MINUTES OF THE 89th MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The 89th meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on December 12, 2019 at 9:00 a.m. in the Administrative Conference Room of the Administrative Offices at the Music City Center, Nashville, Tennessee.

AUTHORITY MEMBERS PRESENT: Marty Dickens, Irwin Fisher, Randy Goodman, Vonda McDaniel, Willie McDonald, Randy Rayburn, and Leigh Walton

AUTHORITY MEMBERS NOT PRESENT: David McMurry and Renata Soto

OTHERS PRESENT: Charles Starks, Charles Robert Bone, Heidi Runion, Jasmine Quattlebaum, Donna Gray, Renuka Christoph, Brian Ivey, Elisa Putman, *Jodi Geary, *Bess Randall, and Cara Lippman

Chairman Marty Dickens opened the meeting for business at 9:04 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: Leigh Walton made a motion to approve the 88th Meeting Minutes of November 7, 2019. Randy Rayburn seconded the motion and the Authority approved unanimously.

The next regularly scheduled meeting is scheduled for January 16, 2020 at 9:00 a.m.

Charles Starks introduced Jodi Geary and Bess Randall from KPMG who reported on the Convention Center Authority FY '19 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, 2019. Randy Rayburn seconded the motion and the Authority approved unanimously.

ACTION: Leigh Walton made a motion accepting the audit of the Employees' Savings Trust of the Convention Center Authority as of December 31, 2018. Randy Rayburn seconded the motion and the Authority approved unanimously.

*Denotes the departure of Jodi Geary and Bess Randall.

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

Charles Starks and Jasmine Quattlebaum discussed the Purchasing/DBE Annual Breakfast for vendors/suppliers and announced Sunset Marketing as this year's recipient of the Vendor of Excellence Award (Attachment #1) and there was discussion.

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

The Convention Center Authority thanked Randy Goodman and Willie McDonald for their dedicated service to the Board (Attachment #1) and there was discussion.

With no additional business, the Authority unanimously moved to adjourn at 9:53 a.m.

Respectfully submitted,

Charles L. Starks
President & CEO
Convention Center Authority

Approved:

Marty Dickens, Chair
CCA 89th Meeting Minutes
of December 12, 2019

Convention Center Authority

December 12, 2019

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'19

KPMG

The Convention Center Authority external audit results

Financial statements for the year ended June 30, 2019

December 12, 2019

Introduction

We are pleased to have the opportunity to meet with you on December 12, 2019 to discuss the results of our audit of the financial statements of The Convention Center Authority (the Authority) as of and for the year ended June 30, 2019. Our audit was conducted in accordance with the terms established in the audit engagement letter dated August 2, 2019 (the Authority Financial statement audit) and May 29, 2019 for the Employee Savings Trust Plan.

We draw your attention to the following communications included in this document:

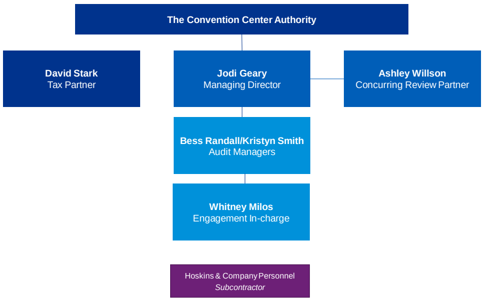
— June 30, 2019 Financial statements
— Required Communications to those charged with governance
— December 31, 2018 Employee Savings Trust Plan Financial statements

Content

Convention Center Authority
Attachment # 1
December 12, 2019

Audit plan

Client service team



Summary of professional services provided

Communication topic	Response
Scope of audit & Applicable financial reporting framework	Audits of financial statements the Authority as of and for the year ended June 30, 2019 Audit of the Employee Savings Trust plan as of and for the year ended December 31, 2018 U.S. Generally Accepted Accounting Principles
Other Deliverables	We issued a written required communication letters and letter regarding internal control on 10/30/2019.
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.
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
Significant risks and other significant audit matters	Significant risks and other significant audit matters relate to: • *Management override of controls* Refer to slide 12 for further detail and our response.

Audit differences and control deficiencies

Communication topic	Response
Uncorrected and corrected misstatements	No items to report for the Financial Statement Audit or Employee Benefit Plan Audit.
Control Deficiencies	The entity did not have a control in place to monitor that participant contributions were remitted to the trust timely.

Required communications and other matters

Communication topic	Response
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or instances where fraud results in a material misstatement in the financial statements were identified during the audit.
Noncompliance with laws and regulations	No matters to report.
Going concern	No matters to report.
Non-GAAP	No matters to report.
Subsequent events	July 2019 sponsorship of the National Museum of African American Music
Related Parties	There were no significant matters arising from the audit in connection with the entity's related parties.
Other findings or issues	No matters to report.

Communication topic	Response
Significant difficulties encountered during the audit	No matters to report.
Disagreements with management	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.
Material written communications	Engagement letter & Management representation letters

Required inquiries

The following inquiries are required in accordance with AU-C 260:

Audit Committee inquiries	— Is the Audit Committee aware of matters relevant to the audit, including, but not limited to, violations or possible violations of laws and regulations? — What are the Audit Committee's views about fraud risks in the Company? — Does the Audit Committee have knowledge of fraud, alleged fraud, or suspected fraud affecting the Company? — Who is the appropriate person (Audit Committee chair or full committee) for communication of audit matters during the audit? — How are responsibilities allocated between management and the Audit Committee? — What are the Company's objectives and strategies and related business risks that may result in material misstatements? — Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken? — Is the Audit Committee aware of any significant communications with regulators? — What are the Audit Committee's attitudes, awareness, and actions concerning (a) the Company's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud? — Is the Audit Committee aware of any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters? — Have there been any actions taken based on previous communications with the auditor?

Internal control related matters

KPMG responsibilities

— The purpose of our audit was to express an opinion on the financial statements

— Our audit included consideration of internal control over financial reporting 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 internal control.

— We are not expressing an opinion on the effectiveness of internal control

— Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Material weakness

A deficiency, or a combination of deficiencies, in internal control over financial reporting, 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 reasonably possibility exists when the likelihood of an event occurring is either reasonably possible or probable. Reasonably possible is defined as the chance of the future event or events occurring is more than remote but less than likely. Probable is defined as the future event or events are likely to occur.

Significant deficiency

A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Convention Center Authority
Attachment # 1
December 12, 2019

Significant deficiencies and material weaknesses in internal control

Material weaknesses

Description	Potential effects	Status
None	*N/A*	*N/A*

Significant deficiencies

Description	Potential effects	Status
None reported	*N/A*	*N/A*

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Supplemental Communications

Contents

Significant risks and other significant audit matters

Our audit response and findings

Significant risks	The Risk	Our response	Substantive procedures
Management override of controls	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.	We assessed management's design and implementation of controls over journal entries and post-closing adjustments.	We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. We assessed the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual.

