MINUTES OF THE 81st MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 81st meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on December 4, 2018 at 10:00 a.m. in the Administrative Conference Room of the Administrative Offices at the Music City Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Marty Dickens**,** Vonda McDaniel, Willie McDonald, David McMurry, Randy Rayburn, and Leigh Walton

AUTHORITY MEMBERS NOT PRESENT: Irwin Fisher**,** Randy Goodman, and Renata Soto

OTHERS PRESENT: Charles Starks, Charles Robert Bone, Heidi Runion, Jasmine Quattlebaum, Donna Gray, Renuka Christoph, Keith Shurbutt, Lindsey Irving, Kristyn Smith, and Renee Hampton

Chairman Marty Dickens opened the meeting for business at 10:01 a.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 Rayburn made a motion to approve the 80th Meeting Minutes of October 12, 2018. Leigh Walton seconded the motion and the Authority approved unanimously.

The next regularly scheduled meeting is scheduled for January 10, 2019.

Charles Starks introduced Lindsey Irving, Keith Shurbutt, and Kristyn Smith from KPMG who reported on the Convention Center Authority FY '18 Audit of the financial statements and the Employees' Savings Trust completed by KPMG/Hoskins & Company (Attachments #1, 2, and 3) and there was discussion.

ACTION: Leigh Walton made a motion accepting the audit of the financial statements of the Convention Center Authority as of June 30, 2018. Willie McDonald seconded the motion and the Authority approved unanimously.

ACTION: Vonda McDaniel made a motion accepting the audit of the Employees' Savings Trust of the Convention Center Authority as of December 31, 2017. Willie McDonald seconded the motion and the Authority approved unanimously.

Charles Starks provided information on the request to loan the Jared Small painting – True Blues (Attachment #1) and there was discussion.

ACTION: Willie McDonald made a motion approving the loan of the Jared Small painting (True Blues) to the Huntsville Museum of Art, and authorizing Charles Starks to take any actions necessary or appropriate to formalize that loan of Mr. Small's painting. Leigh Walton seconded the motion and the Authority approved unanimously.

Charles Starks and Jasmine Quattlebaum provided a DBE Update (Attachment #1) and there was discussion.

Charles Starks provided an update on Tax Collections (Attachment #1) and there was discussion.

With no additional business, the Authority unanimously moved to adjourn at 10:59 a.m.

Respectfully submitted,

Charles L. Starks
President & CEO
Convention Center Authority

Approved:

Marty Dickens

Marty Dickens, Chair
CCA 81st Meeting Minutes
of December 4, 2018

Convention Center Authority

December 4, 2018

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.

Happy Birthday

Vonda McDaniel
December 18th

KPMG Audit for FY'18

KPMG

The Convention Center Authority

Audit Results

Financial statements for the year ended June 30, 2018

December 4, 2018

Introduction

Contents

KPMG service team

KPMG's subcontract partner

HOSKINS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

- Hoskins & Company and KPMG have a professional, collaborative working relationship
- Hoskins & Company certified its independence from 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 2018 professional services

Audit scope, reports, and other deliverables

Audit Scope	
Applicable financial reporting framework	– U.S. Generally Accepted Accounting Principles
Scope of work	– Audits of financial statements and issuance of other deliverables as of and for the year ended June 30, 2018 (Authority-wide and separate benefit plan financial statements as of and for the plan year ended December 31, 2017)
Applicable auditing standards	– 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
– Auditors' reports on the consolidated financial statements of the Convention Center Authority and its Employees' Savings Trust Plan	– Standard DOL disclaimer issued for Employees' Savings Trust Plan – Issue date of Unmodified opinion on the consolidated financial statements of 10/30/2018
Other Deliverables	**Status**
– Written required communication letter	– Issue date of 10/30/2018
– Letter regarding internal control	– Issue date of 10/30/2018

Significant risks

Skepticism Challenge

1 Management override of controls

Significant risk of fraud

The risk

- Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

Internal controls

- Assessed management's design and implementation of controls over journal entries and post-closing adjustments.

Substantive procedures

- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual.

Audit matters

Significant accounting policies

Refer to footnote 1 in the Financial Statements for a summary of the significant accounting policies. There were no significant findings or issues noted relating to any significant accounting policies.

Deficiencies in internal control – Fiscal year 2018

Reporting

Description	Identified by	Status
The entity did not have a control in place to monitor that employee contributions were remitted to the participant accounts timely	KPMG	*The deficiency was noted during our testwork over internal controls for the benefit plan. Management is working on implementing controls going forward to monitor participant contributions to participant accounts to ensure contributions are remitted timely.*
The entity did not have a control in place to monitor the forfeiture account balance to ensure the forfeitures are being utilized timely in accordance with Plan documents	KPMG	*The deficiency was noted during our substantive testwork for the benefit plan. In December 2017, management began to establish monitoring controls to ensure timely usage of forfeitures and implemented processes to apply unused forfeiture balances to offset the employer match. In plan year 2018, management continued to monitor forfeiture balances and utilize forfeitures each month. Those processes established by management have since been superseded by automatic forfeiture utilization by the Plan Administrator. We note that management began remediation in plan year 2017 and consider the control and the operational failure to be fully remediated in plan year 2018.*

Audit misstatements

Uncorrected and corrected audit misstatements

Financial Statement Audit - None Noted

Employee Benefit Plan Audit – None Noted

Required communications and other matters

Type	Response
Related parties	There were no significant matters arising from the audit in connection with the entity's related parties.
Fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Noncompliance with laws and regulations	None noted.
Subsequent events	August 2018 purchase of 4th Avenue South property.
Modifications to auditor's report	None.
Other information	No material inconsistencies were identified related to other information in the annual report.
Other matters (if relevant)	No other matters to report.

Type	Response
Significant difficulties, if any, encountered during the audit	No matters to report.
Disagreements with management, if any	No matters to report.
Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
Management's consultation with other accountants	No matters to report
Difficult or contentious matters for with the auditors consulted	No matters to report.
Material communications	Engagement letter & Management representation letters

KPMG independence quality controls

Independent View

KPMG maintains a comprehensive system of quality controls designed to maintain our independence and to comply with regulatory and professional requirements.

— Pre-approval of all worldwide engagements by the audit engagement team through Sentinel, a KPMG independence and conflict checking system (includes services for/relationships with the audit client, its affiliates, and its affiliated persons)
— Tracking partner rotation requirements using PRS, the firm's automated partner rotation tracking system
— Automated investment tracking system used by all KPMG member firms (KICS)
— Training and awareness programs, including a required annual independence training deployed globally
— Annual independence confirmation required for all partners and employees and for all new joiners to the firm
— Compliance testing programs
— Formal disciplinary policy and process
— Annual reporting to the audit committee regarding independence

KPMG

Appendix

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Responsibilities

Management responsibilities – Financial statements	— Preparation and fair presentation of the financial statements, including disclosures in conformity with U.S. GAAP — Adjusting the financial statements to correct material misstatements and affirming in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
Management responsibilities – ICFR	— 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
Management responsibilities – Other	— To provide the auditor with: 1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters; 2) additional information that the auditor may request from management for the purpose of the audit; and 3) unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence — Identifying and ensuring that the Company complies with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations — Providing the auditor with a letter confirming certain representations made during the audit, that includes but is not limited to management's: 1) disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting 2) acknowledgement of their responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud
Audit Committee responsibilities	— Oversight of the financial reporting process and internal control over financial reporting (ICFR) — Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud
Management and the Audit Committee responsibilities	— Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards — Ensuring that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements.

The audit does not relieve management or the Audit Committee of their responsibilities.

