authority was responsible for the acquisition, development, and construction of a new convention center, the Music City Center, which was completed in May of 2013. The Authority is now responsible for the operation of the Music City Center.

The Authority is a public nonprofit corporation and public instrumentality of the Metropolitan Government and is a component unit of the Metropolitan Government (primary government). The Authority and the Metropolitan Government have entered into an interlocal agreement for the Metropolitan Government to provide comprehensive financial management services to the Authority, among other services. Accordingly, the accounting policies of the Authority are the same as those adopted by the Metropolitan Government.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles as applied to governmental units. The Authority's most significant accounting policies are summarized below.

(b) Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(c) Assets, Liabilities, Revenue and Expenses

Cash and cash equivalents – Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition and other available pooled funds.

Investments – Investments consist primarily of U.S. government securities and are stated at fair value. The Authority also invests in the Metropolitan Government's Investment Pool, which is invested in the Tennessee Local Government Investment Pool (LGIP), the Tennessee Intermediate Term Investment Fund (ITIF), and the First Tennessee Bank Advisors Short Investment Pool (FTB Short Pool). The LGIP and ITIF are maintained and managed by the State of Tennessee. The LGIP and ITIF are not registered with the Securities and Exchange Commission (SEC) but do operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Authority's investments in the LGIP and ITIF have been determined based on each pool's share price at amortized cost and net asset value for LGIP and ITIF, respectively. Investments in the FTB

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Short Pool are reported at fair value. Investment income consists of interest earned on investments and realized and unrealized appreciation or depreciation in the fair value of investments.

Amounts due from and due to the primary government – Amounts due from the primary government consist primarily of certain tourism tax revenues collected by the Metropolitan Government and pledged to the Authority for the repayment of revenue bonds, which are accrued as those taxes are earned by the Metropolitan Government. Such amounts are remitted to the Authority and are reported as tourism tax revenue, a nonoperating revenue of the Authority. Amounts due to the primary government consist primarily of payments due for services provided by the Metropolitan Government to the Authority that are accrued as those services are provided and for reimbursement for certain goods and services purchased by the Metropolitan Government on behalf of the Authority.

Restricted assets – Restricted assets consist of bond proceeds restricted for construction and for debt service reserve funds and of amounts accumulated for debt service and construction. Assets in the debt service reserve funds and assets in the debt service funds are held by a trustee and are not available to the Authority for other purposes. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital assets – Major outlays for capital assets and improvements and all expenses incurred in support of construction were capitalized as projects were constructed. Net interest cost incurred during the construction of facilities was capitalized as part of the cost of those facilities. Capital assets are generally defined as assets with individual cost in excess of \$10,000 and a useful life in excess of one year. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated lives range from 3 to 50 years.

Deferred outflows of resources – In addition to assets, the statements of net position report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The amount for pension relates to certain differences between projected and actual actuarial results, certain difference between projected and actual investment earnings, and any contributions between the measurement and reporting dates.

Compensated absences – General policy of the Authority for former employees of the Metropolitan Government and for employees hired by the Authority, permits the accumulation, within certain limitations, of unused vacation days and sick leave. For Metropolitan Government employees retained by the Authority, vacation days may accumulate to an amount equal to three times the current annual vacation accrual rate. For employees hired directly by the Authority a maximum of 10 vacation days may be carried forward to the next year. Although sick pay may accumulate for all employees, no amounts are vested in the event of employee termination. Accumulated unpaid vacation pay is reported with accrued payroll.

Bond premiums – Bond premiums are deferred and amortized over the term of the related bonds.

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Deferred inflows of resources – In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The amount for pension relates to certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, and any contributions between the measurement and reporting dates.

Operating and nonoperating revenues and expenses – Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tourism tax revenue – The tourism tax revenue consists of 3% of the 6% Hotel/Motel Tax authorized by Tennessee Code Annotated (TCA) Section 7-4-102, \$2.00 of the \$2.50 Hotel Room Occupancy Tax authorized by TCA Section 7-4-202, the \$2.00 Contracted Vehicle Tax authorized by TCA Section 7-4-203, the 1% Rental Vehicle Surcharge Tax authorized by TCA Section 67-4-1908, an allocation of state and local sales and use taxes derived from incremental sales tax growth within a Tourism Development Zone (TDZ) authorized by TCA Section 7-88-101, and an allocation of Campus Sales Tax, consisting of state and local sales and use taxes collected on the premises of the Music City Center campus and on any convention center hotels.

