NEW ISSUE - Book-Entry-Only

Ratings: Moody's: “Aa1”
S&P: “AA”
(See "Ratings" herein)

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Metropolitan Government, interest on the Series 2013A Bonds (as defined below) will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Series 2013A Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Series 2013A Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
$374,665,000
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2013A

Dated: Date of Delivery **Due: January 1, as shown on inside cover**

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its $374,665,000 General Obligation Improvement Bonds, Series 2013A (the “Series 2013A Bonds”). The Series 2013A Bonds are being issued pursuant to the provisions of Tennessee law described herein and pursuant to resolution of the Metropolitan County Council of the Metropolitan Government as further described herein.

The proceeds of the Series 2013A Bonds will be used to (i) retire a portion of the Metropolitan Government’s currently outstanding General Obligation Commercial Paper Bond Anticipation Notes (the “Retired Commercial Paper”) which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the “Commercial Paper Projects”), (ii) finance the construction, acquisition, renovation and equipping of additional capital projects (the “New Projects”), (iii) pay interest on the Series 2013A Bonds attributable to the financing of the New Projects during construction of the New Projects and up to six months thereafter; (iv) pay interest on the Series 2013A Bonds attributable to the retirement of the Retired Commercial Paper during any remaining construction of the Commercial Paper Projects and up to six months thereafter; (v) reimburse the Metropolitan Government for funds previously spent for the New Projects and (vi) pay costs incident to the sale and issuance of the Series 2013A Bonds.

The Series 2013A Bonds will be direct obligations of the Metropolitan Government for which its full faith and credit are pledged and shall be payable from ad valorem taxes to be levied on all taxable property within the Metropolitan Government without limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein. The Metropolitan Government has never defaulted on its bonds or notes.

The Series 2013A Bonds shall be fully registered bonds without coupons in denominations of $5,000 as described herein and integral multiples thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, (“DTC”) to which principal and interest will be paid. Beneficial owners of the Series 2013A Bonds will not receive physical delivery of Bond certificates except as described herein. U.S. Bank National Association, Nashville, Tennessee, will serve as Registrar and Paying Agent (the “Registration Agent”) for the Series 2013A Bonds.

The Series 2013A Bonds will be dated their date of delivery, will mature on January 1 in each of the years and in the principal amounts as specified on the inside cover and will bear interest from their date payable on January 1 and July 1 in each year beginning January 1, 2014, at the rates per annum specified on the inside cover. The Series 2013A Bonds are subject to optional redemption as described herein.

The Series 2013A Bonds are offered for delivery when, as, and if issued, subject to the legal opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the Metropolitan Government. Certain legal matters will be passed on for the Metropolitan Government by the Metropolitan Director of Law and for the Underwriters by their counsel, Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee. The Series 2013A Bonds will be available for delivery through DTC on or about May 9, 2013.

GOLDMAN, SACHS & CO.

J.P. MORGAN **PIPER JAFFRAY & CO.** **RICE FINANCIAL PRODUCTS COMPANY**

JEFFERIES **RAYMOND JAMES** **DUNCAN-WILLIAMS, INC.** **FIFTH THIRD SECURITIES**

This Official Statement is dated April 16, 2013

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$374,665,000
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2013A

Maturity (January 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2020	$ 8,525,000	5.000%	1.280%	592112MS2
2021	100,000	3.000	1.520	592112MT0
2021	18,235,000	5.000	1.520	592112NF9
2022	14,240,000	5.000	1.750	592112MU7
2023	890,000	4.000	1.970	592112MV5
2023	14,855,000	5.000	1.970	592112NH5
2024	21,080,000	5.000	2.130*	592112MW3
2025	26,910,000	5.000	2.260*	592112MX1
2026	28,260,000	5.000	2.410*	592112MY9
2027	29,670,000	5.000	2.540*	592112NG7
2028	31,155,000	5.000	2.640*	592112MZ6
2029	32,710,000	5.000	2.730*	592112NA0
2030	34,345,000	5.000	2.790*	592112NB8
2031	36,065,000	5.000	2.840*	592112NC6
2032	37,865,000	5.000	2.890*	592112ND4
2033	39,760,000	5.000	2.940*	592112NE2

*Priced to January 1, 2023 par call.

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard and Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. The Metropolitan Government is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, in connection with the offering of the Series 2013A Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Metropolitan Government, the Underwriters or their respective consultants and attorneys. This Official Statement does not constitute an offer or solicitation in any jurisdiction which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the Metropolitan Government and other sources which are believed to be reliable, but is it not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the Underwriters.

