

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

The Finance & Audit Committee Meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on May 19, 2010 at 8:06 a.m., in Room 110-111 at the Nashville Convention Center, Nashville, Tennessee.

FINANCE COMMITTEE MEMBERS PRESENT: Mark Arnold, Darrell Drumwright, and Willie McDonald

FINANCE COMMITTEE MEMBERS NOT PRESENT: Ken Levitan

OTHERS PRESENT: Charles Starks, Larry Atema, Charles Robert Bone, Rich Riebeling, Kim McDoniel, Tom Eddlemon, Lannie Holland, Fadi Bousamra, and Barbara Solari

The meeting was opened for business by Chairman Mark Arnold.

Metro Finance Department staff were asked to share their roles and work for the Convention Center Authority and discuss the questions compiled from the Finance & Audit Committee (Attachment #1). Lannie Holland, Tom Eddlemon, Fadi Bousamra, and Kim McDoniel each shared information regarding their areas and roles. (Attachment #2, #3, and #4) Larry Atema discussed the process used for payment of invoices. There was discussion among the committee and Finance Department staff. Mr. Atema also talked about the Audit RFP. There was discussion about having the Audit decision for approval by the full board at the June 24th meeting.

With no additional business a motion was made to adjourn, with no objection the CCA Finance & Audit Committee adjourned at 9:15 a.m.

Respectfully submitted,



Charles L. Starks
Executive Director
Nashville Convention Center

Approved:



Mark Arnold, Chairman
Finance & Audit Committee
Of May 19, 2010

From: C. Mark Arnold [mailto:marnold@graylinetn.com]
Sent: Tuesday, May 18, 2010 2:14 PM
To: Riebeling, Richard (Finance - Director's Office)
Cc: Ken Levitan; Darrell Drumwright; William McDonald; Marty Dickens
Subject: Finance & Audit Questions

Rich,

As promised, I am forwarding questions and topics committee members would like to have addressed and/or explore during our meeting:

Depository Institution

- 1) Describe the process for selection of the Authorities depository institution.
 - a. Was an RFP issued?
 - b. What screening and selection criterion were used?
 - c. Provide summary of the terms of the arrangement with selected depository institution (term, fees, all pertinent terms and conditions).
- 2) Treasury Policies
 - a. Describe the policies governing disbursement and management of the CCA account.
 - b. Describe risk management policies (disaster recovery plan, safeguarding operating account balances). What plans are in place to protect against the failure of the depository institution?
 - c. Describe any other policies governing control and access to the CCA accounts.
- 3) Account structure
 - a. Describe the structure of CCA accounts.
- 4) Account Audit & Review
 - a. Discussion plan for monthly account reconciliations. Who receives the monthly statement?
 - b. Describe operational structure as it relates to segregation of duties and controls.
 - c. Discuss safeguards to prevent remittance for payments that represent deviations from budgets or previously approved amounts.
 - d. Discuss plan for regular account tracking and reporting of collections and disbursements.
- 5) Miscellaneous
 - a. Describe, in summary, all treasury services being provided by the depository institution

We look forward to an information discussion and will probably have a few other questions.