Responsibilities (continued)

KPMG – Audit objectives	— Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are prepared, in all material respects, in accordance with U.S. GAAP
KPMG responsibilities – Audit	— Performing the audit in accordance with U.S. GAAS and that the audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements as a whole are free from material misstatement — Performing an audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting
KPMG responsibilities – Other information in documents containing financial statements	— The auditors' report on the financial statements does not extend to other information in documents containing audited financial statements, excluding required supplementary information — The auditor's responsibility is to make appropriate arrangements with management or the Audit Committee to obtain information prior to the report release date and to read the other information to identify material inconsistencies with the audited financial statements or misstatement of facts — Any material inconsistencies or misstatement of facts that are not resolved prior to the report release date, and that require revision of the other information, may result in KPMG modifying or withholding the auditors' report or withdrawing from the engagement — Communicate any procedures performed relating to the other information and the results of those procedures.

Responsibilities (continued)

KPMG responsibilities – Communications	— Communicating significant matters related to the financial statement audit that are in our professional judgment, relevant to the responsibilities of the Audit Committee in overseeing the financial process. U.S. GAAS does not require us to design procedures for the purpose of identifying matters to communicate to the Audit Committee — Communicating if we suspect or identify noncompliance with laws and regulations exist, unless matters are clearly inconsequential — Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit, including those that were remediated during the audit and reporting to management in writing all deficiencies noted during our audit that, in our professional judgment, are of sufficient importance to merit management's attention. The objective of our audit of the financial statements is not to report on the Company's internal control — Conducting the audit in accordance with professional standards and complying with the rules and responsibility of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the official standards of relevant CPA Societies, and relevant state boards of accountancy — Communicating to the Audit Committee circumstances, if any, that affect the form and content of the auditors' report — Communicating if we plan to withdraw from the engagement and the reasons for the withdrawal — Communicating to the Audit Committee if we conclude no reasonable justification for a change of the terms of the audit engagement exists and we are not permitted by management to continue the original audit engagement — When applicable, we are also responsible for communicating particular matters required by law or regulation, by agreement with the entity, or by additional requirements applicable to the engagement — Communicating if we have identified or suspect fraud involving; (a) management, (b) employees who have significant roles in internal control, (c) others, when the fraud results in a material misstatement in the financial statements, and (d) other matters related to fraud that are, in the auditors' professional judgment, relevant to the responsibilities of the Audit Committee — Communicating significant findings and issues arising during the audit in connection with the entity's related parties. — Communicating conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time

KPMG's Audit Committee Institute (ACI)

In depth insights. In time to matter.

ACI programs

— Audit Committee Roundtable Series
  - 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

— 15th Annual Audit Committee Issues Conference
  - January 7-9, 2019, The Ritz-Carlton Orlando, Grande Lakes, FL

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

— Directors Quarterly

— Global Boardroom Insights

— On the 2018 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-AC1 (576-4224)

For additional information and Audit Committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, please visit KPMG's Audit Committee Institute (ACI) at www.kpmg.com/ACI.

Questions?

Thank you

kpmg.com/socialmedia

Jared Small painting – True Blues

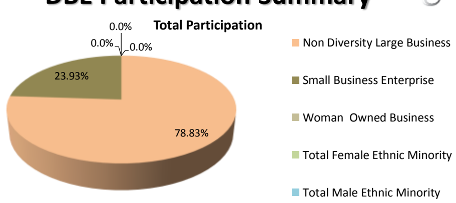
True Blues

OPERATIONS UPDATE

DBE UPDATE

FY'19 1st QUARTER REPORTS

LMG FY'19 1st Quarter DBE Participation Summary



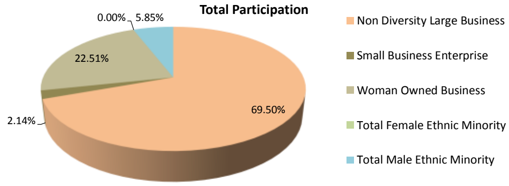
DBE PARTICIPATION SUMMARY: FY18 Goal 20%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	0.00%	0
WOMEN OWNED BUSINESSES	0.00%	0
SMALL BUSINESS ENTERPRISE	23.93%	2
TOTAL	23.93%	2

LMG FY'19 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$0 (0%)
Total Minority Business Enterprise	$0 (0%)
Total Woman Owned	$0 (0%)
Total Small Business	$95,908 (23.93%)
Total DBE Participation	$95,908 (23.93%)
Total Non Diversity Business	$95,908 (23.93%)

Convention Center Authority
12/4/2018
Attachment #1

Centerplate FY'19 1st Quarter DBE Participation Summary

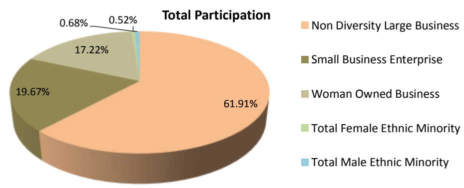


DBE PARTICIPATION SUMMARY: FY19 Goal 25%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	5.85%	3
WOMEN OWNED BUSINESSES	22.51%	6
SMALL BUSINESS ENTERPRISE	2.14%	1
TOTAL	30.50%	10

Centerplate FY'19 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$75,860 (5.85%)
Total Minority Business Enterprise	$75,860 (5.85%)
Total Woman Owned	$291,957 (22.51%)
Total Small Business	$27,741 (2.14%)
Total DBE Participation	$395,559 (30.50%)
Total Non Diversity Business	$901,171 (69.50%)

Music City Center FY'19 1st Quarter DBE Participation Summary



DBE PARTICIPATION SUMMARY	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	1.20%	3
WOMEN OWNED BUSINESSES	17.22%	10
SMALL BUSINESS ENTERPRISE	19.67%	6
TOTAL	38.09%	19

Music City Center FY'19 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$14,901 (0.68%)
Ethnic Minority Female	
African American Owned	$11,387 (0.52%)
Total Minority Business Enterprise	$26,288 (1.20%)
Total Woman Owned	$375,939 (17.22%)
Total Small Business	$429,532 (19.67%)
Total DBE Participation	$831,759 (38.09%)
Total Non Diversity Business	$1,351,659 (61.91%)

OMNI 2018 Local Participation

COMMITMENT TO LOCAL HIRING	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Total FTEs GOAL: 300	689	711	713	719	694	703	690	814	702	717		
# FTEs (40 hours) Residents of Nashville Metropolitan Statistical Area Goal: 250	677	698	701	706	682	692	678	804	691	706		
# FTEs (40 hours) Residents of Davidson County Goal: 200	537	588	561	561	538	546	532	614	535	544		

OMNI 2018 DBE Participation

SUPPLY AND SERVICE EXPENDITURE COMMITMENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2018 Total
Nashville Metropolitan Statistical Area Businesses Goal: $100,000/yr.	$177,287	$111,634	$176,862	$244,553	$236,458	$133,619	$167,914	$116,633	$144,849	$520,598			$2,035,889
Small, minority and women owned business enterprises Goal: $50,000/yr.	$26,680	$24,106	$35,990	$28,362	$31,508	$27,340	$25,350	$29,513	$26,832	$36,137			$291,367

DBE HAPPENINGS

December 7, 2018

Convention Center Authority
12/4/2018
Attachment #1

TAX COLLECTIONS

MCC/Hotel Tax Collection

MCC Portion of September 2018 Tourism Tax Collections

	FY 2018	FY 2019	Variance
2/5 of 5% Occupancy Tax	$2,387,369	$2,412,449	1.05%
Net 1% Occupancy Tax	$1,064,670	$1,077,646	1.22%
$2 Room Tax	$1,367,376	$1,316,276	-3.74%
Contracted Vehicle	$191,229	$314,700	64.57%
Rental Vehicle	$143,228	$156,263	9.10%
Campus Sales Tax	$701,167	$1,474,234	110.25%
TDZ Sales Tax Increment	$27,641,384	$44,760,433	61.93%
Total Tax Collections	**$33,496,422**	**$51,512,001**	**53.78%**