This Official Statement is not to be construed as a contract with the purchaser of the Series 2013A Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2013A Bonds are qualified in their entirety by reference to the form thereof included in the Resolution (as defined herein), and the provisions with respect thereto included in the aforementioned documents and agreements.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS INDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2013A BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE SERIES 2013A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE METROPOLITAN GOVERNMENT, THE SERIES 2013A BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE METROPOLITAN GOVERNMENT TO ADVISE IT WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE SERIES 2013A BONDS. THE FINANCIAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE HOLDERS OF THE SERIES 2013A BONDS.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE SERIES 2013A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

For additional information regarding the following, please contact:

Metropolitan Government

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Official Statement

Mr. Lannie B. Holland
Treasurer for the
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APPENDICES

METROPOLITAN GOVERNMENT OFFICIALS, STAFF AND CONSULTANTS

Mayor and Metropolitan County Council

Karl F. Dean – Mayor
Diane Neighbors – Vice Mayor and Council President

Megan Barry – Council Member At Large
Ronnie Steine – Council Member At Large
Tim Garrett – Council Member At Large
Charlie Tygard – Council Member At Large
Jerry Maynard – Council Member At Large
Lonnell Matthews Jr. – District Council Member
Frank Harrison – District Council Member
Walter Hunt – District Council Member
Brady Banks – District Council Member
Scott Davis – District Council Member
Peter Westerholm – District Council Member
Anthony Davis – District Council Member
Karen Bennett – District Council Member
Bill Pridemore – District Council Member
Doug Pardue – District Council Member
Darren Jernigan – District Council Member
Steve Glover – District Council Member
Josh Stites – District Council Member
Bruce Stanley – District Council Member
Phil Claiborne – District Council Member
Tony Tenpenny – District Council Member
Sandra Moore – District Council Member
Burkley Allen – District Council Member
Erica Gilmore – District Council Member
Buddy Baker – District Council Member
Edith Langster – District Council Member
Sheri Weiner – District Council Member
Emily Evans – District Council Member
Jason Holleman – District Council Member
Sean McGuire – District Council Member
Chris Harmon – District Council Member
Davette Blalock – District Council Member
Duane A. Dominy – District Council Member
Karen Y. Johnson – District Council Member
Jason Potts – District Council Member
Fabian Bedne – District Council Member
Jacobia Dowell – District Council Member
Robert Duvall – District Council Member
Carter Todd – District Council Member
Bo Mitchell – District Council Member

Select Administrative Staff

Richard M. Riebeling – Director of Finance
Saul Solomon – Director of Law

Kim McDoniel – Assistant Director of Finance
Lannie B. Holland – Treasurer

Ana L. Escobar – Metropolitan Clerk

Consultants and Advisors

Metropolitan Government Counsel .... Metropolitan Department of Law
Nashville, Tennessee

Bond Counsel .... Bass, Berry & Sims PLC
Nashville, Tennessee

Financial Advisor .... First Southwest Company
Dallas, Texas

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OFFICIAL STATEMENT
RELATING TO

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$374,665,000
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2013A

INTRODUCTION

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its $374,665,000 General Obligation Improvement Bonds, Series 2013A (the "Series 2013A Bonds"). The Series 2013A Bonds are issued pursuant to Chapter 21 of Title 9 of the Tennessee Code Annotated, as amended, the Charter of the Metropolitan Government (the "Charter"), and subject to the terms and conditions contained in the resolution authorizing the Bonds adopted by the Metropolitan County Council on March 19, 2013 (the "Bond Resolution").

The proceeds of the Series 2013A Bonds will be used to (i) retire a portion of the Metropolitan Government's currently outstanding General Obligation Commercial Paper Bond Anticipation Notes (the "Retired Commercial Paper") which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the "Commercial Paper Projects"), (ii) finance the construction, acquisition, renovation and equipping of additional capital projects (the "New Projects"), (iii) pay interest on the Series 2013A Bonds attributable to the financing of the New Projects during construction of the New Projects and up to six months thereafter; (iv) pay interest on the Series 2013A Bonds attributable to the retirement of the Retired Commercial Paper during any remaining construction of the Commercial Paper Projects and up to six months thereafter; (v) reimburse the Metropolitan Government for funds previously spent for the New Projects and (vi) pay costs incident to the sale and issuance of the Series 2013A Bonds.

The Series 2013A Bonds shall be issued as fully registered bonds without coupons and shall be dated as of their date of delivery. The principal of and interest and premium, if any, on the Series 2013A Bonds shall be payable at the office of U.S. Bank National Association, Nashville, Tennessee, Registrar and Paying Agent (the "Registration Agent"), as the same shall become due and payable.

The Series 2013A Bonds will bear interest at the rates specified on the inside cover page, payable semiannually on January 1 and July 1 in each year beginning January 1, 2014, and will be in denominations of $5,000 or any integral multiple thereof and will mature on January 1 in each of the years and in the amounts as specified on the inside cover page. Interest on the Series 2013A Bonds will be paid by draft or check mailed to the person in whose name the Series 2013A Bond is registered in the bond registration books kept by the Registration Agent as Bond Registrar as of the close of business on the fifteenth day of the calendar month next preceding any interest payment date. As long as the Series 2013A Bonds are held by The Depository Trust Company, New York, New York, ("DTC") or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each interest payment date.

The Series 2013A Bonds will initially be issued in book-entry-only form and will be registered in the name of Cede & Co., as nominee of DTC. Purchases of the Series 2013A Bonds will be made in book-entry form through DTC Participants. No physical delivery of Series 2013A Bonds will be made to purchasers of the Series 2013A Bonds unless the book-entry-only system of registration is discontinued, or as may otherwise be provided herein. Payments on the Series 2013A Bonds will be made to bondholders by DTC through DTC Participants. See "THE SERIES 2013A BONDS – BOOK-ENTRY-ONLY SYSTEM" herein.