Independence

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

In our professional judgment, we are independent with respect to the Company, as that term is defined by the professional standards.

Fees

	2018	2019
Audit	$ 56,300	$ 56,300
Employee Benefit Plan	17,000	17,000
Fees provided to Subcontractor Agreement	21,990	21,990
Total fees	**$ 73,300**	**$ 73,300**

Payment of Fees – Audit and All Other Professional Services

Professional standards require that fees for any previously rendered professional service provided more than one year prior to the date of the current year audit report have been paid.

KPMG

Supplemental information

KPMG reports:

June 30, 2019 financial statements

Required communications letter to those charged with governance

December 31, 2018 Benefit plan statements

KPMG

Questions?

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.

This presentation to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

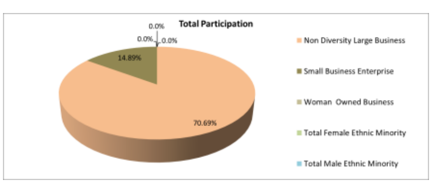
KPMG

kpmg.com/socialmedia

Operations Update

DBE FY'20 1st Quarter Reports

LMG FY20 1st Quarter DBE Participation Summary

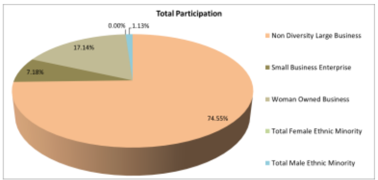


DBE PARTICIPATION SUMMARY: FY20 Goal 20%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	0.00%	0
WOMEN OWNED BUSINESSES	0.00%	0
SMALL BUSINESS ENTERPRISE	14.89%	2
TOTAL	14.89%	2

LMG FY20 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	$90,456 (14.89%)
Total DBE Participation	$90,456 (14.89%)
Total Non Diversity Business	$517,185 (85.11%)

Centerplate FY20 1st Quarter DBE Participation Summary

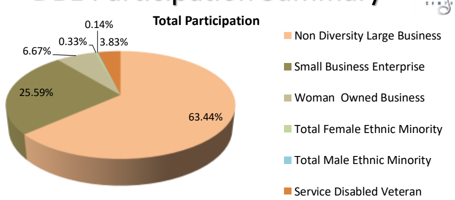


DBE PARTICIPATION SUMMARY: FY20 Goal 25%	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	1.13%	2
WOMEN OWNED BUSINESSES	17.14%	4
SMALL BUSINESS ENTERPRISE	7.18%	2
TOTAL	25.45%	8

Centerplate FY20 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$26,554 (1.13%)
Total Minority Business Enterprise	$26,554 (1.13%)
Total Woman Owned	$404,106 (17.14%)
Total Small Business	$169,249 (7.18%)
Total DBE Participation	$599,909 (25.45%)
Total Non Diversity Business	$1,757,759 (74.55%)

Music City Center FY20 1st Quarter DBE Participation Summary



DBE PARTICIPATION SUMMARY	% OF TOTAL	# OF COMPANIES
MINORITY OWNED BUSINESSES	0.47%	3
WOMEN OWNED BUSINESSES	6.67%	5
SMALL BUSINESS ENTERPRISE	25.59%	5
SERVICE DISABLED VETERAN	3.83%	1
TOTAL	36.56%	14

Music City Center FY20 1st Quarter DBE Participation Dollars Spent

DBE Classification	DBE Dollars Spent:
Ethnic Minority Male	
African American Owned	$3,675 (0.14%)
Ethnic Minority Female	
African American Owned	$9,000 (0.33%)
Hispanic Female Owned	$0 (0%)
Total Minority Business	$12,675 (0.47%)
Total Woman Owned	$181,329 (6.67%)
Total Small Business	$695,269 (25.59%)
Total Service Disabled Veteran	$103,947 (3.83%)
Total DBE Participation	$993,221 (36.56%)
Total Non Diversity Business	$1,723,370 (63.45%)

OMNI 2019 Local Participation

COMMITMENT TO LOCAL HIRING	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Total FTEs GOAL: 300	683	687	663	660	669	681	677	647	669	668		
# FTEs (40 hours) Residents of Nashville Metropolitan Statistical Area Goal: 250	527	528	654	651	659	671	666	628	660	660		
# FTEs (40 hours) Residents of Davidson County Goal: 200	673	677	506	503	511	521	512	486	498	491		

OMNI 2019 DBE Participation

SUPPLY AND SERVICE EXPENDITURE COMMITMENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2019 Total
Nashville Metropolitan Statistical Area Businesses Goal: $100,000/yr.	$105,566	$109,659	$125,823	$73,519	$135,615	$56,781	$121,810	$137,620	144,531	200,983			**$1,211,909**
Small, minority and women owned business enterprises Goal: $50,000/yr.	$24,560	$24,126	$17,413	$19,834	$32,636	$17,154	$18,451	$20,412	32,865	36,633			**$244,084**

DBE HAPPENINGS

December 11, 2019

Convention Center Authority
Attachment # 1
December 12, 2019

Tax Collections

MCC/HOTEL TAX COLLECTION

Collections Thru September 2019

	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 19-20*
July	$2,589,786	$1,163,092	$1,542,238	$374,970	$146,689	$1,643,485	$7,460,260	13.91%
August	$2,565,727	$1,007,072	$1,508,596	$283,622	$210,480	$1,769,959	$7,345,456	11.29%
September	$2,764,923	$1,253,699	$1,471,867	$318,931	$169,672	$1,838,470	$7,817,561	15.79%
October								0%
November								0%
December								0%
January								0%
February								0%
March								0%
April								0%
May								0%
June								0%
YTD Total	$7,920,436	$3,423,862	$4,522,702	$977,522	$526,841	$5,251,913	$22,623,278	13.68%