**CONVENTION CENTER AUTHORITY 2010 BONDS
 SOURCES AND USES TABLE**

| <u>Sources</u> | <u>A-1 Bonds</u> | <u>A-2 Bonds</u> | <u>B Bonds</u> | <u>Total Bonds</u> | <u>Notes</u> |
|-------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------------|
| Par amount of bonds | 51,730,000.00 | 152,395,000.00 | 419,090,000.00 | 623,215,000.00 | |
| Net original issue premium | 1,301,328.80 | | | 1,301,328.80 | |
| Total Sources | 53,031,328.80 | 152,395,000.00 | 419,090,000.00 | 624,516,328.80 | |
| Uses | | | | | |
| Deposits to DSRFs | 3,478,925.35 | 9,901,556.75 | 26,659,716.94 | 40,040,199.04 | Wire to Trustee |
| Cost of Issuance | | | | | |
| Underwriter's discount | 326,029.53 | 1,537,892.05 | 3,692,261.93 | 5,556,183.51 | Goldman Retained |
| Bond Counsel | 63,686.88 | 183,015.63 | 503,297.49 | 750,000.00 | |
| Financial Advisor (FSW & HVS) | 44,920.48 | 129,087.03 | 354,992.49 | 529,000.00 | |
| Issuer Counsel | 7,217.85 | 20,741.77 | 57,040.38 | 85,000.00 | |
| Printing | 424.58 | 1,220.10 | 3,355.32 | 5,000.00 | |
| Rating agencies | 26,824.91 | 77,086.17 | 211,988.92 | 315,900.00 | |
| Miscellaneous | 849.16 | 2,440.21 | 6,710.63 | 10,000.00 | |
| Total COI Paid by Metro | 143,923.86 | 413,590.91 | 1,137,385.23 | 1,694,900.00 | Wire to Metro |
| Trustee and Trustee's Counsel | 4,075.96 | 11,713.00 | 32,211.04 | 48,000.00 | Wire to Trustee |
| Total Cost of Issuance | 474,029.35 | 1,963,195.96 | 4,861,858.20 | 7,299,063.51 | |
| Capitalized Interest | 92,864.56 | 266,862.92 | 21,928,140.03 | 22,287,867.51 | Wire to Trustee |
| Total Project Fund | 48,985,509.54 | 140,263,384.37 | 365,640,264.83 | 554,889,178.74 | Wire to Metro |
| Repayment of MDHA Loan | | 12,350,203.00 | 33,963,364.00 | 46,313,567.00 | Metro to 1st TN |
| Net to Project Fund | 48,985,509.54 | 127,913,181.37 | 331,676,920.83 | 508,575,611.74 | Net of 1st TN Wire |
| TOTAL USES | 53,031,328.80 | 152,395,000.00 | 419,090,000.00 | 624,516,328.80 | |