All financial and other information presented in this Official Statement has been compiled from records of the Metropolitan Government, except for information expressly attributed to other sources. All quotations from, and summaries and explanations of, provisions of statutes contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Series 2013A Bonds and proceedings of the Metropolitan Government relating thereto are qualified in their entirety by reference to the form of the Series 2013A Bonds and such proceedings. Recent historical information does not indicate future or continuing trends in the Metropolitan Government's financial position or other affairs, unless specifically stated.

An electronic link to the Metropolitan Government's comprehensive annual financial report for the fiscal year ended June 30, 2012 is incorporated herein in Appendix A.

Certain financial and demographic information of the Metropolitan Government is set forth in Appendix B. The form of opinion of Bond Counsel is attached hereto as Appendix C, and the form of Continuing Disclosure Certificate is attached as Appendix D.

Investors should consider the entire Official Statement in making an investment decision, and should not consider information more or less important because of its location. Investors should refer to laws, reports or other documents described in this Official Statement for more complete information.

THE SERIES 2013A BONDS

Description of the Series 2013A Bonds

The Series 2013A Bonds will be issued by the Metropolitan Government pursuant to its Charter, the laws of the State of Tennessee (the “State”), particularly Tennessee Code Annotated Sections 9-21-101 et. seq. (the "Local Government Public Obligations Law" or "LGPOL") and the Bond Resolution. .

Book-Entry-Only System

This section describes how ownership of the Series 2013A Bonds is to be transferred and how the principal and interest on the Series 2013A Bonds are to be paid to and credited by DTC while the Series 2013A Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Metropolitan Government believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Metropolitan Government cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2013A Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2013A Bonds), or redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2013A Bonds. The Series 2013A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2013A Bond will be issued for each maturity of the Series 2013A Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's ratings of: AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2013A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for Series 2013A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Series 2013A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2013A Bonds, except in the event that use of the book-entry system for the Series 2013A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2013A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2013A Bond documents. For example, Beneficial Owners of Series 2013A Bonds may wish to ascertain that the nominee holding the Series 2013A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2013A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2013A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Metropolitan Government as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2013A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal of or interest on the Series 2013A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Metropolitan Government or the Registration Agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent or the Metropolitan Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal or interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Metropolitan Government, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2013A Bonds at any time by giving reasonable notice to the Metropolitan Government and the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2013A Bonds are required to be printed and delivered.

The Metropolitan Government may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2013A Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the Series 2013A Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2013A Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Metropolitan Government, the Financial Advisor or the Underwriters.

Effect of Discontinuance of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Metropolitan Government, printed Series 2013A Bonds will be issued to the holders and the Series 2013A Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution.

REDEMPTION PROVISIONS

Optional Redemption

The Series 2013A Bonds maturing January 1, 2024 and thereafter shall be subject to redemption prior to maturity at the option of the Metropolitan Government on January 1, 2023 and thereafter, as a whole or in part at any time, at a redemption price of par plus interest accrued to the redemption date.

If less than all of the Series 2013A Bonds are to be redeemed, the Registration Agent, upon written instruction from the Metropolitan Government, shall select the Series 2013A Bonds for redemption from such maturity dates and in such amounts as are selected by the Metropolitan Government, and if less than all the Series 2013A Bonds within a single maturity are to be redeemed, DTC or a successor depository shall select the

Series 2013A Bonds from within such selected maturities by lot or such other manner as DTC or the successor depository shall determine. If less than all the Series 2013A Bonds within a single maturity are to be redeemed and the Series 2013A Bonds are no longer held under a book-entry system by DTC or a successor depository, the Registration Agent shall select the Series 2013A Bonds from within such selected maturities by lot or such other manner as the Registration Agent shall determine. In any event, the portion of any Series 2013A Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the Metropolitan Government not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2013A Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2013A Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2013A Bonds for which proper notice was given. If at the time of the giving of the notice of redemption there shall not be on deposit with the Registration Agent moneys sufficient to redeem all the Series 2013A Bonds of a series called for redemption, the notice of redemption shall state that the redemption of such Series 2013A Bonds of such series is conditional upon and subject to deposit of moneys with the Registration Agent sufficient to redeem all such Series 2013A Bonds not later than the opening of business on the redemption date and that such notice shall be of no effect if such moneys are not on deposit. The Registration Agent shall mail said notices as and when directed by the Metropolitan Government pursuant to written instructions from an authorized officer of the Metropolitan Government given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent).

SECURITY AND SOURCE OF PAYMENT

The Series 2013A Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Metropolitan Government. For the prompt payment of principal of and interest on the Series 2013A Bonds, the full faith and credit of the Metropolitan Government are irrevocably pledged.

Under State law, the Metropolitan Government's legislative body is authorized to levy a tax on all taxable property within the Metropolitan Government, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Series 2013A Bonds are issued, reference is hereby made to the Bond Resolution.