MCC/HOTEL TAX COLLECTION

MCC Portion of September 2019 Tourism Tax Collections

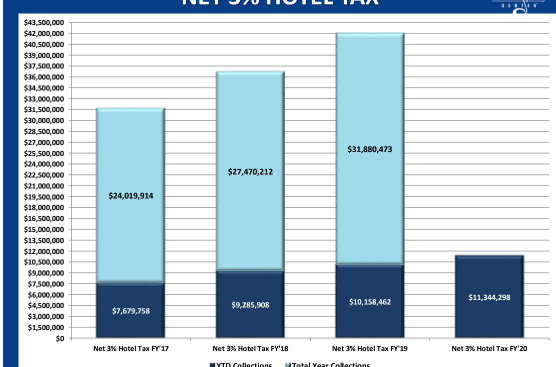
	FY 2019	FY 2020	Variance
2/5 of 5% Occupancy Tax	$2,412,449	$2,764,923	14.61%
Net 1% Occupancy Tax	$1,077,646	$1,253,699	16.34%
$2 Room Tax	$1,316,276	$1,471,867	11.82%
Contracted Vehicle	$314,700	$318,931	1.34%
Rental Vehicle	$156,263	$169,672	8.58%
Campus Sales Tax	$1,474,234	$1,838,470	24.71%
TDZ Sales Tax Increment	$44,760,433	$56,461,491	26.14%
Total Tax Collections	**$51,512,001**	**$64,279,051**	**24.78%**

MCC Portion of Year-to-Date Tourism Tax Collections

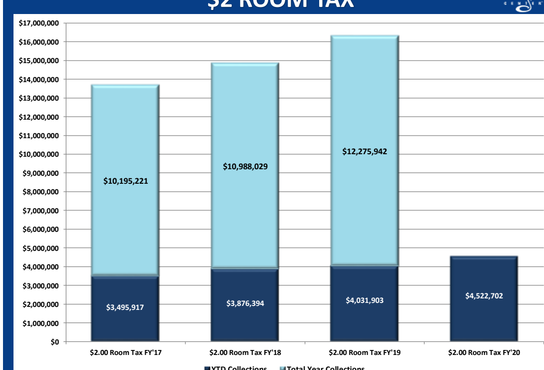
	FY 2019	FY 2020	Variance
2/5 of 5% Occupancy Tax	$6,999,496	$7,920,436	13.16%
Net 1% Occupancy Tax	$3,158,966	$3,423,862	8.39%
$2 Room Tax	$4,031,903	$4,522,702	12.17%
Contracted Vehicle	$682,242	$977,522	43.28%
Rental Vehicle	$493,365	$526,841	6.79%
Campus Sales Tax	$4,535,580	$5,251,913	15.79%
TDZ Sales Tax Increment	$44,760,433	$56,461,491	26.14%
Total YTD Tax Collections	**$64,661,986**	**$79,084,768**	**22.30%**

All numbers subject to change by CCA Auditors.

NET 3% HOTEL TAX

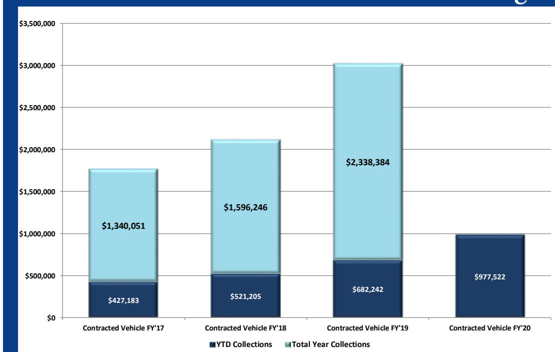


$2 ROOM TAX



Convention Center Authority
Attachment # 1
December 12, 2019

CONTRACTED VEHICLE



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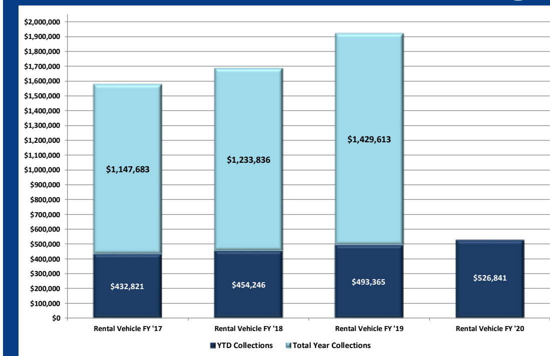
RENTAL VEHICLE



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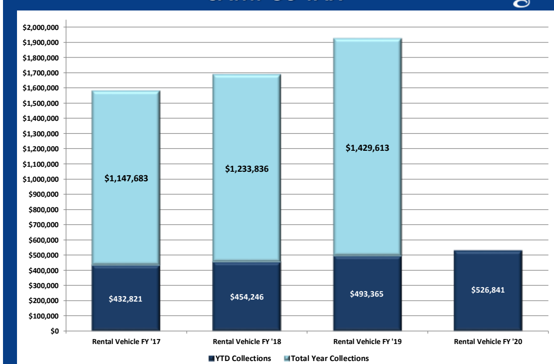
CAMPUS TAX



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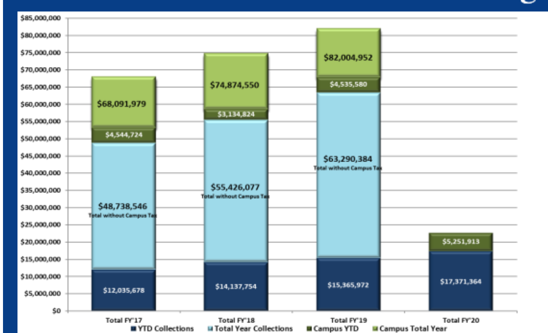
TOTAL MCC COLLECTIONS BY YEAR

WITH CAMPUS TAX



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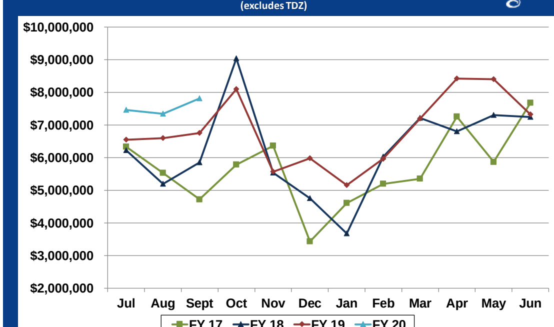
TOTAL MCC COLLECTIONS BY YEAR

(excludes TDZ)



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November Events

- 25 Events
- 39,094 Attendees
- 44,176 Room Nights
- $40,448,239 Direct Economic Impact

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November Tours & Site Visits

- 9 Sales Site Visits
- 3 Group Tours with 26 Attendees

We appreciate your dedicated service to the CCA Board

Randy Goodman
Board Member 2015 - 2019

We appreciate your dedicated service to the CCA Board

Willie McDonald
Board Member 2009 – 2019
&
MCCC Board Member 2000 - 2009

Convention Center Authority

December 12, 2019

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Financial Statements

June 30, 2019 and 2018

(With Independent Auditors' Reports Thereon)

Convention Center Authority
Attachment #2
December 12, 2019

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Table of Contents

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Management's Discussion and Analysis (Unaudited)

June 30, 2019, 2018, and 2017

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, 2019, 2018, and 2017. This MD&A should be read in conjunction with the Authority's financial statements and notes.