Other revenue (expense) – Other revenue (expense) primarily consists of amounts remitted to the developer of a hotel constructed adjacent to the Music City Center as discussed in note 12.

Capital contributions – Capital contributions for the year ended June 30, 2016 represent transfers of capital assets from the Nashville Convention Center.

Estimates – Estimates are used in the preparation of financial statements and require management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) New Accounting Standards

The Authority adopted GASB Statement No. 72, *Fair Value Measurement and Application*, required for fiscal periods beginning after June 15, 2015, during the year ended June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements.

(3) Cash and Investments

The Authority is authorized by policy to invest funds that are not immediately needed in United States Treasury Bills, Bonds and Notes; the LGIP; the ITIF; the FTB Short Pool; most bonds issued by U.S. Government Agencies; other Municipal Obligations; and other investments such as repurchase agreements. The Authority is authorized to invest in these instruments either directly or through the Metropolitan Government's Investment Pool, which is invested in the LGIP, ITIF, and FTB Short Pool.

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At June 30, 2016, the Authority had the following deposits and investments:

<u>Investment type</u>	<u>Value</u>	<u>Weighted average maturity (in years)</u>
Unrestricted funds:		
Cash on deposit	\$ 26,170	—
Metropolitan Government investment pool	95,182,437	0.62
Cash and cash equivalents	<u>95,208,607</u>	
Construction funds:		
Metropolitan Government investment pool	3,834,419	0.62
Cash and cash equivalents	<u>3,834,419</u>	
Debt service and reserve funds:		
Metropolitan Government investment pool	1,617,550	0.62
U.S. Treasury money market funds	36,230,633	—
Cash and cash equivalents	<u>37,848,183</u>	
U.S. government agencies	<u>32,872,268</u>	4.58
Total cash and investments	<u>\$ 169,763,477</u>	

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At June 30, 2015, the Authority had the following deposits and investments:

<u>Investment type</u>	<u>Value</u>	<u>Weighted average maturity (in years)</u>
Unrestricted funds:		
Cash on deposit	\$ 21,465	—
Metropolitan Government investment pool	<u>57,327,668</u>	0.98
Cash and cash equivalents	<u>57,349,133</u>	
Construction funds:		
Metropolitan Government investment pool	<u>3,961,462</u>	0.98
Cash and cash equivalents	<u>3,961,462</u>	
Debt service and reserve funds:		
Metropolitan Government investment pool	1,519,802	0.98
U.S. Treasury money market funds	<u>25,370,270</u>	—
Cash and cash equivalents	<u>26,890,072</u>	
U.S. government agencies	<u>39,095,658</u>	4.83
Total cash and investments	<u>\$ 127,296,325</u>	

(a) Cash

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. As of June 30, 2016 and 2015, all deposits and certificates of deposit were insured or collateralized as required by State of Tennessee law.

(b) Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy places no specific limit on the weighted average maturity of the investment portfolios. However, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2016 and 2015, the investments of the Authority had weighted average maturities as noted on the preceding tables.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Investment Policy limits investments in corporate obligations to prime banker acceptances that are eligible for purchase by the Federal Reserve System and commercial paper that is rated at least A1 or the equivalent by at least two nationally recognized rating agencies.

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Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Investment Policy limits single issuer exposure to 10% except for securities of the U.S. government or its agencies.

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. There is not a policy with regard to custodial credit risk of investments; however, as of June 30, 2016 and 2015, all investments were insured or registered or the securities were held by the Authority or its agent in the Authority's name.

(c) Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs are inputs – other than quoted prices included in Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

Investments in U.S. Treasury money market funds and U.S. government agencies and cash on deposit are considered Level 1. Investments measured at fair value in the Metropolitan Government investment pool are considered Level 2.

(4) Accounts Receivable

Accounts receivable of \$3,975,217 at June 30, 2016 consisted of \$1,236,807 for operating events, \$2,488,410 of accrued tourism taxes, and \$250,000 of rent due for Country Music Hall of Fame expansion connector as described in note 10. Accounts receivable at June 30, 2016 is net of an allowance for doubtful accounts of \$4,106. Accounts receivable of \$5,320,401 at June 30, 2015 consisted of \$2,205,137 for operating events and \$3,115,264 of accrued tourism taxes.