By referendum passed on November 7, 2006, voters in the Metropolitan Government amended the Charter to require that all future increases of the maximum ad valorem (real property) tax rate of $4.04 per one hundred dollars of assessed property value in the General Service District and $0.65 per one hundred dollars of assessed property value in the Urban Service District be first approved by voter referendum prior to implementation by the Metropolitan Government. The current tax rates are $4.04 for the GSD and $0.62 for the USD. The Charter amendment does not purport to specifically limit that portion of the tax rate allocable to the payment of debt service.

The LGPOL (pursuant to which the Series 2013A Bonds are issued) dictates the levy of a tax sufficient to pay debt service of any general obligation bonds issued thereunder, without regard to any other State or local laws to the contrary. Bond Counsel will opine that the pledge of the Metropolitan Government's unlimited taxing power is valid, binding and enforceable against it, and that there is no limitation on the Metropolitan Government's ability to impose sufficient taxes to fund debt service on the Series 2013A Bonds. (See Appendix C – Form of Opinion of Bond Counsel.)

If valid, the Charter amendment may limit the Metropolitan Government's ability to raise additional revenues for governmental requirements – other than the payment of general obligation debt service – by increasing property tax rates. The information set forth in Appendices A and B to this Official Statement details the percentage of the Metropolitan Government's budget funded with ad valorem property tax revenues, and provides other pertinent information regarding the Metropolitan Government's collection and expenditure of ad valorem property tax revenues.

The Metropolitan Government's Department of Law and Bond Counsel have each opined that a court would likely find the Charter amendment to be invalid as an unconstitutional limitation on the exercise of the Metropolitan County Council's taxing authority. Neither the legal effect nor the constitutionality of the Charter amendment has been challenged, and the timing and outcome of any such challenge cannot be predicted.

REMEDIES

Pursuant to State law, any holder of the Series 2013A Bonds may by mandamus or other suit, action or proceeding, enforce such holder's rights against the Metropolitan Government, the Metropolitan County Council or any officer, agent or employee of the Metropolitan Government, including but not limited to, the right to require the Metropolitan Government, the Metropolitan County Council and any proper officer, agent or employee of the Metropolitan Government to assess, levy and collect taxes to pay when due principal and premium, if any, of and interest on the Series 2013A Bonds.

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SOURCES AND USES OF FUNDS

The table below sets forth the sources and uses of funds in connection with the issuance of the Series 2013A Bonds.

SOURCES	
Par Amount	$ 374,665,000.00
Original Issue Premium	77,359,100.15
Total Sources	**$ 452,024,100.15**
USES	
Retirement of Commercial Paper	$ 255,000,000.00
Deposit to Construction Fund	195,001,395.79
Costs of Issuance (1)	2,022,704.36
Total Uses	**$ 452,024,100.15**

(1) Includes underwriters' discount, legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Series 2013A Bonds.

CURRENT FINANCIAL CONSIDERATIONS

Audited financial results for Fiscal Year 2012 resulted in a positive budgetary balance of $20.5 million in the General Services District and Urban Services District General Funds, primarily due to savings achieved throughout the government and certain revenues that exceeded projections. The General Purpose School Fund also had a positive budget variance primarily resulting from higher sales tax collections. The unassigned fund balance for the Metropolitan Government's three operating funds increased by $37.2 million ending the fiscal year at $124,770,457.

The Fiscal Year 2013 budget of $1,709,612,000 has been adopted and represents a $123.7 million increase over Fiscal Year 2012. Approximately $100 million of the increase will be funded from the Metropolitan Government's first property tax increase since Fiscal Year 2006. The increase was 48 cents in the General Services District and 5 cents in the Urban Services District rate. Increases in the budget primarily were in three categories: (1) public education ($46 million); (2) debt service ($36 million); and (3) benefits and pay increase ($28 million). Additional budget increases will be funded from a $30 million increase in sales tax collection and a $16 million increase in funding from the State of Tennessee for public education. The approved budget included no appropriation of undesignated fund balance and included $7.6 million placed into reserves for future debt service obligations.

2013 is a reappraisal year for all properties in Davidson County. State law requires that this reappraisal be revenue neutral. This means that as the aggregated value of property changes, the tax rate must change as well to ensure that the local government receives the same amount of revenue. For example, if property in Davidson County collectively increases in value, the actual property tax rate must drop so that the revenue collected remains the same.

During early May 2010, the Nashville metropolitan area experienced record rainfalls that caused major flooding issues in many areas of Davidson County. On May 4, 2010, President Obama declared several counties in Tennessee, including Davidson, a major disaster area, thus making the area eligible for federal aid. In addition to federal aid, the Metropolitan Government has flood insurance to cover a portion of the damages. Flood-related claims are estimated to total $120 million. Of this total, $61 million is for the water and sewer system and funded from water and sewer system funds or borrowings and not general obligation bonds or general funds of the Metropolitan Government. The Metropolitan Government has spent $114 million on flood-related expenses, of which $34.8 million was for the water and sewer system. Reimbursements of $81 million for such expenses have been received, including $52 million in insurance payments and $29 million in federal and state reimbursements.