Overview of the Financial Statements

The Authority's financial report consists of this MD&A, financial statements, and notes to the financial statements. The Authority's financial statements are prepared using U.S. generally accepted accounting principles applied to government 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, 2019 and 2018 are included in the statements of net position. For the years ended June 30, 2019 and 2018, the Authority's revenues and expenses are reported in the statements of revenue, expenses, and changes in net position. The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities.

(Continued)

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Management's Discussion and Analysis (Unaudited)

June 30, 2019, 2018, and 2017

Financial Analysis

The Authority's net position as of June 30, 2019, 2018, and 2017 was as follows (in thousands of dollars):

		2019	2018	2017
Current assets	$	232,808	186,661	176,805
Capital assets		698,241	691,864	656,494
Other noncurrent assets		57,742	54,278	53,746
Total assets	$	988,791	932,803	887,045
Deferred outflows of resources	$	458	—	—
Current liabilities	$	47,846	58,864	43,517
Noncurrent liabilities		577,220	590,584	602,773
Total liabilities	$	625,066	649,448	646,290
Deferred inflows of resources	$	694	256	278
Net position:				
Net investment in capital assets	$	110,969	106,849	41,886
Restricted for debt retirement		74,102	69,394	67,992
Restricted for other purposes		21,806	—	—
Unrestricted		156,612	106,856	130,599
Total net position	$	363,489	283,099	240,477

The Authority was created to develop, acquire, construct, and then operate a convention center (the Music City Center) within the boundaries of the Metropolitan Government of Nashville and Davidson County (Metropolitan Government), Tennessee. During the year ended June 30, 2010, the Authority issued revenue bonds for and began construction of the Music City Center (MCC). Construction is complete, and operation of the MCC began in May of 2013. As more fully described in the financial statements and notes, 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 MCC. Liabilities consist primarily 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 $111.0 million of the Authority's net position of $363.5 million is invested in capital assets while $74.1 million is restricted for debt retirement and $21.8 million is restricted for other purposes.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Management's Discussion and Analysis (Unaudited)

June 30, 2019, 2018, and 2017

The Authority's change in net position for the years ended June 30, 2019, 2018, and 2017 was as follows (in thousands of dollars):

		2019	2018	2017
Operating revenue	$	29,493	26,113	25,164
Operating expense		(40,408)	(40,229)	(37,824)
Operating loss		(10,915)	(14,116)	(12,660)
Nonoperating revenue, net		91,305	56,737	55,122
Capital contributions		—	—	5
Net increase in net position	$	80,390	42,621	42,467

The increase in operating revenue during 2019 is primarily driven by an increase in food and beverage revenue along with a significant increase in advertising revenue made possible by expanding digital signage throughout the building. The increase in operating expense for the year ended June 30, 2019 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 2019. The increase in nonoperating revenue, net for the year ended June 30, 2019 is due to an increase in tourism tax collections over prior years, driven by events held at the MCC and an overall increase in tourism. The increase in nonoperating revenue is partially offset, however, by nonoperating expenses for the 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, 2019.

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. The increase in nonoperating revenue, net 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 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.

(Continued)

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Management's Discussion and Analysis (Unaudited)

June 30, 2019, 2018, and 2017

Capital Assets and Long-Term Debt

During the year ended June 30, 2019, the Authority incurred costs of $22,967,422 for various assets acquired subsequent to the opening of the MCC. This includes the start of a safety bollard project around the MCC campus and two land purchases, which will be detailed in note 4 to the financial statements. During the year ended June 30, 2018, the Authority incurred costs of $52,177,288 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 prefunction space expansion near the Davidson ballroom.

In fiscal year 2010, the Authority issued revenue bonds totaling $623,215,000, with 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 at issuance were as follows:

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

Other Matters

The Authority's board entered into an agreement with Omni Hotels in 2010 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's 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.

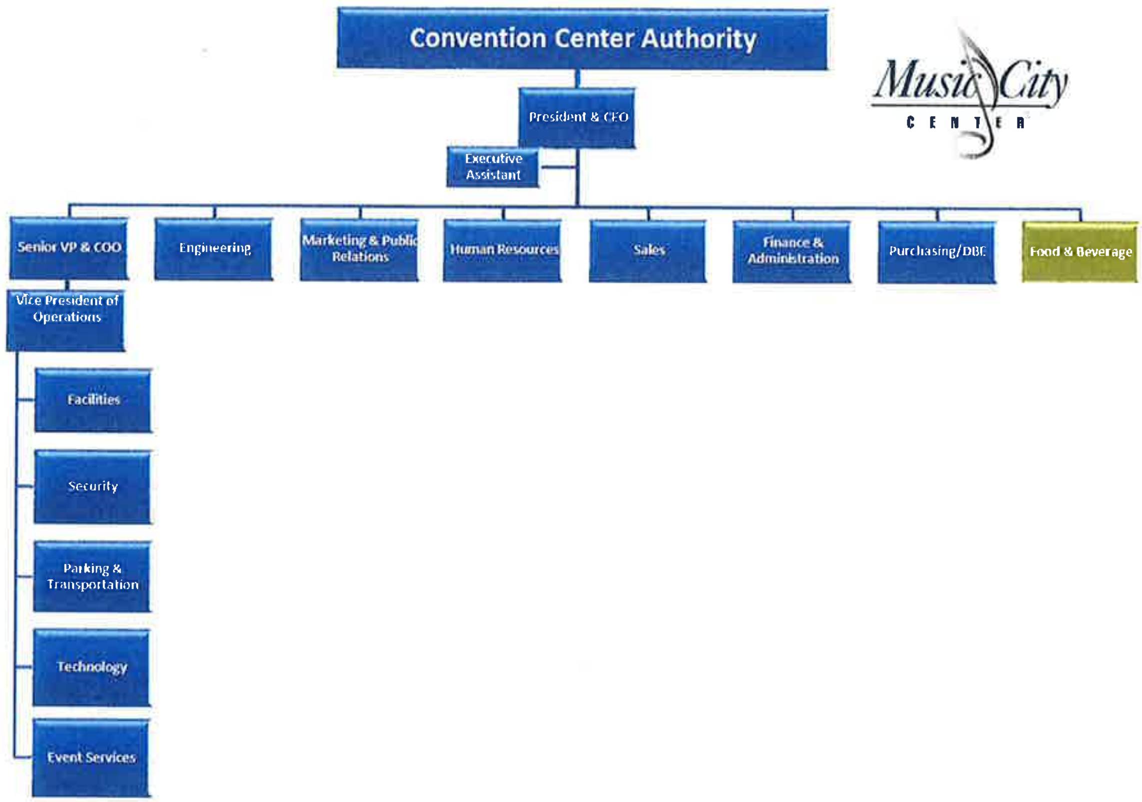
The Authority's board entered into an agreement in 2016 with a private developer, Oliver McMillian Spectrum Emery, related to the development of the Fifth + Broadway complex on the previous Nashville Convention Center site. As more fully described in note 11 to the financial statements, the Authority 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