MCC Portion of Year-to-Date Tourism Tax Collections

	FY 2018	FY 2019	Variance
2/5 of 5% Occupancy Tax	$6,424,956	$6,999,496	8.94%
Net 1% Occupancy Tax	$2,860,952	$3,158,966	10.42%
$2 Room Tax	$3,876,394	$4,031,903	4.01%
Contracted Vehicle	$521,205	$682,242	30.90%
Rental Vehicle	$454,246	$493,365	8.61%
Campus Sales Tax	$3,134,824	$4,535,580	44.68%
TDZ Sales Tax Increment	$27,641,384	$44,760,433	61.93%
Total YTD Tax Collections	**$44,913,962**	**$64,661,986**	**43.97%**

All numbers subject to change by CCA Auditors

MCC/Hotel Tax Collection

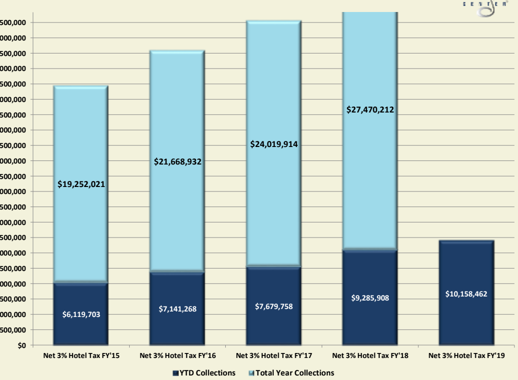
Collections thru September 2018

(excludes TDZ)

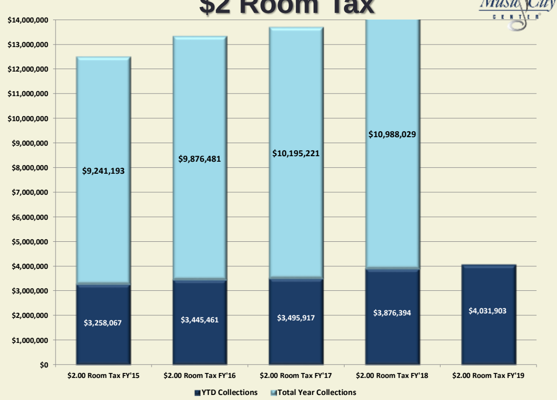
	2/5 of 5% Occupancy Tax	Net 1% Occupancy Tax	$2 Room Tax	Contracted Vehicle Tax	Rental Vehicle Tax	Campus Tax	Total	Variance to FY 17-18
July	$2,271,684	$1,039,840	$1,403,793	$201,928	$206,704	$1,425,479	$6,549,427	5.19%
August	$2,315,364	$1,041,480	$1,311,833	$165,614	$130,399	$1,635,868	$6,600,557	27.15%
September	$2,412,449	$1,077,646	$1,316,276	$314,700	$156,263	$1,474,234	$6,751,568	15.31%
October	$0	$0	$0	$0	$0	$0	$0	
November	$0	$0	$0	$0	$0	$0	$0	
December	$0	$0	$0	$0	$0	$0	$0	
January	$0	$0	$0	$0	$0	$0	$0	
February	$0	$0	$0	$0	$0	$0	$0	
March	$0	$0	$0	$0	$0	$0	$0	
April	$0	$0	$0	$0	$0	$0	$0	
May	$0	$0	$0	$0	$0	$0	$0	
June	$0	$0	$0	$0	$0	$0	$0	
YTD Total	$6,999,496	$3,158,966	$4,031,903	$682,242	$493,365	$4,535,580	$19,901,552	15.22%

All numbers subject to change by CCA Auditors

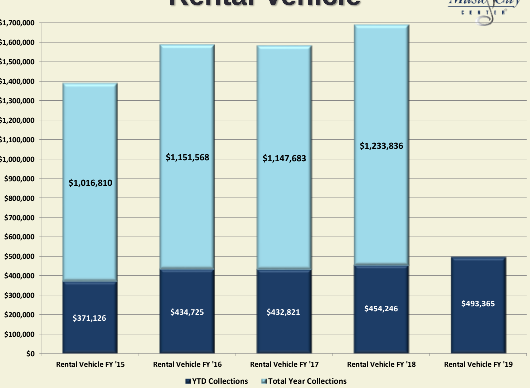
Net 3% Hotel Tax

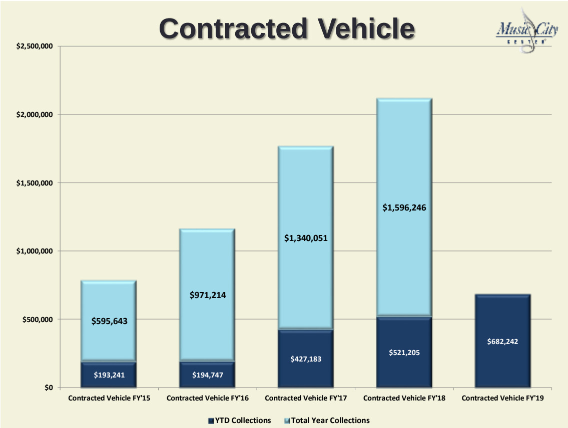


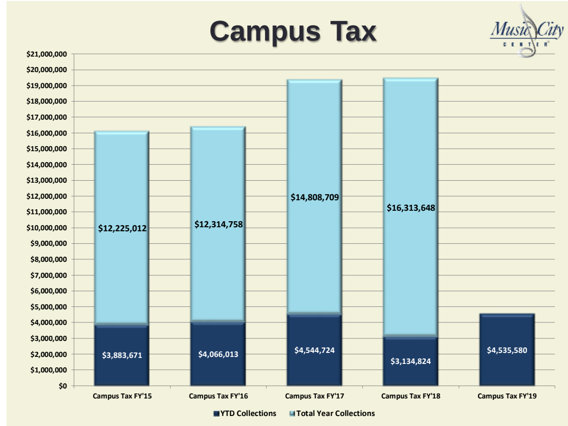
$2 Room Tax

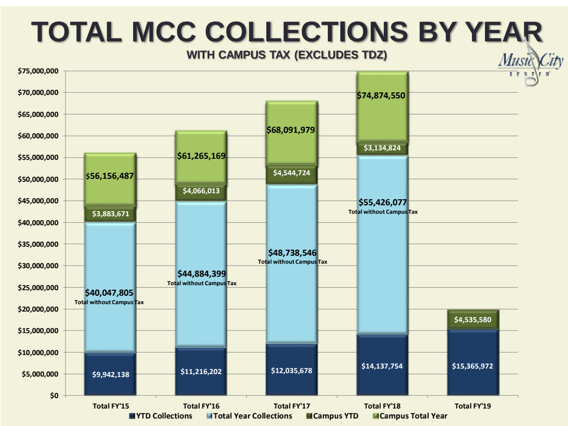


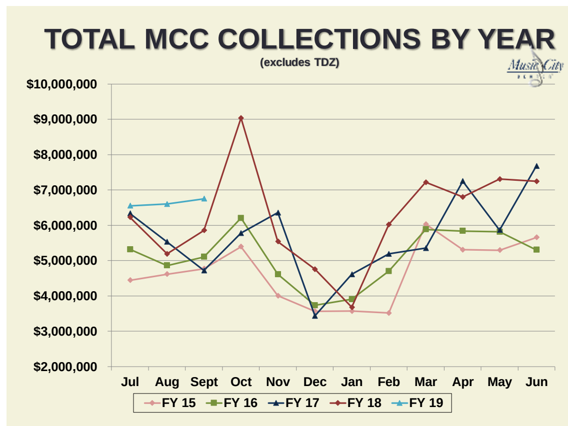
Rental Vehicle











OCTOBER EVENTS

- 32 Events
- 49,742 Attendees
- 33,106 Room Nights
- $30,593,578 Economic Impact