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(5) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 77,398,808	2,590,892	—	79,989,700
Art collection	<u>1,183,844</u>	<u>—</u>	<u>—</u>	<u>1,183,844</u>
Total capital assets, not being depreciated	<u>78,582,652</u>	<u>2,590,892</u>	<u>—</u>	<u>81,173,544</u>
Capital assets, being depreciated:				
Buildings and improvements	635,486,985	—	(20,722)	635,466,263
Furniture, machinery and equipment	<u>3,223,550</u>	<u>118,748</u>	<u>—</u>	<u>3,342,298</u>
Total capital assets, being depreciated	<u>638,710,535</u>	<u>118,748</u>	<u>(20,722)</u>	<u>638,808,561</u>
Less accumulated depreciation:				
Buildings and improvements	(33,418,569)	(15,883,671)	—	(49,302,240)
Furniture, machinery and equipment	<u>(965,035)</u>	<u>(503,340)</u>	<u>—</u>	<u>(1,468,375)</u>
Total accumulated depreciation	<u>(34,383,604)</u>	<u>(16,387,011)</u>	<u>—</u>	<u>(50,770,615)</u>
	<u>\$ 682,909,583</u>	<u>(13,677,371)</u>	<u>(20,722)</u>	<u>669,211,490</u>

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Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 76,471,699	927,109	—	77,398,808
Art collection	1,183,844	—	—	1,183,844
Total capital assets, not being depreciated	<u>77,655,543</u>	<u>927,109</u>	<u>—</u>	<u>78,582,652</u>
Capital assets, being depreciated:				
Buildings and improvements	634,870,076	616,909	—	635,486,985
Furniture, machinery and equipment	2,652,970	570,580	—	3,223,550
Total capital assets, being depreciated	<u>637,523,046</u>	<u>1,187,489</u>	<u>—</u>	<u>638,710,535</u>
Less accumulated depreciation:				
Buildings and improvements	(17,434,865)	(15,983,704)	—	(33,418,569)
Furniture, machinery and equipment	(460,840)	(504,195)	—	(965,035)
Total accumulated depreciation	<u>(17,895,705)</u>	<u>(16,487,899)</u>	<u>—</u>	<u>(34,383,604)</u>
	<u>\$ 697,282,884</u>	<u>(14,373,301)</u>	<u>—</u>	<u>682,909,583</u>

The increases in land for the years ended June 30, 2016 and 2015 are due to revisions in the potential settlement of a condemnation case related to certain parcels of land acquired for the Music City Center site as described in note 12.

(6) Unearned Revenue

Unearned revenue of \$5,124,519 and \$4,600,783 at June 30, 2016 and 2015, respectively, represents deposits received for events scheduled to occur in future years.

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(7) Long-Term Revenue Bonds Payable

Long-term debt activity during the year ended June 30, 2016, and descriptions of the amounts outstanding are as follows.

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Repayments/ amortization</u>	<u>Balance June 30, 2016</u>
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County: 2010A-1, bearing interest at 3.35% to 5.00% payable semiannually, maturing through July 1, 2026	\$ 51,730,000	—	(3,220,000)	48,510,000
Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment), bearing interest at 7.431% payable semiannually, maturing on July 1, 2043	152,395,000	—	—	152,395,000
Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payments), bearing interest at 4.862% to 6.731% payable semiannually, maturing through July 1, 2043	419,090,000	—	—	419,090,000
Original issue premium	885,438	—	(80,492)	804,946
	<u>\$ 624,100,438</u>	<u>—</u>	<u>(3,300,492)</u>	<u>620,799,946</u>

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Long-term debt activity during the year ended June 30, 2015, and descriptions of the amounts outstanding are as follows.

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Repayments/ amortization</u>	<u>Balance</u> <u>June 30, 2015</u>
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County:				
2010A-1, bearing interest at 3.35% to 5.00% payable semiannually, maturing through July 1, 2026	\$ 51,730,000	—	—	51,730,000
Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment), bearing interest at 7.431% payable semiannually, maturing on July 1, 2043	152,395,000	—	—	152,395,000
Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payments), bearing interest at 4.862% to 6.731% payable semiannually, maturing through July 1, 2043	419,090,000	—	—	419,090,000
Original issue premium	965,933	—	(80,495)	885,438
	<u>\$ 624,180,933</u>	<u>—</u>	<u>(80,495)</u>	<u>624,100,438</u>

In April 2010, the Authority issued Tourism Tax Revenue Bonds, Series 2010A-1 for \$51,730,000, Series 2010A-2 for \$152,395,000, and Series 2010B for \$419,090,000, for a combined principal amount of \$623,215,000, plus original issue premium of \$1,301,329. The purpose of the bonds was to pay the costs associated with planning, designing, engineering, acquiring, constructing, equipping, furnishing, improving, repairing, refurbishing and opening the Music City Center.