(A Component Unit 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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Authority Members as of June 30, 2019 (Unaudited)

Marty Dickens, Chair

Irwin Fisher

Randy Goodman

Vonda McDaniel

Willie McDonald

David McMurry

Randy Rayburn

Renata Soto

Leigh Walton

KPMG

Convention Center Authority
Attachment #2
December 12, 2019

KPMG LLP
1201 Demonbreun Street
Suite 1100
Nashville, TN 37203

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 financial statements of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Authority), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in Management's Discussion and Analysis on pages 1–4 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The other information on pages 5–6 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 30, 2019 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 solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Nashville, Tennessee
October 30, 2019

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Statements of Net Position

June 30, 2019 and 2018

Assets		2019	2018
Current assets:			
Cash and cash equivalents	$	169,486,190	124,392,411
Accounts receivable		1,219,712	2,167,684
Accrued interest receivable		424,029	197,828
Due from the primary government		10,337	133
Prepaid expenses		477,273	484,931
Restricted for construction funds:			
Cash and cash equivalents		3,322,847	24,288,358
Accrued interest receivable		—	4,267
Due from the primary government		—	15
Restricted for debt service and reserve funds:			
Cash and cash equivalents		20,000,721	20,315,809
Accrued interest receivable		222,297	189,137
Due from the primary government		12,335,574	10,917,002
Accounts receivable		3,503,708	3,703,928
Restricted for other purposes:			
Cash and cash equivalents		21,805,663	—
Total current assets		232,808,351	186,661,503
Other noncurrent and capital assets:			
Restricted for debt service and reserve funds:			
Cash and cash equivalents		17,816,581	15,434,081
Investments		39,925,349	38,843,797
Total other noncurrent assets		57,741,930	54,277,878
Capital assets:			
Land		91,308,016	82,491,161
Art collection		1,183,844	1,183,844
Buildings and improvements		652,006,884	635,801,323
Furniture, machinery, and equipment		6,156,386	5,653,475
Construction work in progress		47,991,408	50,751,893
Less accumulated depreciation		(100,405,488)	(84,017,645)
Total capital assets		698,241,050	691,864,051
Total other noncurrent and capital assets		755,982,980	746,141,929
Total assets	$	988,791,331	932,803,432
Deferred Outflows of Resources			
Deferred outflows, pensions	$	457,995	—

(Continued)

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Statements of Net Position

June 30, 2019 and 2018

Liabilities		**2019**	**2018**
Current liabilities:			
Accounts payable and accrued liabilities	$	3,316,770	3,309,668
Accrued payroll		1,734,246	1,449,948
Due to the primary government		6,016	7,508,078
Unearned revenue		9,190,541	7,482,470
Liabilities payable from restricted assets:			
Construction funds:			
Accounts payable and accrued liabilities		471,227	6,848,526
Debt service and reserve funds:			
Accrued interest payable		19,702,036	20,010,477
Current portion of long-term debt		13,425,000	12,255,000
Total current liabilities		47,845,836	58,864,167
Noncurrent liabilities:			
Long-term revenue bonds payable		576,698,461	590,203,957
Net pension liability		521,642	380,133
Total noncurrent liabilities		577,220,103	590,584,090
Total liabilities	$	625,065,939	649,448,257
Deferred Inflows of Resources			
Deferred inflows, pensions	$	694,322	256,485
Net Position			
Net position:			
Net investment in capital assets	$	110,969,209	106,849,208
Restricted for debt retirement		74,102,194	69,393,277
Restricted for other purposes		21,805,663	—
Unrestricted		156,611,999	106,856,205
Total net position	$	363,489,065	283,098,690

See accompanying notes to financial statements.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2019 and 2018

	2019	2018
Operating revenue:		
Charges for services	$ 29,493,361	26,113,064
Operating expense:		
Personal services	11,586,192	10,639,031
Contractual services	10,320,149	10,347,552
Supplies and materials	1,030,335	1,338,950
Depreciation	16,562,334	16,807,244
Other	909,079	1,096,021
Total operating expense	40,408,089	40,228,798
Operating loss	(10,914,728)	(14,115,734)
Nonoperating revenue (expense):		
Tourism tax revenue	126,820,172	102,539,865
Investment income	6,120,198	1,508,546
Other income	177,271	137,240
Interest expense	(26,973,568)	(27,492,066)
Other expense	(14,838,970)	(19,956,971)
Total nonoperating revenue, net	91,305,103	56,736,614
Increase in net position	80,390,375	42,620,880
Net position, beginning of year	283,098,690	240,477,810
Net position, end of year	$ 363,489,065	283,098,690

See accompanying notes to financial statements.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Statements of Cash Flows

Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 32,139,200	27,753,450
Payments to suppliers	(19,746,865)	(12,189,190)
Payments to employees	(11,180,543)	(10,272,073)
Net cash provided by operating activities	1,211,792	5,292,187
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(29,344,706)	(48,284,872)
Principal paid	(12,255,000)	(10,315,000)
Interest paid	(39,712,513)	(40,262,134)
Interest subsidy	12,350,009	12,448,394
Other expense	(2,633,611)	(74,304)
Net cash used in capital and related financing activities	(71,595,821)	(86,487,916)
Cash flows from noncapital financing activities:		
Receipts from governments	125,601,820	101,612,732
Payments to hotel developer	(12,000,000)	(12,000,000)
Net cash provided by noncapital financing activities	113,601,820	89,612,732
Cash flows from investing activities:		
Purchases of investments	(9,293,910)	(7,676,068)
Proceeds from sales and maturities of investments	9,347,587	6,626,348
Interest income	4,729,875	2,058,468
Net cash provided by investing activities	4,783,552	1,008,748
Net changes in cash and cash equivalents	48,001,343	9,425,751
Cash and cash equivalents at beginning of year	184,430,659	175,004,908
Cash and cash equivalents at end of year	$ 232,432,002	184,430,659

(Continued)