SUMMARY OF GENERAL FUND, FISCAL YEARS 2008-2012
(in thousands of dollars)

	2012	2011	2010	2009	2008
Beginning Fund Balance	$ 67,486	$60,900	$79,727	$63,118	$60,586
Revenues	778,024	760,397	751,517	773,119	799,054
Expenditures	-736,999	-728,068	-720,494	-717,153	-755,763
Other Financing Sources (Uses)	- 37,767	-25,743	-49,850	-39,357	-40,759
Ending Fund Balance	$70,744	$67,486	$60,900	$79,727	$63,118
Unreserved Fund Balance	$69,837	$53,134	$59,061	$47,338	$33,482

Source: Metropolitan Government Department of Finance

ANTICIPATED FUTURE BORROWING PLANS

The Metropolitan Government will have approximately $500 million of approved capital projects after this bond issue that have not been bonded. Initial funding for these projects will be through the Government's $400 million commercial paper program of which $350 million will be available. No additional bond issue is anticipated within the next two to three years.

INVESTMENT CONSIDERATIONS

General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Metropolitan Government to pay principal of and interest on the Series 2013A Bonds, and which could also affect the marketability of or the market price for the Series 2013A Bonds.

The purchase of the Series 2013A Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Series 2013A Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2013A Bonds.

Ratings

There is no assurance that the ratings assigned to the Series 2013A Bonds at the time of issuance (see "RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2013A Bonds.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2013A Bonds will be available, and no assurance can be given that the initial offering prices for the Series 2013A Bonds will continue for any period of time.

The Series 2013A Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2013A Bonds in the event an owner thereof determines to solicit purchasers of the Series 2013A Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2013A Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2013A Bonds, depending on existing market conditions and other factors.

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The Metropolitan Government of Nashville and Davidson County, Tennessee
General Obligation Improvement Bonds, Series 2013A

Period	Outstanding General Obligation Debt Service [1]			Series 2013A Debt Service			Total General Obligation Debt Service[1]		
Ending	Principal	Interest [2]	Total	Principal	Interest	Total	Principal	Interest [2]	Total
6/30/13	$ 4,685,000	$ 3,953,163	$ 8,638,163	$ -	$ -	$ -	$ 4,685,000	$ 3,953,163	$ 8,638,163
6/30/14	95,370,000	87,010,460	182,380,460	-	12,065,514	12,065,514	95,370,000	99,075,974	194,445,974
6/30/15	111,785,000	84,207,715	195,992,715	-	18,722,350	18,722,350	111,785,000	102,930,065	214,715,065
6/30/16	112,120,000	79,531,934	191,651,934	-	18,722,350	18,722,350	112,120,000	98,254,284	210,374,284
6/30/17	122,980,000	73,630,864	196,610,864	-	18,722,350	18,722,350	122,980,000	92,353,214	215,333,214
6/30/18	124,785,000	68,997,453	193,782,453	-	18,722,350	18,722,350	124,785,000	87,719,803	212,504,803
6/30/19	130,385,000	63,271,518	193,656,518	-	18,722,350	18,722,350	130,385,000	81,993,868	212,378,868
6/30/20	119,875,000	57,876,624	177,751,624	8,525,000	18,722,350	27,247,350	128,400,000	76,598,974	204,998,974
6/30/21	115,870,000	52,497,492	168,367,492	18,335,000	18,296,100	36,631,100	134,205,000	70,793,592	204,998,592
6/30/22	122,520,000	46,855,479	169,375,479	14,240,000	17,381,350	31,621,350	136,760,000	64,236,829	200,996,829
6/30/23	128,740,000	40,841,543	169,581,543	15,745,000	16,669,350	32,414,350	144,485,000	57,510,893	201,995,893
6/30/24	133,345,000	34,679,872	168,024,872	21,080,000	15,891,000	36,971,000	154,425,000	50,570,872	204,995,872
6/30/25	125,450,000	29,192,430	154,642,430	26,910,000	14,837,000	41,747,000	152,360,000	44,029,430	196,389,430
6/30/26	103,100,000	24,162,160	127,262,160	28,260,000	13,491,500	41,751,500	131,360,000	37,653,660	169,013,660
6/30/27	85,180,000	19,559,289	104,739,289	29,670,000	12,078,500	41,748,500	114,850,000	31,637,789	146,487,789
6/30/28	78,575,000	15,432,619	94,007,619	31,155,000	10,595,000	41,750,000	109,730,000	26,027,619	135,757,619
6/30/29	33,910,000	12,433,913	46,343,913	32,710,000	9,037,250	41,747,250	66,620,000	21,471,163	88,091,163
6/30/30	35,230,000	10,564,377	45,794,377	34,345,000	7,401,750	41,746,750	69,575,000	17,966,127	87,541,127
6/30/31	31,975,000	8,622,477	40,597,477	36,065,000	5,684,500	41,749,500	68,040,000	14,306,977	82,346,977
6/30/32	33,195,000	6,813,506	40,008,506	37,865,000	3,881,250	41,746,250	71,060,000	10,694,756	81,754,756
6/30/33	34,475,000	4,919,514	39,394,514	39,760,000	1,988,000	41,748,000	74,235,000	6,907,514	81,142,514
6/30/34	35,825,000	2,936,375	38,761,375	-	-	-	35,825,000	2,936,375	38,761,375
6/30/35	33,745,000	962,914	34,707,914	-	-	-	33,745,000	962,914	34,707,914
	$1,953,120,000	$ 828,953,690	$2,782,073,690	$374,665,000	$271,632,164	$646,297,164	$2,327,785,000	$1,100,585,854	$3,428,370,854

(1) Includes debt service on District Energy System Revenue and Tax Refunding Bonds, Series 2012A secured by Net Revenues from the System, additionally secured by ad valorem taxes to be levied on all taxable property in the Metropolitan Government.