The land for the Music City Center was purchased prior to the creation of the Convention Center Authority by the Metropolitan Development and Housing Agency (MDHA), a component unit of the Metropolitan Government, through a bank loan. In conjunction with the issuance of the Tourism Tax Revenue Bonds, the MDHA bank loan was retired, and the land was transferred to the Authority.

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The bond proceeds were used as follows:

Establishment of debt service reserve funds	\$ 40,040,199
Establishment of capitalized interest funds	22,287,870
Payment of bond issue costs	7,299,082
Retirement of MDHA Loan	46,313,567

The remaining \$508,575,611 of bond proceeds was deposited in construction funds to be drawn down as the Music City Center was constructed. The capitalized interest funds were applied to interest payable during construction.

The Series 2010A-1 bonds are tax exempt, and the Series 2010A-2 and Series 2010B bonds are Federally taxable and were issued as Build America Bonds (BABs) under an irrevocable election under Section 54 of the Internal Revenue Code. BABs qualify for a 35% credit from the Federal government on interest payable on the bonds. The Metropolitan Government is required to file requests for these interest credits no earlier than 90 days prior to each scheduled interest payment. Subsequent to issuance of the bonds, the Federal government has reduced the credit. The credit was reduced by 6.8% and 7.3% to 28.2% and 27.7% in the fiscal years ended June 30, 2016 and June 30, 2015, respectively. The Authority is not anticipating restoration of the credit to the original amount; however, the reduction is not expected to have a material impact on the ability to meet future debt payments.

The Series 2010A Bonds are payable from tourism tax revenues received by the Metropolitan Government.

The Series 2010B Bonds are payable from the remaining tourism tax revenues available after the payment of the 2010A Bonds and from net operating revenues, which are the remaining project operating revenues after the payment of operating expenses. The Series 2010B Bonds are additionally secured by a pledge of the Metropolitan Government's nontax revenues of the General Fund of the General Services District, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority, a component unit of the Metropolitan Government. No payments related to this financial guarantee have been made by the Metropolitan Government. Should any payments be made by the Metropolitan Government in the future, the agreements provide for recovering any such payments from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met.

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All of the bonds are subject to Federal arbitrage regulations. Annual maturities of revenue bonds outstanding, related interest and anticipated Federal interest credits for interest payable on BABs are outlined below.

	<u>Principal</u>	<u>Interest</u>	<u>Estimated Federal credit</u>
Year ending June 30:			
2017	7,865,000	40,681,034	(12,311,062)
2018	10,315,000	40,262,134	(12,222,519)
2019	12,255,000	39,712,513	(12,094,678)
2020	13,425,000	39,041,330	(11,935,773)
2021	13,965,000	38,315,407	(11,760,525)
2022–2026	79,385,000	179,011,667	(55,795,502)
2027–2031	98,230,000	151,449,418	(48,349,886)
2032–2036	122,405,000	113,320,086	(36,211,433)
2037–2041	152,800,000	65,620,870	(20,969,149)
2042–2044	109,350,000	11,649,973	(3,722,749)
	<u>\$ 619,995,000</u>	<u>719,064,432</u>	<u>(225,373,276)</u>

(8) Employee Benefit Plans

Certain employees of the Metropolitan Government’s Nashville Convention Center were retained by the Authority to manage and operate the Music City Center. Those Metropolitan Government employees continue to be eligible to participate in the pension, other postemployment benefit (OPEB), and deferred compensation 457 plans of the Metropolitan Government. Employees hired directly by the Authority are eligible to participate in the Authority’s deferred compensation 401(k) plan.

(a) Pension Plans (former Metropolitan Government employees)

The Metropolitan Government sponsors or guarantees several single-employer pension plans, including (a) the closed City Plan (City Plan); (b) the Davidson County Employees’ Retirement Plan (County Plan), both of which were closed to new members on April 1, 1963; and (c) the Metropolitan Employees’ Benefit Trust Division A or B (Metro Plan). Division A of the Metro Plan was established at the inception of the Metropolitan Government on April 1, 1963, and was closed to new members on July 1, 1995. Division B of the Metro Plan was established on July 1, 1995.