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019	2018
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(10,914,728)	(14,115,734)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation		16,562,334	16,807,244
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable		947,972	227,304
Prepaid expenses		7,658	(9,797)
Due from the primary government		(10,204)	2,434
Deferred outflows of resources		(163,895)	106,575
Accounts payable and accrued liabilities		7,102	602,230
Accrued payroll		284,298	242,008
Due to the primary government		(7,502,062)	900
Unearned revenue		1,708,071	1,410,648
Net pension liability		141,509	146,682
Deferred inflows of resources		143,737	(128,307)
Total adjustments		12,126,520	19,407,921
Net cash provided by operating activities	$	1,211,792	5,292,187
Schedule of noncash capital and related financing activities:			
Amortization of bond premium	$	80,496	80,495
Acquisition of capital assets with accounts payable		471,227	6,848,526
Schedule of noncash investing activities:			
Unrealized gain on investments	$	1,135,229	712,655
Schedule of noncash noncapital financing activities:			
Due to primary government	$	—	7,500,000
Cash and cash equivalents as reported in the Statements of Net Position:			
Current assets	$	169,486,190	124,392,411
Current assets restricted for construction funds		3,322,847	24,288,358
Current assets restricted for debt service and reserve funds		20,000,721	20,315,809
Current assets restricted for other purposes		21,805,663	—
Noncurrent assets restricted for debt service and reserve funds		17,816,581	15,434,081
Total cash and cash equivalents	$	232,432,002	184,430,659

See accompanying notes to financial statements.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

(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 government 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. The Authority also participates in the Metropolitan Government's Investment Pool.

Investments – Investments consist primarily of U.S. government securities and are stated at fair value. Investment income consists of interest earned on investments and realized and unrealized appreciation or depreciation in the fair value of investments.

Amounts due from and due to the primary government – Amounts due from the primary government consist primarily of certain tourism tax revenues collected by the Metropolitan Government and pledged to the Authority for the repayment of revenue bonds, which are accrued as those taxes are earned by the Metropolitan Government. Such amounts are remitted to the Authority and are reported as tourism

(Continued)

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 fiscal year 2018 and amended in 2019 and discussed in detail in note 11 to the financial statements 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 debt service reserve funds and of amounts accumulated for capital projects and other purposes. 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.

(Continued)

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 (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.

Net position – Components of net position are classified and displayed in three components as applicable: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted amounts consist of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted assets are comprised of all other assets that constitute the components of net position that do not meet the definition of "restricted" or "net investment in capital assets".

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 to the financial statements.

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.

(Continued)

(d) Recent Accounting Pronouncements

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, for fiscal year 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The implementation did not have a material effect on the Authority's financial statements for fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities,* was issued in January 2017. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the Authority in fiscal year 2020. The Authority is in the process of evaluating the impact of GASB Statement No. 84.

GASB Statement No. 87, *Leases,* was issued in June 2017. This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating leases, based on the payment provisions of the contract. This statement applies to all leases with a term greater than one year. This statement will be effective for the Authority in fiscal year 2021. The Authority is in the process of evaluating the impact of GASB Statement No. 87.

The Authority implemented GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, for fiscal year 2019. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements. The implementation did not have a material effect on the Authority's financial statements for fiscal year 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of* a *Construction Period*, was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement will be effective for the Authority in fiscal year 2021. The Authority is in the process of evaluating the impact of GASB Statement No. 89.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, was issued in August 2018. The primary objective of this Statement is to improve the consistency and comparability of reporting majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Authority is in the process of evaluating the impact of GASB Statement No. 90. This statement will be effective for the Authority in fiscal year 2020.

(2) Cash and Investments

The Authority is authorized by state statutes and policy to invest funds that are not immediately needed in U.S. Treasury bills, bonds, and notes; the Tennessee Local Government Investment Pool (LGIP); the Tennessee Intermediate-Term Investment Fund (ITIF); the First Tennessee Bank Advisors Direct Holdings (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 (MIP). Additional information regarding the underlying investments of the MIP is available in the Metropolitan Government's 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.

At June 30, 2019, the Authority had the following deposits and investments:

Investment type	Fair value	Weighted average maturity (in years)
Cash on deposit	$ 324,685	—
Metropolitan Government investment pool	196,531,599	(1)
U.S. Treasury money market funds	35,575,718	—
Cash and cash equivalents	232,432,002	
U.S. government agencies	38,442,944	2
Municipal obligations	1,482,405	3
Total investments	39,925,349	
Total cash and investments	$ 272,357,351	

(1) The Metropolitan Government investment pool includes investments in the Tennessee Local Government Investment Pool, the Tennessee Intermediate-Term Investment Fund, and the First Tennessee Bank Advisors Short Investment Pool. The weighted average maturity of these at June 30, 2019 was 0.12, 2.71, and 0.57 years, respectively.

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

Investment type		Fair value	Weighted average maturity (in years)
Cash on deposit	$	331,257	0
Metropolitan Government investment pool		150,441,306	(1)
U.S. Treasury money market funds		33,658,096	0
Cash and cash equivalents		184,430,659	
U.S. government agencies		37,425,622	2
Municipal obligations		1,418,175	4
Total investments		38,843,797	
Total cash and investments	$	223,274,456	

(1) The Metropolitan Government investment pool includes investments in the Tennessee Local Government Investment Pool, the Tennessee Intermediate-Term Investment Fund, and the First Tennessee Bank Advisors Short Investment Pool. The weighted average maturity of these at June 30, 2018 was 0.12, 2.95, and 0.69 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, 2019 and 2018, 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 June 30, 2019 and 2018, 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, 2019 and 2018, 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 a liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or a liability.

All investments held by the Authority are considered Level 1.

(3) Accounts Receivable

Accounts receivable of $4,723,420 at June 30, 2019 consisted of $1,219,712 for operating events and $3,503,708 of accrued tourism taxes. 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.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

(4) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases/ Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	$ 82,491,161	8,816,855	—	91,308,016
Art collection	1,183,844	—	—	1,183,844
Construction in progress	50,751,893	13,355,648	(16,116,133)	47,991,408
Total capital assets, not being depreciated	134,426,898	22,172,503	(16,116,133)	140,483,268
Capital assets, being depreciated:				
Buildings and improvements	635,801,323	257,408	15,948,153	652,006,884
Furniture, machinery, and equipment	5,653,475	537,511	(34,600)	6,156,386
Total capital assets, being depreciated	641,454,798	794,919	15,913,553	658,163,270
Less accumulated depreciation:				
Buildings and improvements	(81,104,249)	(15,911,567)	—	(97,015,816)
Furniture, machinery, and equipment	(2,913,396)	(650,767)	174,491	(3,389,672)
Total accumulated depreciation	(84,017,645)	(16,562,334)	174,491	(100,405,488)
	$ 691,864,051	6,405,088	(28,089)	698,241,050

The changes in land for the years ended June 30, 2019 and 2018 are due to the acquisition of two parcels of land by the Authority in August 2018 and April 2019.