OCTOBER TOURS & SITE VISITS

- 4 Group Tours with 53 Attendees
- 11 Sales Site Visits

NOVEMBER EVENTS

- 20 Events
- 20,454 Attendees
- 23,648 Room Nights
- $28,543,111 Economic Impact

NOVEMBER TOURS & SITE VISITS

- 7 Group Tours with 87 Attendees
- 8 Sales Site Visits

Convention Center Authority
12/4/2018
Attachment #1

Convention Center Authority

December 4, 2018

Convention Center Authority
12/4/2018
Attachment #2

KPMG

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

Financial Statements

June 30, 2018 and 2017

(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, 2018, 2017 and 2016

This section of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (The Authority) annual financial report presents management's discussion and analysis (MD&A) of financial performance during the years ended June 30, 2018, 2017 and 2016. 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 U.S. generally accepted accounting principles 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 and deferred inflows of resources of the Authority at June 30, 2018 and 2017 are included in the statements of net position. For the years ended June 30, 2018 and 2017, the Authority's revenues and expenses are reported in the statements of revenue, expenses, and changes in net position. The statements of cash flows reports cash 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, 2018, 2017, and 2016 was as follows (in thousands of dollars):

		2018	2017	2016
Current assets	$	186,661	176,805	132,859
Capital assets		691,864	656,494	669,212
Other noncurrent assets		54,278	53,747	50,291
Total assets	$	932,803	887,046	852,362
Deferred outflows of resources	$	—	—	568
Current liabilities		58,864	43,517	40,957
Noncurrent liabilities		590,584	602,773	613,734
Total liabilities	$	649,448	646,290	654,691
Deferred inflows of resources	$	256	278	228
Net position:				
Net investment in capital assets	$	106,849	41,886	49,062
Restricted for debt retirement		69,394	67,992	55,823
Unrestricted		106,856	130,599	93,126
Total net position	$	283,099	240,477	198,011

(Continued)

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

Management's Discussion and Analysis (Unaudited)

June 30, 2018, 2017 and 2016

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 $106.8 million of the Authority's net position of $283.1 million is invested in capital assets while $69.4 million is restricted for debt retirement.

The Authority's change in net position for the years ended June 30, 2018, 2017, and 2016 was as follows (in thousands of dollars):

		2018	2017	2016
Operating revenue	$	26,113	25,164	21,765
Operating expense		(40,229)	(37,824)	(36,915)
Operating loss		(14,116)	(12,660)	(15,150)
Nonoperating revenue, net		56,737	55,122	41,348
Capital contributions		—	5	57
Net increase in net position	$	42,621	42,467	26,255

The increase in operating revenue during 2018 is primarily driven by an increase in building rental and parking revenue generated by extremely successful, large events hosted in fiscal year 2018. The increase in operating expense for the year ended June 30, 2018 is primarily driven by increases in personnel expenses, event related expenses, and various repair, maintenance, and labor costs necessary to service the large events hosted in fiscal year 2018. Annual attendance for the year ended June 30, 2018 was 538,450 compared to 557,870 for the year ended June 30, 2017. The increase in nonoperating revenue (expense) for the year ended June 30, 2018 is primarily due to a $4.8 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center. 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 however, by an increase in nonoperating expense for payments to the Omni Hotel and the Metropolitan Government in accordance with the Memorandum of Understanding (MOU) between the Authority and Metropolitan Government executed in May 2018 as explained in more detail in note 11 to the financial statements. There were no capital contributions for the year ended June 30, 2018.

The increase in operating revenue during 2017 is primarily driven by an increase in Food and Beverage revenue generated by extremely successful, large events hosted in fiscal year 2017. The increase in operating expense for the year ended June 30, 2017 is primarily driven by increases in utilities, internal service fees to the Metropolitan Government, and various repair, maintenance, and labor costs necessary to service the large

(Continued)

events hosted in fiscal year 2017. Annual attendance for the year ended June 30, 2017 was 557,870 compared to 685,884 for the year ended June 30, 2016. The increase in nonoperating revenue (expense) for the year ended June 30, 2017 is primarily due to an $7.1 million increase in sales tax revenue from the Tourist Development Zone around the Music City Center, and a $2.9 million 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 $5,723 in capital contributions for the year ended June 30, 2017 is due to a transfer of capital assets from the Nashville Convention Center.

Capital Assets and Long-Term Debt

During the year ended June 30, 2018, the Authority incurred costs of $52,177,287 for various assets acquired subsequent to the opening of the Music City Center (MCC). This includes the continuation of construction for a new MCC market near the exhibit hall and pre-function space expansion near the Davidson ballroom. During the year ended June 30, 2017, the Authority incurred costs of $3,722,303 for various assets acquired subsequent to the opening of the Music City Center. This included the beginning of construction for a new MCC market near the exhibit hall and pre-function space expansion near the Davidson ballroom.

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 6 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	AA
Fitch	A+	A+

Other Matters

The Authority Board entered into an agreement with Omni Hotels to develop a premier convention center hotel adjacent to the Music City Center. Omni privately financed the Omni Hotel at its sole expense, and the Authority will make annual payments to Omni from certain tourism taxes pledged to the Authority by the Metropolitan Government. The Authority Board also entered into an agreement with the Metropolitan Government in accordance with the MOU to transfer revenues to the Metropolitan Government. Both of these agreements are more fully described in Note 11 to the financial statements.

(Continued)

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

Management's Discussion and Analysis (Unaudited)

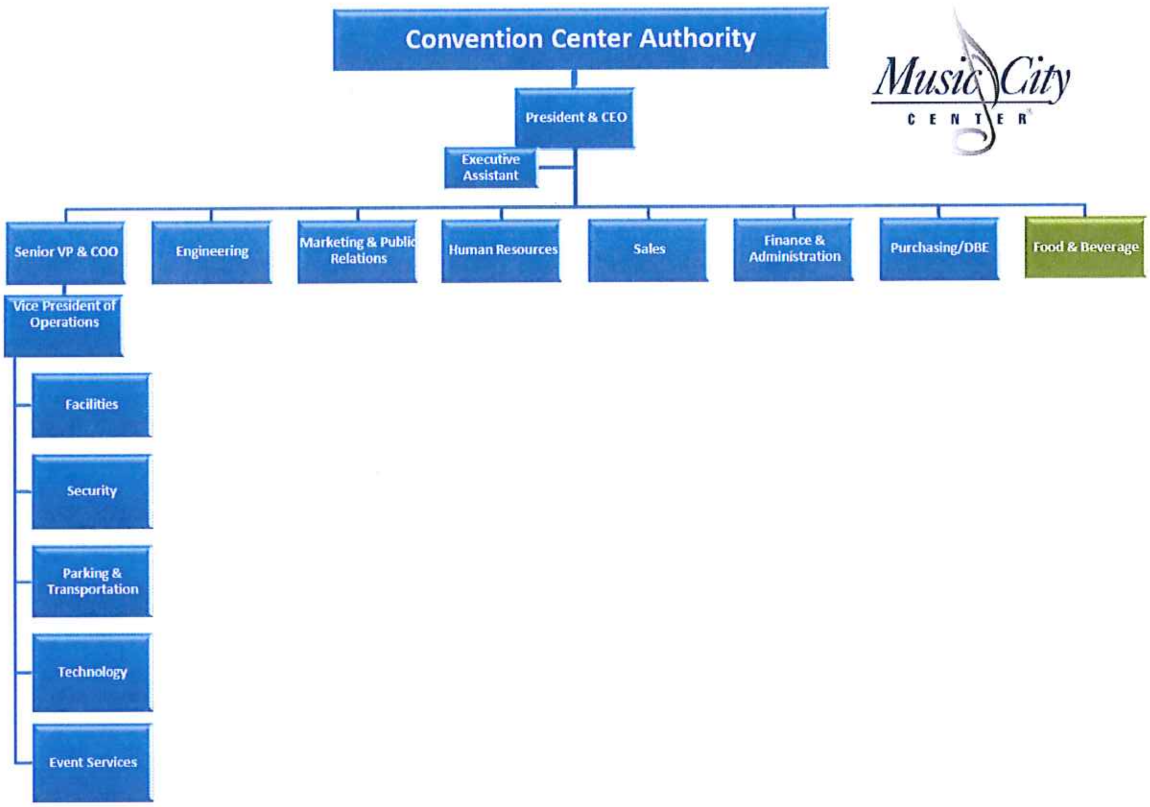
June 30, 2018, 2017 and 2016

The Authority Board has entered into an agreement with private developer, Oliver McMillian Spectrum Emery, related to the development of the Fifth + Broadway complex on the previous Nashville Convention Center site. As more fully described in note 11 to the financial statements, pending satisfaction of several terms of the agreement, the Authority has agreed to contribute to the construction of a parking garage and conference center on that site.