All plans of the Metropolitan Government were established by or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed by plan assets. The plans are administered by the Metropolitan Employee Benefit Board, an independent board created by the Metropolitan Charter. The financial position and results of operations of the pension plans are

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reported as fiduciary funds of the Metropolitan Government and, accordingly, are not included in the financial statements of the Authority.

Certain legacy employees of the Authority who were former employees of the Nashville Convention Center are members of the Metro Plan. Periodic contributions by the Authority to the Metro Plan are at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Contributions to closed plans are made on a pay-as-you-go basis by the Metropolitan Government whereby contributions are made in amounts sufficient to cover benefits paid during the year. Employees do not contribute to any of the Metropolitan Government pension plans.

Normal retirement for employees occurs at age 65 for Division A and age 60 for Division B and entitles employees to a lifetime monthly benefit as determined under the Metro Plan. Benefits fully vest upon completing five years of service for employees employed on or between October 1, 2001 and December 31, 2012.

A net pension liability has been recorded in the financial statements of the Authority based on its pro rata share of the total net pension liability for the Metropolitan Government. The net pension liability was \$799,038 at June 30, 2016 and \$368,709 at June 30, 2015. The Authority's proportion of the Metro Plan's net pension liability at June 30, 2016 was 0.36% and at June 30, 2015 was 0.54%.

Certain differences between expected and actual actuarial results and certain differences between projected and actual investment earnings are recorded as either deferred outflows of resources or deferred inflows of resources. The deferred outflows of resources and deferred inflows of resources were \$568,283 and \$228,589, respectively, at June 30, 2016 and \$171,640 and \$187,053, respectively at June 30, 2015. The amounts will be recognized as pension expense in future years. Pension expense was \$247,589 and \$289,294 for the years ended June 30, 2016 and June 30, 2015, respectively.

Contributions by the Authority to the Metro Plan totaled \$247,589 and \$289,294 for the years ended June 30, 2016 and June 30, 2015, respectively.

Additional information regarding the pension plans of the Metropolitan Government is available in the Comprehensive Annual Financial Report, which can be obtained from the Department of Finance, Financial Operations, 700 2nd Ave South, PO Box 196300, Nashville, TN, 37219-6300, or <http://www.nashville.gov/Finance/Financial-Operations.aspx>.

(b) OPEB Plans (former Metropolitan Government employees)

Retirees in the Metro, City or County Plans may elect to participate in the Metropolitan Employees' Medical Benefit Plan (Benefit Plan), a single-employer defined benefit healthcare plan. The Benefit Plan is administered by the Employee Benefit Board and provides medical, dental and life insurance. The OPEBs were authorized by the Metropolitan Charter and Code. The financial position and results of operation of the Benefit Plan are reported as an internal service fund of the Metropolitan Government and, accordingly, are not included in the financial statements of the Authority.

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The contribution requirements of the Benefit Plan members and the Metropolitan Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs, and anticipated inflationary increases. For health insurance, the Metropolitan Government contributes 75% of all premium payments, and the retirees contribute 25%. The Metropolitan Government also provides a 50% matching contribution on dental insurance for retirees that choose to participate. Finally, the Metropolitan Government provides life insurance at no charge to retirees.

As the Metropolitan Government has assumed the responsibility for funding these benefits, the Authority has accrued no liability as of June 30, 2016 or June 30, 2015. Actuarially determined OPEBs are reported in the government-wide statements of the Metropolitan Government; accordingly, no additional liability has been accrued in the financial statements of the Authority.

(c) *Deferred Compensation 457 Plan (former Metropolitan Government employees)*

The Metropolitan Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are held in a trustee capacity, they are not included in the financial statements of the Metropolitan Government. No contributions are made to this plan by the Metropolitan Government.

(d) *Deferred Compensation 401(k) Plan (Authority employees)*

The Authority offers a 401(k) deferred compensation plans to its employees hired directly by the Authority. Former employees of the Nashville Convention Center are not eligible to participate in this plan. The plan permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employees can contribute as much as is allowed by Federal law. The Authority matches 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary. Contributions by the Authority to the 401(k) Plan totaled \$122,153 and \$125,484 for the years ended June 30, 2016 and 2015, respectively. The plan is administered by the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County. Financial statements for the plan can be obtained from the Convention Center Authority, c/o Music City Center, Human Resources, 201 Fifth Avenue South, Nashville, TN, 37203.