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

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

	Balance June 30, 2017	Increases	Decreases/ Transfers	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

(5) Unearned Revenue

Unearned revenue of $9,190,541 and $7,482,470 represents deposits received for events scheduled to occur in future years at June 30, 2019 and 2018, respectively.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

(6) Long-Term Revenue Bonds Payable

Long-term debt activity during the year ended June 30, 2019 and descriptions of the amounts outstanding are as follows.

	Balance June 30, 2018	Additions	Repayments/ amortization	Balance June 30, 2019
The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County:				
2010A-1, bearing interest at 3.25% to 5.00% payable semiannually, maturing through July 1, 2026	$ 41,520,000	—	(3,725,000)	37,795,000
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	407,900,000	—	(8,530,000)	399,370,000
Original issue premium	643,957	—	(80,496)	563,461
	$ 602,458,957	—	(12,335,496)	590,123,461

(Continued)

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

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

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.

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

(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)

Notes to Financial Statements

June 30, 2019 and 2018

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.

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 35.0% 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% in each of the fiscal years ended June 30, 2019 and 2018. 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)

CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
(A Component Unit of the Metropolitan Government of Nashville and Davidson County, Tennessee)
Notes to Financial Statements
June 30, 2019 and 2018

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(s) ending June 30:				
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		15,810,000	35,853,147	(11,170,542)
2025–2029		90,425,000	163,853,973	(51,970,609)
2030–2034		112,015,000	129,622,280	(41,420,800)
2035–2039		139,825,000	85,981,443	(27,475,370)
2040–2044		174,565,000	31,473,521	(10,057,364)
	$	589,560,000	598,408,751	(188,745,019)

(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 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 $521,642 at June 30, 2019, $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, 2019, 2018, and 2017 was 0.43%, 0.47%, and 0.57%, respectively.

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 $457,995 and $694,322, respectively, at June 30, 2019 and $0 and $256,485, respectively, at June 30, 2018. The deferred outflows of resources and deferred inflows of resources were $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 $260,182, $246,655, and $214,144 for the years ended June 30, 2019, 2018, and 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 is available in the Comprehensive Annual Financial Report, which can be obtained from the Department of Finance, Financial Operations, 700 2nd Ave South, PO Box 196300, Nashville, TN, 37219-6300, or http://www.nashville.gov/Finance/Financial-Operations.aspx.

(b) Other Post-Employment Benefit (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 OPEB Plans 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 who 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, 2019 or June 30, 2018. Actuarially determined OPEB Plans 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) defined contribution deferred compensation plan to its employees hired directly by the Authority. The plan is administered by the Authority and benefit terms, including contribution requirements, for the plan are established and may be amended by the Authority. Former employees of the Nashville Convention Center who are members of the Metro Pension Plan 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. Participants are immediately vested in their own contributions, rollover contributions, and actual earnings thereon. A participant is 100% vested in the Employer's contribution portion of their account plus actual earnings thereon after five years of credited service. Pension expense recorded by the Authority to the 401(k) Plan totaled $113,347, $153,269, and $133,486 for the years ended June 30, 2019, 2018, and 2017, respectively. Forfeitures are used to reduce future employer matching contributions or to pay certain administrative expenses of the plan. 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 Metropolitan Development and Housing Agency. 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
Year ending June 30:		
2020	$	350,000
2021		350,000
2022		350,000
2023		350,000
2024		350,000
Thereafter		27,000,000

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, 2019, net of accumulated depreciation of $4,738,093 is $32,533,640. The carrying amount of the connector on the Authority's statement of net position at June 30, 2018 is $33,485,933, net of accumulated depreciation of $3,805,800.

(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 to the financial statements.

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.

(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, 2019 and June 30, 2018 totaled $12,000,000 in each year. The schedule of future annual payments is expected to be as follows.

		Annual payment
Year(s) ending June 30:		
2020–2026	$	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 on 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 U.S. 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.

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 were completed 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 consisted 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, both of which were remitted to the Metropolitan Government during the year ended June 30, 2019. In addition, the MOU outlined a formula to calculate future payments contingent on the Authority's ability to fully fund its operating expenses, debt service, and debt service reserves. In March of 2019, the original MOU was amended and restated to replace calculated future payments with a one-time additional $10,000,000 payment to the Metropolitan Government related to fiscal 2020 revenues to be paid no later than August 31, 2020.

(12) Subsequent Events

On July 11, 2019, the Authority approved the sponsorship of the National Museum of African American Music in the amount of $6,000,000 to include the exclusive naming rights for "The Francis S. Guess Theatre" and other sponsorship benefits. The Authority authorized the president and CEO to negotiate and execute an agreement reflecting such.

The Authority has evaluated subsequent events through October 30, 2019, the date the financial statements were available for issuance, and has determined that there are no other subsequent events that require additional disclosure.

KPMG LLP
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Suite 1100
Nashville, TN 37203

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 the 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) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2019.

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

Nashville, Tennessee
October 30, 2019

KPMG

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

Financial Statements and Supplemental Information

December 31, 2018 and 2017

(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.

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KPMG LLP
1201 Demonbreun Street
Suite 1100
Nashville, TN 37203

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, 2018 and 2017, 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 (ERISA), 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, 2018 and 2017, 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 4i – Schedule of Assets (Held at End of Year) as of December 31, 2018 and Schedule H, Line 4j – Schedule of Reportable Transactions for the year ended December 31, 2018 are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA 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 14, 2019

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

Statements of Fiduciary Net Position

December 31, 2018 and 2017

	2018	2017
Assets:		
Investments:		
Mutual funds, at fair value	$ 1,396,385	1,243,823
Guaranteed investment contract, at contract value	30,153	16,731
Total investments	1,426,538	1,260,554
Contributions receivable	18,957	23,066
Total assets	1,445,495	1,283,620
Liabilities – excess participant contributions payable	(5,755)	—
Net position restricted for pensions	$ 1,439,740	1,283,620

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, 2018 and 2017

		2018	2017
Additions:			
Investment (loss) income:			
Net (depreciation) appreciation in fair value of investments	$	(184,129)	144,947
Interest and dividends		55,394	37,144
Total investment (loss) income		(128,735)	182,091
Contributions:			
Participants		248,188	205,363
Employer		95,740	113,672
Rollovers		74,520	545
Total contributions		418,448	319,580
Total additions		289,713	501,671
Deductions:			
Benefits paid directly to participants		118,243	133,508
Administrative fees and charges		15,350	12,810
Total deductions		133,593	146,318
Net increase in net position		156,120	355,353
Net position restricted for pensions:			
Beginning of year		1,283,620	928,267
End of year	$	1,439,740	1,283,620

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, 2018 and 2017

(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 matches 100% of employee contributions up to 3% of salary and 50% of employee contributions up to 5% of salary.