(2) Does not include Direct Pay Subsidy or Tax Credit Subsidy on Outstanding Bonds.

LITIGATION

At the time of original delivery of the Series 2013A Bonds, there will also be furnished to the Underwriters a certificate of certain officers of the Metropolitan Government stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Series 2013A Bonds or the power of the Metropolitan Government to levy and collect ad valorem taxes to pay them.

The Metropolitan Government is a party to various lawsuits in the normal course of business. It is the opinion of the Director of Law of the Metropolitan Government that there is no pending litigation against the Metropolitan Government that, if decided adversely to the Metropolitan Government, would have a material adverse financial impact upon the Metropolitan Government or its operations.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2013A Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinion in substantially the form attached hereto as Appendix C will be delivered with the Series 2013A Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinion set forth herein under the captions "THE SERIES 2013A BONDS" (other than the information relating to DTC and its book-entry system), "SECURITY AND SOURCE OF PAYMENT" (excluding financial and statistical data as to which no opinion is expressed), "TAX MATTERS," and APPENDIX C – FORM OF OPINION OF BOND COUNSEL, which have been reviewed by Bond Counsel, Bond Counsel has not undertaken any responsibility for any of the information contained in this Official Statement. Certain legal matters with respect to the Metropolitan Government will be passed upon by its Director of Law. Certain legal matters will be passed upon for the Underwriters by their counsel Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee.

The various legal opinions to be delivered concurrently with the delivery of the Series 2013A Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

CONTINUING DISCLOSURE

In connection with the issuance of the Series 2013A Bonds and to assist the Underwriters in complying with Rule 15c2-12 (the "Rule") promulgated by the SEC under the Securities Exchange Act of 1934, as amended, the Metropolitan Government has executed the Continuing Disclosure Certificate. The Metropolitan Government has covenanted for the benefit of the holders of the Series 2013A Bonds that, consistent with the Rule, it will provide: annual financial information for the Metropolitan Government, including audited financial statements of the Metropolitan Government for each fiscal year ending on and after June 30, 2013, in a timely manner, and notices of certain events with respect to the Series 2013A Bonds. The proposed form of the Continuing Disclosure Certificate is in Appendix D hereto.

The Metropolitan Government has agreed to provide the foregoing information only as described in the Continuing Disclosure Certificate. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

The Metropolitan Government has been in compliance with its undertakings under the Rule.

TAX MATTERS

Tennessee State Tax Exemption

Under existing law, the Series 2013A Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership doing business in the State, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2013A Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State.

Federal Tax Exemption

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2013A Bonds. Bond Counsel is of the opinion that, under existing law, relying on certain statements by the Metropolitan Government and assuming compliance by the Metropolitan Government with certain covenants, interest on the Series 2013A Bonds is:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"); and
- not a preference item for a bondholder under the federal alternative minimum tax; but
- taken into account in determining the adjusted current earnings of certain corporations for purposes of the federal corporate alternative minimum tax.

The Code imposes requirements on the Series 2013A Bonds that the Metropolitan Government must continue to meet after the Series 2013A Bonds are issued. These requirements generally involve the way that Series 2013A Bond proceeds must be invested and ultimately used. If the Metropolitan Government does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2013A Bonds in its federal gross income on a retroactive basis to the date of issue. The Metropolitan Government has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2013A Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Series 2013A Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2013A Bonds or affect the market price of the Series 2013A Bonds.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2013A Bonds, or under state, local or foreign tax law.

Market Discount. Any owner who purchases a Series 2013A Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2013 A Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner who acquires a Series 2013A Bond at a market discount also may be required to defer, until the maturity date of such Series 2013A Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2013A Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2013A Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2013A Bond for the days during the taxable year on which the owner held the Series 2013A Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2013A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondowner elects to include such market discount in income currently as described above.

Bond Premium. A purchaser who purchases a Series 2013A Bond at a cost greater than its then principal amount (or, in the case of a Series 2013A Bond issued with original issue premium, at a price in excess of its adjusted issue price) will have amortizable bond premium. If the holder elects to amortize the premium under Section 171 of the Code (which election will apply to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder), such a purchaser must amortize the premium using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Series 2013A Bonds who acquire such Series 2013A Bonds at a premium (or with acquisition premium) should consult with their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2013A Bonds.