(9) Risk Management

The Authority is exposed to various risks of loss incidental to its operations and has obtained several insurance policies after performing risk assessment analyses. The Authority retains risk up to \$4,000,000 and has obtained excess insurance for any claims above that amount. These policies provide insurance for property, builder's risk, worker's compensation, automobile, general liability and other exposures. There have been no settlements exceeding insurance coverage since the inception of the Authority.

**CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

Notes to Financial Statements

June 30, 2016 and 2015

(10) Leases

On December 30, 2010, the Authority entered into a development agreement for the Country Music Hall of Fame and Museum Expansion with Omni Nashville, LLC (Omni) and into a development, lease and operating agreement with the Country Music Foundation, Inc. (Hall of Fame). Under the terms of the agreements, Omni constructed a connector (expansion project) between its headquarters hotel and the Hall of Fame, with funding from tax increment financing provided by the MDHA. Upon completion of construction, the connector was transferred to the Authority on June 20, 2014 and is now leased to the Hall of Fame for an initial term of 60 years. The initial lease payment of \$250,000 due to the Authority for the fiscal year ended June 30, 2015 was abated at the November 13, 2014 Authority Board meeting. At June 30, 2016, \$250,000 is included in accounts receivable pending receipt of the payment for the year ended June 30, 2016. Future minimum lease payments to the Authority over the term of the lease will be as follows:

	Annual rent
Years ending June 30:	
2017–2019	\$ 250,000 per year
2020–2024	350,000 per year
2025–2064	500,000 per year
2065–2069	650,000 per year
2070–2074	750,000 per year

The Hall of Fame is responsible for all interior and exterior operating costs, maintenance and repairs. As required by the agreement, the Authority will establish a reserve fund from the majority of the rental income received from the Hall of Fame to cover future capital costs related to the connector. The carrying amount of the connector on the Authority’s statement of net position at June 30, 2016, net of accumulated depreciation of \$1,941,213, is \$35,350,519. The carrying amount of the connector at June 30, 2015 was \$36,282,813.

(11) Related-Party Transactions

In accordance with Ordinance Number BL2010-690 passed by the Metropolitan Council on June 15, 2010, and under the terms of an interlocal agreement between the Authority and the Metropolitan Government, on July 1, 2010, the Authority began to manage the existing Nashville Convention Center. Because the assets of the existing Nashville Convention Center are owned by the Metropolitan Government, the operations are accounted for as an enterprise fund of the Metropolitan Government.

The Authority has entered into an interlocal agreement with the Metropolitan Government for various financial and administrative services. Additionally, the Authority uses certain services provided by the Metropolitan Government’s internal service agencies on a user charge basis.

**CONVENTION CENTER AUTHORITY OF THE
 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
 COUNTY, TENNESSEE**

Notes to Financial Statements

June 30, 2016 and 2015

(12) Commitments and Contingencies

On October 19, 2010, the Authority entered into a Development and Funding Agreement with Omni to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Authority will pay Omni annual economic development payments and incentives from excess tourism tax revenues collected over a period of 20 years. These payments are additionally secured by a pledge of the Metropolitan Government's nontax revenues of the General Fund of the General Services District, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority, a component unit of the Metropolitan Government. Any such payments made by the Metropolitan Government in the future will be recovered from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met. No payments related to this financial guarantee have been made by the Metropolitan Government.

These payments began after the hotel opened for business, including the renting of rooms. The amount remitted by the Authority to Omni during the years ended June 30, 2016 and June 30, 2015 totaled \$9,000,000 and \$8,000,000, respectively. The schedule of future annual payments is expected to be as follows.

	Annual payment
Year ending June 30:	
2017	\$ 10,000,000 per year
2018-2026	12,000,000 per year
2027-2033	15,000,000 per year

There is one pending condemnation case related to a parcel of land acquired for the Music City Center site for which a total of \$1,774,300 was paid in February 2010 by the Authority. This matter was tried before a jury August 29-31, 2016 and the Court entered an order of judgment on September 9, 2016 for an additional \$351,398 to be paid by the Authority to the property owner. The property owner has filed a motion for new trial with the Court, which is scheduled to be heard in December 2016. The September 2016 judgment was within the amounts previously reserved by the Authority. In addition, interest and other related costs have been accrued in the financial statements through June 30, 2016.