(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 are used to reduce future Employer matching contributions or to pay certain administrative expenses of the Plan. Forfeitures totaling $81,803 were used to reduce 2018 Employer contributions. There were no unallocated forfeitures at December 31, 2018. At December 31, 2017, unallocated forfeitures totaled $61,923.

(Continued)

(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, 2018 and 2017, the Plan had 217 and 192 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).

The Plan has 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 impact of reporting under GASB primarily relates 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

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions. The Plan distributed the 2018 excess contributions to the applicable participants prior to March 15, 2019.

(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.

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

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

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

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

Notes to Financial Statements

December 31, 2018 and 2017

Mutual funds are 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, 2018 and 2017:

		2018		
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Balanced Funds	$ 1,232,969	—	—	1,232,969
Index Funds	153,282	—	—	153,282
Fixed Income Funds	9,653	—	—	9,653
Money Market Funds	481	—	—	481
Total investments at fair value	$ 1,396,385	—	—	1,396,385
Guaranteed investment contract, at contract value				30,153
Total investments				$ 1,426,538

		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, 2018 and 2017

(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, 2018 and 2017, the Plan had the following fixed income and money market investments with the corresponding average duration:

	2018		2017	
Type of investments	Average duration (years)	Fair value	Average duration (years)	Fair value
Fixed income mutual funds:				
JP Morgan Core Bond Fund R2	5.84	$ 1,578	5.72	$ 1,399
Blackrock Inflation Protect Bd SerC	7.62	7,243	7.28	3,948
Templeton Global Bond Fund	(2.82)	832	(1.14)	1,403
Money market fund:				
Vanguard Federal MMKT FD	—	$ 481	—	$ 65,845

(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.

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

Notes to Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017, and for the years then ended:

		2018	2017
Mutual funds	$	1,396,385	1,243,823
Guaranteed investment contract, at contract value		30,153	16,731
Net (depreciation) appreciation in fair value of investments		(184,129)	144,947
Interest and dividends		55,394	37,144

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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(7) Transactions with Parties-in-Interest

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

(8) Plan Termination

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

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

Notes to Financial Statements

December 31, 2018 and 2017

(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:

		2018	2017
Net position restricted for pensions per the financial statements	$	1,439,740	1,283,620
Less contribution receivable at end of year		(18,957)	(23,066)
Plus excess participant contribution payable		5,755	—
Net position restricted for pensions per Form 5500	$	1,426,538	1,260,554

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:

		2018	2017
Total increase in net position restricted for pensions	$	156,120	355,353
Add contribution receivable at beginning of year		23,066	12,732
Less contribution receivable at end of year		(18,957)	(23,066)
Plus excess participant contribution payable		5,755	—
Other		—	(38)
Total increase in net position restricted for pensions per Form 5500	$	165,984	344,981

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

		2018	2017
Participant contributions per financial statements	$	248,188	205,363
Add participant contribution receivable at beginning of year		17,884	7,657
Less participant contribution receivable at end of year		(10,524)	(17,884)
Add excess participant contribution payable		5,755	—
Total employee contributions per Form 5500	$	261,303	195,136

(Continued)

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

Notes to Financial Statements

December 31, 2018 and 2017

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

		2018	2017
Employer contributions per financial statements	$	95,740	113,672
Add employer contribution receivable at beginning of year		5,182	5,075
Less employer contribution receivable at end of year		(8,434)	(5,182)
Total employer contributions per Form 5500	$	92,488	113,565

(10) Subsequent Events

The Plan has evaluated subsequent events from December 31, 2018 through October 14, 2019, 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 4i – Schedule of Assets (Held at End of Year)

December 31, 2018

(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	$	36,354
	JPMorgan	JPMORGAN SMARTRETIREMENT 2025		129,796
	JPMorgan	JPMORGAN SMARTRETIREMENT 2030		195,579
	JPMorgan	JPMORGAN SMARTRETIREMENT 2035		166,527
	JPMorgan	JPMORGAN SMARTRETIREMENT 2040		106,975
	JPMorgan	JPMORGAN SMARTRETIREMENT 2045		126,273
	JPMorgan	JPMORGAN SMARTRETIREMENT 2050		200,391
	JPMorgan	JPMORGAN SMARTRETIREMENT 2055		86,477
	JPMorgan	JPMORGAN SMARTRETIREMENT INCOME		53,866
	JPMorgan	JP MORGAN RESEARCH MRKT NEUTRAL FD – A		321
	JPMorgan	JPMORGAN CORE BOND FUND-R2		1,578
	Virtus	VIRTUS SEIX HIGH INCOME R		48,728
	BlackRock	BLACKROCK INFLATION PROTECT BD SER – C		7,243
	BlackRock	BLACKROCK S & P STOCK FUND – A		153,282
	AllianceBernstein	ALLIANCE/BERN DISCOVERY VALUE FD – R		8,105
	American Funds	AM FDS EUROPACIFIC GROWTH – R3		24,124
	Deutsche Bank	DEUTSCHE ENHANCED COMMODITY STRATEGY A		7
	Franklin Templeton	FRANKLIN RISING DIVIDENDS – R		26,199
	Franklin Templeton	TEMPLETON GLOBAL BOND FUND		832
	John Hancock	J HANCOCK INCOME FD – R3		3,308
	Prudential Investments	PRUD-JENNISON SMALL COMP FD – R		8,498
	Prudential Investments	PRUDENTIAL GLOBAL REAL EST – R (1548)		4,989
	Wells Fargo	WFA EMERGING MARKETS EQUITY FD A SHARES		6,452
	Vanguard	Vanguard Federal MMKT FD		481
		Total mutual fund accounts		1,396,385
*	CUNA Mutual	GUARANTEED ACCOUNT (CLASS 23)		30,153
		Total guaranteed investment contract		30,153
		Total cash and investments held at end of year	$	1,426,538

* 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.

Schedule 2

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

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
Series of transactions:								
JPMorgan	JPMorgan Smart Retirement 2035	$ 21	N/A	N/A	N/A	$ 122,882	122,882	—
JPMorgan	JPMorgan Smart Retirement 2035	N/A	$ 21	N/A	N/A	116,746	127,777	11,031

See accompanying independent auditors' report.