Sale or Redemption of Series 2013A Bonds. A bondowner's tax basis for a Series 2013A Bond is the price such owner pays for the Series 2013A Bond plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than "qualified stated interest" payments) and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2013A Bond, measured by the difference between the amount realized and the basis of the Series 2013A Bond as so adjusted, will generally give rise to capital gain or loss if the Series 2013A Bond is held as a capital asset (except as discussed above under "—Market Discount"). The legal defeasance of Series 2013A Bonds may result in a deemed sale or exchange of such

Series 2013A Bonds under certain circumstances; owners of such Series 2013A Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding. A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding obligation is 28%, but the rate may change in the future) with respect to interest or original issue discount on the Series 2013A Bonds. This withholding generally applies if the owner of a Series 2013A Bond (a) fails to furnish the Registration Agent or other payor with its taxpayer identification number; (b) furnishes the Registration Agent or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Registration Agent or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents. Owners of the Series 2013A Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Backup withholding is not an additional tax. Any amount paid as backup withholding would be credited against the bondholder's U.S. federal income tax liability, provided that the requisite information is timely provided to the Internal Revenue Service. The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2013A Bonds will be reported to the bondowners and to the Internal Revenue Service.

Nonresident Borrowers. Under the Code, interest and original issue discount income with respect to Series 2013A Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Metropolitan Government (or other Person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2013A Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA. The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and Persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2013A Bond.

Future Legislative Changes. Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Series 2013A Bonds subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Series 2013A Bonds from gross income for federal income tax purposes. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Series 2013A Bonds. Prospective purchasers of the Series 2013A Bonds should consult their own tax advisors regarding the forgoing matters.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2013A Bonds under Federal or state law and could affect the market price or marketability of the Series 2013A Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned ratings of "Aa1" (with a negative outlook) and "AA" (with a stable outlook), respectively, to the Series 2013A Bonds. The ratings reflect only the respective views of such organizations, and the Metropolitan Government makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Moody's Investors Services, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041. The Metropolitan Government furnished to each rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Metropolitan Government and its outstanding debt. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Series 2013A Bonds.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2013A Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of it agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2013A Bonds.

UNDERWRITING

The Underwriters of the Series 2013A Bonds have agreed, subject to certain conditions, to purchase all of the Series 2013A Bonds from the Metropolitan Government at an aggregate purchase price to be paid by the Underwriters of $450,496,395.79 (representing the par amount of $374,665,000.00, plus a premium of $77,359,100.15, less an Underwriters' discount of $1,527,704.36). The Bond Purchase Agreement between the Metropolitan Government and the Underwriters provides, with respect to the Series 2013A Bonds, that all of the Series 2013A Bonds will be purchased by the Underwriters, if any of the Series 2013A Bonds of such issue are purchased.

The Series 2013A Bonds will be offered at the respective initial public offering prices or yields shown on the inside cover page of this Official Statement. The Underwriters may offer and sell the Series 2013A Bonds to certain dealers (including dealers depositing the Series 2013A Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. Following the initial public offering, the initial public offering prices may be changed from time to time by the Underwriters in their discretion.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Metropolitan Government and to persons and entities with relationships with the Metropolitan Government, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Metropolitan Government (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Metropolitan Government. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Goldman, Sachs & Co. ("Goldman Sachs"), one of the Underwriters of the Series 2013A Bonds, has entered into a master dealer agreement (the "Master Dealer Agreement") with Incapital LLC ("Incapital") for the distribution of certain municipal securities offerings, including the 2013A Bonds, to Incapital's retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase Series 2013A Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any Series 2013A Bond that Incapital sells.

Piper Jaffray & Co., one of the Underwriters of the Series 2013A Bonds, and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series 2013A Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2013A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services, Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2013A Bonds, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2013A Bond that such firm sells.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Metropolitan Government in connection with the issuance of the Series 2013A Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2013A Bonds are contingent upon the issuance and delivery of the Series 2013A Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2013A Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, First Southwest Company may from time to time sell investment securities to the Metropolitan Government for the investment of bond proceeds or other funds of the Metropolitan Government upon the request of the Metropolitan Government.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Metropolitan Government and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INDEPENDENT AUDITORS

An electronic link to the Metropolitan Government's comprehensive annual financial statements as of the fiscal year ended June 30, 2012 is included in Appendix A, and such financial statements have been audited by Crosslin & Associates, independent auditors, as stated in its report.

Crosslin & Associates has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Metropolitan Government, that are not purely historical, are forward-looking statements, including certain statements regarding the Metropolitan Government's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Metropolitan Government on the date hereof and the Metropolitan Government assumes no obligation to update any such forward-looking statements. It is important to note that the Metropolitan Government's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Metropolitan Government. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all information included herein (particularly the information under the captions "INVESTMENT CONSIDERATIONS" and "FORWARD LOOKING STATEMENTS”) to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Bonds.

MISCELLANEOUS INFORMATION

There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information. Reference is made to original documents in all respects. This Official Statement, and the execution and delivery of this Official Statement, were authorized by the Metropolitan Government.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

/s/ Karl F. Dean
Metropolitan Mayor

/s/ Richard M. Riebeling
Director of Finance

APPENDIX A

ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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General Purpose Financial Statements

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 2012, together with the independent auditors' report from Crosslin & Associates, are available through the website of the Metropolitan Government's Department of Finance at http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx and are hereby incorporated by reference as part of this Appendix A. To the extent there are any differences between the electronically posted financial statements of the Metropolitan Government and the printed financial statements of the Metropolitan Government, the printed version shall control.