Finally, requests for additional financial information should be directed to Finance Department – Music City Center, 201 Fifth Avenue South, Nashville, TN 37203.

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

Organization Chart (Unaudited)



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

Authority Members as of June 30, 2018 (Unaudited)

Marty Dickens, Chair

Irwin Fisher

Randy Goodman

Vonda McDaniel

Willie McDonald

David McMurry

Randy Rayburn

Renata Soto

Leigh Walton

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying statements of net position 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, as of June 30, 2018 and 2017, 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 audit. 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, 2018 and 2017 and its changes in financial position, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis on pages 1 through 4 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 the 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 section on pages 5 and 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit 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 __, 2018 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

October 30, 2018

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

Statements of Net Position

June 30, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents	$ 124,392,411	80,323,854
Accounts receivable	2,167,684	2,394,988
Accrued interest receivable	197,828	76,021
Due from the primary government	133	2,567
Prepaid expenses	484,931	475,134
Restricted for construction funds:		
Cash and cash equivalents	24,288,358	58,788,827
Accrued interest receivable	4,267	1,633
Due from the primary government	15	—
Accounts receivable	—	245,427
Restricted for debt service and reserve funds:		
Cash and cash equivalents	20,315,809	20,651,657
Accrued interest receivable	189,137	150,846
Due from the primary government	10,917,002	10,145,257
Accounts receivable	3,703,928	3,548,540
Total current assets	186,661,503	176,804,751
Other noncurrent and capital assets:		
Restricted for debt service and reserve funds:		
Cash and cash equivalents	15,434,081	15,240,570
Investments	38,843,797	38,506,732
Total other noncurrent assets	54,277,878	53,747,302
Capital assets:		
Land	82,491,161	78,183,678
Art collection	1,183,844	1,183,844
Buildings and improvements	635,801,323	635,644,200
Furniture, machinery and equipment	5,653,475	3,887,312
Construction work in progress	50,751,893	4,805,374
Less accumulated depreciation	(84,017,645)	(67,210,401)
Total capital assets	691,864,051	656,494,007
Total other noncurrent and capital assets	746,141,929	710,241,309
Total assets	$ 932,803,432	887,046,060
Deferred Outflows of Resources		
Deferred outflows, pensions	$ —	—

(Continued)

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

Statements of Net Position

June 30, 2018 and 2017

Liabilities	2018	2017
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,309,668	2,707,438
Accrued payroll	1,449,948	1,207,940
Due to the primary government	7,508,078	7,178
Unearned revenue	7,482,470	6,071,822
Liabilities payable from restricted assets:		
Construction funds:		
Accounts payable and accrued liabilities	6,848,526	2,954,223
Due to the primary government	—	1,872
Debt service and reserve funds:		
Accrued interest payable	20,010,477	20,251,657
Current portion of long-term debt	12,255,000	10,315,000
Total current liabilities	58,864,167	43,517,130
Noncurrent liabilities:		
Long-term revenue bonds payable	590,203,957	602,539,452
Net pension liability	380,133	233,451
Total noncurrent liabilities	590,584,090	602,772,903
Total liabilities	$ 649,448,257	646,290,033
Deferred Inflows of Resources		
Deferred inflows, pensions	$ 256,486	278,217
Net Position		
Net position:		
Net investment in capital assets	$ 106,849,208	41,886,404
Restricted for debt retirement	69,393,277	67,991,944
Unrestricted	106,856,205	130,599,462
Total net position	$ 283,098,690	240,477,810

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, 2018 and 2017

	2018	2017
Operating revenue:		
Charges for services	$ 26,113,064	25,163,940
Operating expense:		
Personal services	10,639,031	9,765,629
Contractual services	10,347,552	9,198,970
Supplies and materials	1,338,950	1,484,960
Depreciation	16,807,244	16,439,786
Other	1,096,021	935,122
Total operating expense	40,228,798	37,824,467
Operating loss	(14,115,734)	(12,660,527)
Nonoperating revenue (expense):		
Tourism tax revenue	102,539,865	92,365,781
Investment income	1,508,546	573,627
Other income	137,240	178,470
Interest expense	(27,492,066)	(27,904,252)
Other expense	(19,956,971)	(10,091,692)
Total nonoperating revenue, net	56,736,614	55,121,934
Income before capital contributions	42,620,880	42,461,407
Capital contributions	—	5,723
Increase in net position	42,620,880	42,467,130
Net position, beginning of year	240,477,810	198,010,680
Net position, end of year	$ 283,098,690	240,477,810

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, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 27,753,450	30,756,937
Payments to suppliers	(12,189,190)	(11,890,159)
Payments to employees	(10,272,073)	(9,618,628)
Net cash provided by operating activities	5,292,187	9,248,150
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(48,284,871)	(4,197,973)
Principal paid	(10,315,000)	(7,865,000)
Interest paid	(40,262,134)	(40,681,034)
Interest subsidy	12,448,394	12,518,566
Other (expense) revenue	(74,305)	341,352
Net cash used in capital and related financing activities	(86,487,916)	(39,884,089)
Cash flows from noncapital financing activities:		
Receipts from governments	101,612,732	84,093,778
Payments to hotel developer	(12,000,000)	(10,000,000)
Net cash provided by noncapital financing activities	89,612,732	74,093,778
Cash flows from investing activities:		
Purchases of investments	(7,676,068)	(34,748,274)
Proceeds from sales and maturities of investments	6,626,348	28,322,945
Interest income	2,058,468	1,081,189
Net cash provided by (used in) investing activities	1,008,748	(5,344,140)
Net changes in cash and cash equivalents	9,425,751	38,113,699
Cash and cash equivalents at beginning of year	175,004,908	136,891,209
Cash and cash equivalents at end of year	$ 184,430,659	175,004,908

(Continued)

Convention Center Authority
12/4/2018
Attachment #2

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

Statements of Cash Flows

Years ended June 30, 2018 and 2017

		2018	2017
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(14,115,734)	(12,660,527)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation		16,807,244	16,439,786
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable		227,304	(1,158,181)
Prepaid expenses		(9,797)	(1,093)
Due from the primary government		2,434	5,803,874
Deferred outflows of resources		106,575	568,283
Accounts payable and accrued liabilities		602,230	(267,154)
Accrued payroll		242,008	94,676
Due to the primary government		900	(2,858)
Unearned revenue		1,410,648	947,303
Net pension liability		146,682	(565,587)
Deferred inflows of resources		(128,307)	49,628
Total adjustments		19,407,921	21,908,677
Net cash provided by operating activities	$	5,292,187	9,248,150
Schedule of noncash capital and related financing activities:			
Amortization of bond premium	$	80,495	80,494
Capital contributions		—	5,723
Schedule of noncash investing activities:			
Unrealized gain on investments	$	712,655	790,866
Schedule of noncash noncapital financing activities:			
Due to primary government	$	7,500,000	—

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2018 and 2017

(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 Direct Holdings (FTB Direct Holdings). The LGIP and ITIF are maintained and managed by the State of Tennessee. Accordingly, the Authority's investments in the LGIP and ITIF have been determined based on the Pool's share price as of the financial reporting date. Investments in the FTB Direct Holdings 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.