Appraisal Report
 MCCA Account

05/14/10

| <u>Description</u> | <u>Rate</u> | <u>Maturity</u> | <u>Cusip</u> | <u>Quantity (Units)</u> | <u>Cost</u> | <u>Market Price</u> | <u>Total Cost</u> | <u>Total Market</u> |
|--------------------|-------------|-----------------|--------------|-------------------------|-------------|---------------------|-------------------|---------------------|
| Money Market | 0.210 | | | 13,019,100 | 1.00 | 1.00 | \$13,019,100.00 | \$13,019,100.00 |
| FIRST TN CD | 0.800 | 4/15/2011 | 78347844 | 20,000,000 | 100.00 | 100.00 | \$20,000,000.00 | \$20,000,000.00 |
| FNMA DN | 0.000 | 12/15/2010 | 313397T3 | 13,537,000 | 99.80 | 99.81 | \$13,509,373.24 | \$13,511,279.70 |
| FNMA | 0.000 | 1/14/2011 | 313396AP | 19,198,000 | 99.77 | 99.77 | \$19,153,860.60 | \$19,153,844.60 |
| FHLMC DN | 0.000 | 2/15/2011 | 313396BX | 19,558,000 | 99.71 | 99.70 | \$19,502,143.07 | \$19,500,323.00 |
| FHLMC DN | 0.000 | 3/15/2011 | 313396DB | 19,419,000 | 99.65 | 99.61 | \$19,350,208.19 | \$19,343,265.90 |
| FNMA | 6.000 | 5/15/2011 | 31359MJH | 17,948,000 | 105.81 | 105.63 | \$18,991,227.50 | \$18,957,575.00 |
| FHLMC | 6.000 | 6/15/2011 | 313444FM | 5,989,000 | 106.22 | 106.03 | \$6,361,440.94 | \$6,350,211.56 |
| FNMA | 4.680 | 6/15/2011 | 31359MZF | 13,322,000 | 104.72 | 104.38 | \$13,950,631.88 | \$13,904,837.50 |
| FHLMC | 0.000 | 7/15/2011 | 3134G1BT | 19,198,000 | 99.34 | 98.63 | \$19,071,869.14 | \$18,935,601.74 |
| FNMA | 3.625 | 8/15/2011 | 31398ATL | 19,559,000 | 103.89 | 103.69 | \$20,319,968.32 | \$20,280,238.13 |
| FHLMC | 5.500 | 9/15/2011 | 3134A4HF | 19,419,000 | 106.64 | 106.38 | \$20,708,543.94 | \$20,656,961.25 |
| FHLMC | 0.000 | 10/1/2011 | 3128X2SE | 1,380,000 | 98.76 | 98.10 | \$1,372,708.40 | \$1,363,581.66 |
| FNMA | 5.000 | 10/15/2011 | 31359MZ3 | 18,051,000 | 106.22 | 106.00 | \$19,173,546.56 | \$19,134,060.00 |
| FNMA | 5.375 | 11/15/2011 | 31359MLS | 19,205,000 | 107.05 | 106.84 | \$20,558,353.30 | \$20,519,342.19 |
| FHLMC | 1.125 | 12/15/2011 | 3137EACF | 19,802,000 | 100.41 | 100.28 | \$19,882,445.63 | \$19,857,693.13 |
| FHLMC | 5.750 | 1/15/2012 | 3134A4JT | 19,198,000 | 108.22 | 107.84 | \$20,775,835.63 | \$20,703,843.13 |
| FHLMC | 0.000 | 2/15/2012 | 3134G1BU | 19,913,000 | 98.30 | 96.98 | \$19,573,483.35 | \$19,311,408.36 |
| FNMA PRIN STP | 0.000 | 3/15/2012 | 31358DEP | 3,718,000 | 97.88 | 96.98 | \$3,639,327.12 | \$3,605,604.86 |
| FNMA | 1.500 | 3/15/2012 | 31398AXU | 6,236,000 | 100.83 | 100.81 | \$6,287,642.19 | \$6,286,667.50 |
| FHLMC CPN STP | 0.000 | 3/27/2012 | 3137E2QJ | 363,000 | 97.81 | 97.73 | \$355,050.30 | \$354,767.16 |
| FHLMB | 2.250 | 4/13/2012 | 3133XTAW | 8,530,000 | 102.28 | 102.19 | \$8,747,403.13 | \$8,738,468.75 |
| FHLB | 5.750 | 5/15/2012 | 3133MNVV | 9,720,000 | 109.38 | 109.22 | \$10,631,250.00 | \$10,616,062.50 |
| FREDDIE MAC | 1.750 | 6/15/2012 | 3137EACC | 9,913,000 | 101.16 | 101.00 | \$10,027,619.06 | \$10,012,130.00 |
| FHLB | 1.250 | 7/6/2012 | 3133XTZ4 | 1,000,000 | 100.08 | 100.08 | \$1,000,804.35 | \$1,000,804.35 |
| FHLMC | 5.125 | 7/15/2012 | 3134A4QD | 9,750,000 | 108.55 | 108.50 | \$10,583,320.31 | \$10,578,750.00 |
| FNMA | 1.500 | 7/16/2012 | 31398AM8 | 10,000,000 | 99.98 | 99.98 | \$9,998,100.00 | \$9,998,100.00 |
| FNMA | 1.750 | 8/10/2012 | 31398AYM | 9,913,000 | 101.02 | 100.97 | \$10,013,679.40 | \$10,009,032.19 |
| FHLB | 0.750 | 8/24/2012 | 3133XWUR | 1,500,000 | 100.00 | 100.00 | \$1,500,000.00 | \$1,500,000.00 |
| FNMA | 1.400 | 11/26/2012 | 3136FMUG | 10,000,000 | 100.00 | 100.00 | \$10,000,000.00 | \$10,000,000.00 |
| | | | | Market value | | | \$389,058,935.55 | \$388,203,554.16 |
| | | | | Accrued Interest: | | | | \$1,796,446.00 |
| | | | | | | | | \$390,000,000.16 |

Cash Flow Calendar

Portfolio: MCCA
 Pricing Date: 05/13/10
 Representative:

Beginning Date: 05/13/2010
 Cut-Off Date: 08/24/2012

| Date | TSY/AGY/CORP/OTHER (000) | | MBS/CMO/ABS/CMBS (000) | | | | | (000) | | Total Principal | Total Cashflow |
|--------------|--------------------------|----------------|------------------------|----------|----------|----------|---------------|----------|---------------|--------------------|-------------------|
| | Coupon | Maturity | Calls | Puts | Sinks | Interest | Principa l | Prepay | Total Income | | |
| 06/13/10 | 1,342 | 13,602 | 0 | 0 | 0 | 0 | 0 | 0 | 1,342 | 13,602 | 14,944 |
| 07/13/10 | 729 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 729 | 1,000 | 1,729 |
| 08/13/10 | 926 | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 926 | 10,000 | 10,926 |
| 09/13/10 | 360 | 0 | 1,500 | 0 | 0 | 0 | 0 | 0 | 360 | 1,500 | 1,860 |
| 10/13/10 | 688 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 688 | 0 | 688 |
| 11/13/10 | 1,851 | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 1,851 | 10,000 | 11,851 |
| 12/13/10 | 1,334 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,334 | 0 | 1,334 |
| 01/13/11 | 690 | 13,537 | 0 | 0 | 0 | 0 | 0 | 0 | 690 | 13,537 | 14,227 |
| 02/13/11 | 889 | 19,198 | 0 | 0 | 0 | 0 | 0 | 0 | 889 | 19,198 | 20,087 |
| 03/13/11 | 355 | 19,559 | 0 | 0 | 0 | 0 | 0 | 0 | 355 | 19,559 | 19,914 |
| 04/13/11 | 1,288 | 39,419 | 0 | 0 | 0 | 0 | 0 | 0 | 1,288 | 39,419 | 40,707 |
| 05/13/11 | 451 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 451 | 0 | 451 |
| 06/13/11 | 1,334 | 17,948 | 0 | 0 | 0 | 0 | 0 | 0 | 1,334 | 17,948 | 19,282 |
| 07/13/11 | 690 | 19,311 | 0 | 0 | 0 | 0 | 0 | 0 | 690 | 19,311 | 20,001 |
| 08/13/11 | 889 | 19,198 | 0 | 0 | 0 | 0 | 0 | 0 | 889 | 19,198 | 20,087 |
| 09/13/11 | 355 | 19,559 | 0 | 0 | 0 | 0 | 0 | 0 | 355 | 19,559 | 19,914 |
| 10/13/11 | 688 | 20,809 | 0 | 0 | 0 | 0 | 0 | 0 | 688 | 20,809 | 21,497 |
| 11/13/11 | 451 | 18,051 | 0 | 0 | 0 | 0 | 0 | 0 | 451 | 18,051 | 18,502 |
| 12/13/11 | 796 | 19,205 | 0 | 0 | 0 | 0 | 0 | 0 | 796 | 19,205 | 20,001 |
| 01/13/12 | 198 | 19,802 | 0 | 0 | 0 | 0 | 0 | 0 | 198 | 19,802 | 20,000 |
| 02/13/12 | 889 | 19,198 | 0 | 0 | 0 | 0 | 0 | 0 | 889 | 19,198 | 20,087 |
| 03/13/12 | 0 | 19,913 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,913 | 19,913 |
| 04/13/12 | 154 | 19,484 | 0 | 0 | 0 | 0 | 0 | 0 | 154 | 19,484 | 19,638 |
| 05/13/12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 06/13/12 | 279 | 9,720 | 0 | 0 | 0 | 0 | 0 | 0 | 279 | 9,720 | 9,999 |
| 07/13/12 | 87 | 9,913 | 0 | 0 | 0 | 0 | 0 | 0 | 87 | 9,913 | 10,000 |
| 08/13/12 | 337 | 19,663 | 0 | 0 | 0 | 0 | 0 | 0 | 337 | 19,663 | 20,000 |
| 08/24/12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 18,050 | 357,089 | 22,500 | 0 | 0 | 0 | 0 | 0 | 18,050 | 379,589 | 397,639 |

| | |
|--------------|---------|
| Cash: | |
| NOW account | \$103.0 |
| MIP | \$7.0 |
| Cash: | \$110.0 |
| Total | \$500.0 |