**CONVENTION CENTER AUTHORITY OF THE
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Notes to Financial Statements

June 30, 2016 and 2015

In May 2015, the Metropolitan Council approved a redevelopment agreement related to the sale and development of the former Nashville Convention Center site that is under the management of the Authority. Under the redevelopment agreement, the Authority would pay for the construction of two levels of a parking garage that may be expanded, at the Authority's election, to three levels. The Authority's maximum liability, depending on the final scope of the parking garage, is \$44 million. Several conditions were required to be satisfied before execution of the redevelopment agreement, and those conditions were not met for the closing of the sale to take place no later than December 31, 2015. The agreement allowed the developer to extend the closing for up to four periods of three months each upon paying a nonrefundable fee of \$250,000 for each extension, which would be applied to the sales price if all conditions are met and the Nashville Convention Center site sale is closed. At June 30, 2016, the developer had exercised the right to extend the closing through September 30, 2016. Subsequently, the developer has exercised the right to extend the closing through December 31, 2016. The total amount paid by the developer through June 30, 2016 was \$750,000. An additional \$250,000 has been paid subsequent to June 30, 2016. All funds paid by the developer are being held by the Metropolitan Government of Nashville and Davidson County and will be released to fund affordable housing programs of the Metropolitan Government if the sale of the property does not close by December 31, 2016, the date of the latest extension.

(13) Subsequent Events

The Authority has evaluated subsequent events through October 30, 2016, the date the financial statements were available for issuance, and has determined that there are no subsequent events that require additional disclosure.



KPMG LLP
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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Authority Members

Convention Center Authority of the Metropolitan
Government of Nashville and Davidson County, Tennessee:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, which comprise the statement of net position as of June 30, 2016, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Nashville, Tennessee
October 30, 2016



RFP Intent to Award Summary Sheet for the Music City Center

RFP: *Audio Visual Services*

Selected Vendor:

LMG Show Technology

Compensation and Cost:

A.) Gross Equipment Rentals	25.00%	25.00%	25.00%	25.00%	25.00%
B.) Gross Labor on Set-up/Teardowns	25.00%	25.00%	25.00%	25.00%	25.00%

**Proposed percentages will be applied to "Gross Sales" defined as: total amount of all monies received including service charges, supplemental fees or monies charged by the contractor, its agents, subcontractors, or employees for all Audio Visual Services Sales excluding sales taxes or gratuities paid directly to contractor's employees and retained by the employees.*

For each \$1,000,000 in revenue LMG will make an additional payment of \$10,000

After reaching \$1,000,000 in revenue, our commission structure on gross equipment rentals and gross labor on setup/teardown increase to the following:

\$1,000,001 -- \$2,000,000: 30% Commission

\$2,000,001 and above: 35% Commission

LMG will dedicate \$10,000 spent annually for marketing purposes to be used for promoting audiovisual sales

Commissions on gross rentals will apply to profit only

Commissions will apply to set up and teardown labor only. All skilled labor positions are not subject to commission.

LMG will offer a 25% commission on gross equipment rentals and gross labor on setup/teardown on events that take place at the Omni Hotel. *(Commission increase after \$1M does not apply to events at the Omni)*

Term:

Three (3) year term

With two (2) one year options to renew

DBE participation:

LMG has committed to meet or exceed 20% of DBE participation

Other Vendors that Submitted Bids:

ONsite



RFP Intent to Award Summary Sheet for the Music City Center

RFP: *Security Command Center Software*

Selected Vendor:

ISS 24/7

Compensation and Cost:

	Year 1	Year 2	Year 3	Year 4	Year 5
Incident Management System with minimum of 35 users	\$ 7,499.00	\$ 4,999.00	\$ 4,999.00	\$ 4,999.00	\$ 4,999.00
Additional Users	\$ -	\$ -	\$ -	\$ -	\$ -
15 Mobile Apps for IMS	\$ 2,375.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
2 IPad Apps	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Guard Touring System	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
300 Bar Code or RFID tags for Touring System	\$ 450.00				
Lost and found Module	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00
Additional Bar Code or RFID tags per 100 System Upgrades	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
	\$ -	\$ -	\$ -	\$ -	\$ -

Term:

Three (3) year term

One time option to extend for two (2) additional one year term at the sole discretion of the CCA

DBE participation:

Majority Woman Owned. Currently not certified however, have reached out to assist with certification

Other Vendors that Submitted Bids:

No other bids were submitted