(Continued)

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 the transfers outlined in the Memorandum of Understanding (MOU) signed in 2018 and discussed in detail in note 11 and 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. Deferred outflows of resources related to pensions consist of certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, certain changes in assumptions, 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 and 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.

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

(Continued)

(revenue) until that time. Deferred inflows of resources related to pensions consist of certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings, certain changes in assumptions, 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 and to Metropolitan Government in accordance with the MOU executed in May 2018 as discussed in note 11.

Capital contributions – Capital contributions 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) Cash and Investments

The Authority is authorized by state statutes and policy to invest funds that are not immediately needed in United States Treasury Bills, Bonds and Notes; the LGIP; the ITIF; the FTB Direct Holdings; 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 Direct Holdings.

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

Notes to Financial Statements

June 30, 2018 and 2017

At June 30, 2018, the Authority had the following deposits and investments:

Investment type	Fair value	Weighted average maturity (in years)
Unrestricted funds:		
Cash on deposit	$ 25,925	—
Metropolitan Government investment pool	124,366,846	(1)
Cash and cash equivalents	124,392,771	
Construction funds:		
Metropolitan Government investment pool	24,288,358	(1)
Cash and cash equivalents	24,288,358	
Debt service and reserve funds:		
Cash on deposit	305,332	—
Metropolitan Government investment pool	1,786,102	(1)
U.S. Treasury money market funds	33,658,456	—
Cash and cash equivalents	35,749,890	
U.S. government agencies	37,425,622	2
Municipal obligations	1,418,175	4
Total investments	38,843,797	
Total cash and investments	$ 223,274,816	

(1) The weighted average maturity of the LGIP, ITIF, and FTB direct holdings at June 30, 2018 were 0.12, 2.95 and 0.69 years, respectively.

At June 30, 2017, the Authority had the following deposits and investments:

Investment type		Fair value	Weighted average maturity (in years)
Unrestricted funds:			
Cash on deposit	$	26,000	—
Metropolitan Government investment pool		80,297,854	(1)
Cash and cash equivalents		80,323,854	
Construction funds:			
Metropolitan Government investment pool		58,788,827	(1)
Cash and cash equivalents		58,788,827	
Debt service and reserve funds:			
Cash on deposit		400,000	—
Metropolitan Government investment pool		2,688,000	(1)
U.S. Treasury money market funds		32,804,227	—
Cash and cash equivalents		35,892,227	
U.S. government agencies		37,058,062	4
Municipal obligations		1,448,670	5
Total investments		38,506,732	
Total cash and investments	$	213,511,640	

(1) The weighted average maturity of the LGIP, ITIF, and FTB direct holdings at June 30, 2017 were 0.12, 2.61 and 0.73 years, respectively.

(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, 2018 and 2017, 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 is monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of

(Continued)

June 30, 2018 and 2017, 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.

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, 2018 and 2017, 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.

For the Metropolitan Government investment pool, the input levels are not applicable to LGIP as investments are reported at amortized cost. The investments in ITIF are considered Level 2, and these investments in FTIB Short Pool are considered Level 1.

Investments in U.S. Treasury money market funds and U.S. government agencies are considered Level 1 and investments in municipal obligations are considered in Level 2.

(3) Accounts Receivable

Accounts receivable of $5,871,612 at June 30, 2018 consisted of $2,167,684 for operating events and $3,703,928 of accrued tourism taxes. Accounts receivable of $6,188,955 at June 30, 2017 consisted of $2,394,988 for operating events, $3,548,540 of accrued tourism taxes, and $245,427 of utility reimbursements due from the Renaissance Hotel, Elmington Property Management and Oliver McMillian Spectrum Emery for the previous Nashville Convention Center site prior to demolition.

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

Notes to Financial Statements

June 30, 2018 and 2017

(4) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 78,183,678	4,307,483	—	82,491,161
Art collection	1,183,844	—	—	1,183,844
Construction in progress	4,805,374	45,946,519	—	50,751,893
Total capital assets, not being depreciated	84,172,896	50,254,002	—	134,426,898
Capital assets, being depreciated:				
Buildings and improvements	635,644,200	157,123	—	635,801,323
Furniture, machinery and equipment	3,887,312	1,766,163	—	5,653,475
Total capital assets, being depreciated	639,531,512	1,923,286	—	641,454,798
Less accumulated depreciation:				
Buildings and improvements	(65,199,057)	(15,905,192)	—	(81,104,249)
Furniture, machinery and equipment	(2,011,344)	(902,052)	—	(2,913,396)
Total accumulated depreciation	(67,210,401)	(16,807,244)	—	(84,017,645)
	$ 656,494,007	35,370,044	—	691,864,051

The changes in land for the years ended June 30, 2018 and 2017 are due to the acquisition of a parcel of land at 424 Lafayette Street by the Authority in October 2017 and the closure of the condemnation case related to a certain parcel of land acquired for the Music City Center site as described in note 11.

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

Notes to Financial Statements

June 30, 2018 and 2017

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 79,989,700	—	(1,806,022)	78,183,678
Art collection	1,183,844	—	—	1,183,844
Construction in progress	—	4,805,374	—	4,805,374
Total capital assets, not being depreciated	81,173,544	4,805,374	(1,806,022)	84,172,896
Capital assets, being depreciated:				
Buildings and improvements	635,466,263	177,937	—	635,644,200
Furniture, machinery and equipment	3,342,298	545,014	—	3,887,312
Total capital assets, being depreciated	638,808,561	722,951	—	639,531,512
Less accumulated depreciation:				
Buildings and improvements	(49,302,240)	(15,896,817)	—	(65,199,057)
Furniture, machinery and equipment	(1,468,375)	(542,969)	—	(2,011,344)
Total accumulated depreciation	(50,770,615)	(16,439,786)	—	(67,210,401)
	$ 669,211,490	(10,911,461)	(1,806,022)	656,494,007

(5) Unearned Revenue

Unearned revenue of $7,482,470 and $6,071,822 represents deposits received for events scheduled to occur in future years at June 30, 2018 and 2017, respectively.

(Continued)

(6) Long-Term Revenue Bonds Payable

Long-term debt activity during the year ended June 30, 2018, and descriptions of the amounts outstanding are as follows.

	Balance June 30, 2017	Additions	Repayments/ amortization	Balance June 30, 2018
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	$ 45,090,000	—	(3,570,000)	41,520,000
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	414,645,000	—	(6,745,000)	407,900,000
Original issue premium	724,452	—	(80,495)	643,957
	$ 612,854,452	—	(10,395,495)	602,458,957

(Continued)

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

Notes to Financial Statements

June 30, 2018 and 2017

Long-term debt activity during the year ended June 30, 2017, and descriptions of the amounts outstanding are as follows.

	Balance June 30, 2016	Additions	Repayments/ amortization	Balance June 30, 2017
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	$ 48,510,000	—	(3,420,000)	45,090,000
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	—	(4,445,000)	414,645,000
Original issue premium	804,946	—	(80,494)	724,452
	$ 620,799,946	—	(7,945,494)	612,854,452

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.

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

Notes to Financial Statements

June 30, 2018 and 2017

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 reduction was 6.6% and 6.9% in the fiscal years ended June 30, 2018 and June 30, 2017, 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.

(Continued)

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.

	Principal	Interest	Estimated federal credit
Year ending June 30:			
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	14,435,000	37,549,541	(11,575,229)
2023	15,095,000	36,718,109	(11,378,807)
2024–2028	86,660,000	169,343,938	(53,438,596)
2029–2033	107,160,000	137,245,873	(43,856,919)
2034–2038	133,755,000	95,502,308	(30,517,762)
2039–2043	166,985,000	43,366,003	(13,857,606)
2044–2045	38,080,000	1,326,242	(423,801)
	$ 601,815,000	638,121,264	(200,839,696)

(7) 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. Only 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 reported

(Continued)

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 and who vest before leaving employment.

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 $380,133 at June 30, 2018 and $233,451 at June 30, 2017. The Authority's proportion of the Metro Plan's net pension liability at June 30, 2018 was 0.47% and at June 30, 2017 was 0.57%.

Certain differences between expected and actual actuarial results and certain differences between projected and actual investment earnings and certain changes in assumptions are recorded as either deferred outflows of resources or deferred inflows of resources. The deferred outflows of resources and deferred inflows of resources were $0 and $256,486, respectively, at June 30, 2018 and $0 and $278,217 respectively at June 30, 2017. The amounts will be recognized as pension expense in future years.

Contributions by the Authority to the Metro Plan totaled $246,655 and $214,144 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Authority has recorded a net pension liability, deferred outflows of resources, and deferred inflows of resources, in accordance with GASB Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27*, related to its participation in the pension plans of the Metropolitan Government. The number of Authority employees participating in the pension plans is approximately 20, and disclosures and related information presented are limited due to the Authority's relative level of participation. Additional information regarding the pension plans of the Metropolitan Government Authority's relative is available in its 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.

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, 2018 or June 30, 2017. 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 Metro 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 or Convention Center Authority.

(d) Deferred Compensation 401(k) Plan (Authority Employees)

The Authority offers a 401(k) deferred compensation plan 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 $153,269 and $133,486 for the years ended June 30, 2018 and 2017, respectively. The plan is administered by the Authority. 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.

(8) 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 a maximum deductible of $100,000 for each covered claim 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.

(9) 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 annual lease payments for 2017-2019 include $50,000 to be recorded as rental revenue by the Authority and $200,000 to be deposited in an escrow account for future repair and maintenance of the space. Future minimum lease payments to the Authority will be as follows:

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

The Hall of Fame is responsible for all interior and exterior operating costs, insurance, maintenance and repairs. As required by the agreement, the Authority has established a reserve fund for the portion of the Hall of Fame annual payment reserved for future capital costs related to the connector. The carrying amount of the connector on the Authority's statement of net position at June 30, 2018, net of accumulated depreciation of $3,805,800, is $33,485,933. The carrying amount of the connector on the Authority's statement of net position at June 30, 2017, net of accumulated depreciation of $2,873,509, is $34,418,226.

(10) 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 (NCC). Because the assets of the existing NCC were owned by the Metropolitan Government, the operations were accounted for as an enterprise fund of the Metropolitan Government. The operations of the NCC were discontinued during fiscal year 2017 in conjunction with the sale of the NCC land. See note 11.

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, 2018 and 2017

(11) 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. 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.

These payments to Omni began after the hotel opened for business, including the renting of rooms. The amount remitted to Omni during the years ended June 30, 2018 and June 30, 2017 totaled $12,000,000 and $10,000,000, respectively. The schedule of future annual payments is expected to be as follows.

	Annual payment
Year ending June 30:	
2019–2026	$ 12,000,000
2027–2033	15,000,000

The Authority has been involved in a previously pending condemnation case related to a parcel of land acquired for the Music City Center site for which a total of $1,774,300 has been paid. 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 to the property owner. This judgment was well within the amounts reserved by the Authority. Thereafter, the property owner filed a motion for new trial with the Court, which was denied. The owner then filed a notice of appeal on February 24, 2017 which conducted oral arguments on October 6, 2017. That appeal was denied and subsequently the property owner filed a petition with the United States Supreme Court. That petition was denied in October of 2018 and the matter was officially closed.

In May 2015, the Metropolitan Council approved a redevelopment agreement related to the sale and development of the former NCC site that was under the management of the Authority. The final sale of the NCC land to Oliver McMillan Spectrum Emery Inc. closed on November 10, 2016. Along with the redevelopment agreement, the Authority agreed to contribute $38,500,000 from its surplus tax revenue to partially fund the parking garage and conference center space at the Fifth + Broadway complex. Contributions continue to be made in periodic payments upon verification of ongoing construction and completion of specified work allowable for reimbursement.

(Continued)

In January of 2017 the Authority approved a budget of $19,945,000 to begin construction on various capital projects on the MCC campus including an expansion of the exhibit hall concourse space, enclosure of the Davidson Ballroom terrace to increase prefunction space, and the construction of a new food and beverage outlet near exhibit hall D. These capital projects began immediately and are anticipated to be completely closed out in fiscal 2019.

In May of 2018, through an MOU agreement, the Authority committed to transferring a total of $10,000,000 over the course of the following year to the Metropolitan Government. Such transfers consist of $7,500,000 by September 30, 2018 related to fiscal 2017 and 2018 revenues and $2,500,000 by August 31, 2019 related to fiscal 2019 revenues. In addition, beginning with fiscal 2020 the Authority agreed to transfer to the Metropolitan Government, on an annual basis, the greater of $2,500,000 or five percent of revenues in excess of $2,000,000. For the purposes of this agreement "revenues" refers to the hotel motel tax revenues, room occupancy tax revenues, and the MCC campus sales tax revenues received in that year. This transfer is contingent on the Authority's ability to fully fund its operating expenses, debt service and debt service reserves.

(12) Subsequent Events

On August 31, 2018 the Convention Center Authority purchased additional property at 719 4th Avenue South in Nashville for $3,850,000. This lot will also be used as a marshalling yard for events and additional parking to supplement the garage at the Music City Center.

The Authority has evaluated subsequent events through October 30, 2018, the date the financial statements were available for issuance, and has determined that there are no other subsequent events that require additional disclosure.

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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*

The Audit Committee
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) which comprise the statement of net position as of June 30, 2018 and the related statements of revenue, expenses, and changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2018.

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*.

KPMG

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

October 30, 2018

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

Financial Statements and Supplemental Information

December 31, 2017 and 2016

(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
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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 statements of fiduciary net position as of December 31, 2017 and 2016, and the related statements of changes in fiduciary net position 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 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 audits 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 certifications from the custodian as of December 31, 2017 and 2016, and for the years then ended, 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.

KPMG

Other Matter – Supplemental Schedules

The supplemental schedules of Schedule H, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2017 and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2017, are required by the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are 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 these supplemental schedules.

Other Matter – Omission of Required Supplemental Information

Management has omitted Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing 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. Our report on the basic financial statements is not affected by this missing information.

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 schedules, 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 12, 2018

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

Statements of Fiduciary Net Position

December 31, 2017 and 2016

	2017	2016
Assets:		
Cash	$ —	17
Investments:		
Mutual funds, at fair value	1,243,823	904,550
Guaranteed investment contract, at contract value	16,731	10,968
Total investments	1,260,554	915,518
Contributions receivable	23,066	12,732
Total assets	1,283,620	928,267
Net position restricted for pensions	$ 1,283,620	928,267

See accompanying notes to financial statements.

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

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2017 and 2016

	2017	2016
Additions:		
Investment income:		
Net appreciation in fair value of investments	$ 144,947	31,196
Interest and dividends	37,144	20,933
Total investment income	182,091	52,129
Contributions:		
Participants	205,363	174,815
Employer	113,672	123,475
Rollovers	545	2,203
Total contributions	319,580	300,493
Total additions	501,671	352,622
Deductions:		
Benefits paid directly to participants	133,508	135,597
Administrative fees and charges	12,810	7,736
Total deductions	146,318	143,333
Net increase in net position	355,353	209,289
Net position restricted for pensions:		
Beginning of year	928,267	718,978
End of year	$ 1,283,620	928,267

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, 2017 and 2016

(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 pension 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 the 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). The Plan is administered by the Authority under the provisions of Tennessee Code Title 7, Chapter 89.

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 2017 and 2016, the Employer matched 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary. For the years ended December 31, 2017 and 2016, there were $113,672 and $123,475, respectively, in employer discretionary matching 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.

(e) *Forfeitures*

Forfeitures of terminated participants' nonvested accounts are used to reduce future employer contributions or to pay Plan administrative expenses. At December 31, 2017 and 2016, the forfeited nonvested account totaled $61,923 and $66,244, respectively. 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 statements of changes in fiduciary net position. In addition, certain investment-related expenses are included in net appreciation (depreciation) of fair value of investments presented in the accompanying statements of changes in fiduciary net position.

(h) *Participant Loans*

Participant loans are not permitted under the Plan.

(i) *Plan Membership*

As of December 31, 2017 and 2016, Plan had 192 and 169 participants, respectively.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The financial statements of the Plan are prepared under the accrual basis of accounting, based on standards promulgated by the Governmental Accounting Standard Board (GASB).

During the year ended December 31, 2016, it was determined that the appropriate financial reporting framework for the Plan under U.S. generally accepted accounting principles is the framework established by the GASB, not the Financial Accounting Standards Board, because the Authority is an instrumentality of the Metropolitan Government of Nashville and Davidson County as well as a public nonprofit corporation. The changes primarily relate to financial statement presentation and classification, as well as certain additional disclosures related to investment risks.

(b) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles 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, except for guaranteed investment contracts, which are presented at contract 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. Contract value is the relevant measurement attribute for that portion of the net position available for pensions 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.

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 appreciation (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 2017 or 2016.

(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 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.

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

Notes to Financial Statements

December 31, 2017 and 2016

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 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2017 and 2016:

	2017			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Balanced Funds	$ 1,079,760	—	—	1,079,760
Index Funds	95,203	—	—	95,203
Fixed Income Funds	6,937	—	—	6,937
Money Market Funds	61,923	—	—	61,923
Total investments at fair value	$ 1,243,823	—	—	1,243,823
Guaranteed investment contract, at contract value				16,731
Total investments				$ 1,260,554

(Continued)

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

Notes to Financial Statements

December 31, 2017 and 2016

	2016			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Balanced Funds	$ 777,574	—	—	777,574
Index Funds	57,133	—	—	57,133
Fixed Income Funds	3,619	—	—	3,619
Money Market Funds	66,224	—	—	66,224
Total investments at fair value	$ 904,550	—	—	904,550
Guaranteed investment contract, at contract value				10,968
Total investments				$ 915,518

(4) Investments

(a) Investment Risk Disclosures

(i) Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

As of December 31, 2017 and 2016, the Plan had the following fixed income and money market investments with the corresponding average duration:

	2017		2016	
Type of investments	**Average duration**	**Fair value**	**Average duration**	**Fair value**
Fixed income mutual funds:				
JP Morgan Core Bond Fund R2	5.72	$ 1,399	5.85	$ 865
Blackrock Inflation Protect Bd SerC	7.28	3,948	6.85	1,549
Templeton Global Bond Fund	(1.14)	1,403	0.28	1,205
Money market fund:				
Vanguard Federal MMKT FD	—	$ 65,845	—	$ 66,224

(Continued)

(ii) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk. Additionally, none of the fixed income funds held by the Plan were rated by nationally recognized statistical rating organizations.

(iii) Concentration of Credit Risk

The Plan does not have a policy regarding the concentration of credit risk, since investments are participant directed.

(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 of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate as of December 31, 2017 and 2016, and for the years then ended:

	2017	2016
Mutual funds	$ 1,243,823	904,550
Guaranteed investment contract, at contract value	16,731	10,968
Interest bearing cash	—	17
Net appreciation in fair value	144,947	31,196
Interest and dividends	37,144	20,933

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 schedules.

(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, 2014, 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

(Continued)

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.

(9) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net position restricted for pensions according to the financial statements as compared to Form 5500 at December 31:

		2017	2016
Net position restricted for pensions per the financial statements	$	1,283,620	928,267
Less contribution receivable at end of year		(23,066)	(12,732)
Other		—	38
Net position restricted for pensions per Form 5500	$	1,260,554	915,573

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

		2017	2016
Total increase in net position restricted for pensions	$	355,353	209,289
Add contribution receivable at beginning of year		12,732	10,267
Less contribution receivable at end of year		(23,066)	(12,732)
Other		(38)	21
Total increase in net position restricted for pensions per Form 5500	$	344,981	206,845

(Continued)

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

Notes to Financial Statements

December 31, 2017 and 2016

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

		2017	2016
Participant contributions per financial statements	$	205,363	174,815
Add participant contribution receivable at beginning of year		7,657	6,030
Less participant contribution receivable at end of year		(17,884)	(7,657)
Total employee contributions per Form 5500	$	195,136	173,188

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

		2017	2016
Employer contributions per financial statements	$	113,672	123,475
Add employer contribution receivable at beginning of year		5,075	4,237
Less employer contribution receivable at end of year		(5,182)	(5,075)
Total employer contributions per Form 5500	$	113,565	122,637

(10) Subsequent Events

The Plan has evaluated subsequent events from December 31, 2017 through October 12, 2018, the date the financial statements were available for issuance, and determined there are no items to disclose.

SUPPLEMENTAL INFORMATION

Schedule 1

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 4a – Schedule of Delinquent Participant Contributions

December 31, 2017

Participant contributions transferred late to plan	Total that constitute nonexempt prohibited transactions			Total fully corrected under VFCP and PTE 2002-51
Check here if late participant loan repayments are included: ☐	Contributions not corrected	Contributions corrected outside VFCP	Contributions pending correction in VFCP	
$ 27,884	—	—	—	—

See accompanying independent auditors' report.

Schedule 2

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, 2017

(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 2020	$	18,166
	JPMorgan	JPMORGAN SMARTRETIREMENT 2025		102,223
	JPMorgan	JPMORGAN SMARTRETIREMENT 2030		169,474
	JPMorgan	JPMORGAN SMARTRETIREMENT 2035		164,680
	JPMorgan	JPMORGAN SMARTRETIREMENT 2040		101,665
	JPMorgan	JPMORGAN SMARTRETIREMENT 2045		118,053
	JPMorgan	JPMORGAN SMARTRETIREMENT 2050		189,323
	JPMorgan	JPMORGAN SMARTRETIREMENT 2055		86,482
	JPMorgan	JPMORGAN SMARTRETIREMENT INCOM		40,918
	JPMorgan	JP MORGAN RESEARCH MRKT NEUTRAL FD – A		1,072
	JPMorgan	JPMORGAN CORE BOND FUND-R2		1,447
	BlackRock	BLACKROCK INFLATION PROTECT BD SER – C		4,072
	BlackRock	BLACKROCK S & P STOCK FUND – A		95,203
	AllianceBernstein	ALLIANCE/BERN DISCOVERY VALUE FD – R		2,400
	American Funds	AM FDS EUROPACIFIC GROWTH – R3		21,947
	Deutsche Bank	DEUTSCHE ENHANCED COMMODITY STRATEGY A		1,005
	Franklin Templeton	FRANKLIN RISING DIVIDENDS – R		15,266
	Franklin Templeton	HIGH INCOME FD R SH		16,413
	Franklin Templeton	TEMPLETON GLOBAL BOND FUND		1,418
	John Hancock	J HANCOCK INCOME FD – R3		3,957
	Prudential Investments	PRUD-JENNISON SMALL COMP FD – R		9,340
	Prudential Investments	PRUDENTIAL GLOBAL REAL EST – R (1548)		4,469
	Wells Fargo	WFA EMERGING MARKETS EQUITY FD A SHARES		12,907
	Vanguard	Vanguard Federal MMKT FD		61,923
		Total mutual fund accounts		1,243,823
*	CUNA Mutual	GUARANTEED ACCOUNT (CLASS 23)		16,731
		Total Guaranteed Investment Contract		16,731
	Matrix Trust Company	INTEREST BEARING CASH		—
		Total cash and investments held at end of year	$	1,260,554

* 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.