Crosslin & Associates has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.

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APPENDIX B

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

FINANCIAL INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

The Metropolitan Government

Organization

On June 28, 1962, the voters of Nashville and Davidson County approved the Charter of the Metropolitan Government (the "Charter"). The Tennessee Supreme Court upheld the validity of the Charter in October 1962. On April 1, 1963 the governments of the City of Nashville and of Davidson County were consolidated to form "The Metropolitan Government of Nashville and Davidson County" (the "Metropolitan Government"), under which the boundaries of Nashville and Davidson County are co-extensive.

The executive and administrative powers are vested in the Metropolitan Mayor (the "Mayor"), who is elected at large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions created by the Charter or by ordinance enacted pursuant to the Charter unless otherwise excepted. A two-thirds vote of the Metropolitan County Council is required to override the Mayor's veto. The Charter also provides for a Vice Mayor, who is elected at large for a four-year term and is the presiding officer of the Metropolitan County Council. The Metropolitan County Council is the legislative body of the Metropolitan Government and is composed of 40 members who are elected for four-year terms: 35 are elected from council districts and five are elected at large.

The Charter provides a framework for the Metropolitan Government in Nashville to serve the needs of two service districts: (i) the General Services District ("GSD") and (ii) the Urban Services District ("USD"). The GSD embraces the entire area of Davidson County and is taxed to support those services, functions and debt obligations, which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, auditoriums, public housing, urban renewal, planning and public libraries. The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. The residents of the USD are charged an additional tax to support those services, functions and debt obligations, which benefit only the USD. Such services include additional police and fire protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and the Metropolitan Government becomes able to provide such services within a reasonable period which shall be not greater than one year after <u>ad</u> <u>valorem</u> taxes in the annexed area become due." Since April 1, 1963, the area of the USD has been expanded from 72 square miles to 184 square miles.

Fiscal Year

The Metropolitan Government operates on a fiscal year, which commences July 1 and ends June 30.

Budgeting Procedures

<u>Operating Budget</u>. The Charter requires the Director of Finance to obtain information necessary to compile the annual operating budget of the Metropolitan Government from all officers, departments, boards, commissions and other agencies for which appropriations are made by the Metropolitan Government or which collect revenues for the Metropolitan Government.

The Mayor reviews the operating budget submitted by the Director of Finance, and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Metropolitan County Council for consideration no later than May 1st. In no event can the total appropriations from any fund exceed the total anticipated revenues plus the estimated unappropriated fund balance and applicable reserves. After the Metropolitan County Council has passed the budget ordinance on first reading, it will hold public hearings. After the conclusion of the public hearings, the Metropolitan County Council may amend the operating budget prepared by the Mayor. The budget as finally amended and adopted, however, must provide for all expenditures required by law or by provisions of the Charter and for all debt service requirements for the ensuing fiscal year as certified by the Director of Finance. If the Metropolitan County Council fails to adopt a budget by July 1st, the budget submitted by the Mayor is deemed to be the adopted budget.

The Charter requires that following the adoption of the Metropolitan Government's annual operating budget, an annual tax is to be levied on all taxable property within the GSD and an additional annual tax on all taxable property within the USD. These annual taxes must be at rates sufficient to finance the GSD and USD budgets adopted for their respective service districts.

Capital Improvements Budget. As provided by the Charter, the capital improvements budget and program for the Metropolitan Government is prepared annually to "include a program of proposed capital expenditures for the ensuing fiscal year and the five fiscal years thereafter...." The Mayor submits to the Metropolitan County Council the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metropolitan Government for capital improvements, and recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor's recommendation notes the impact of proposed projects on the debt structure of the Metropolitan Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Metropolitan County Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Metropolitan County Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Metropolitan County Council.

The following information identifies recommended capital projects in the 2012-2013 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2012-2013 and the following five fiscal years. See "CURRENT FINANCIAL CONSIDERATIONS" in the Official Statement to which this Appendix B is attached for additional information regarding future funding of capital projects.

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2012-2013 to 2017-2018 Capital Improvements Budget – Final – By Agency

Departments	2012-13	% of '12-'13 Total	2013-14	2014-15	2015-16	2016-17	2017-18	Total	% of '13-'18 Total
Bordeaux Long Term Care	$500,000	0.031%	$400,000	$300,000	$300,000	$200,000		$1,700,000	0.039%
District Energy System - USD	7,295,000	0.449%	900,000	650,000	650,000			9,495,000	0.219%
Codes & Building Safely	6,000,000	0.369%						6,000,000	0.139%
Farmer's Market	445,600	0.027%						445,600	0.010%
Finance	92,000,000	5.665%	2,000,000	2,000,000	2,000,000			98,000,000	2.263%
Fire Department – GSD	4,275,000	0.263%	150,000					4,425,000	0.102%
General Hospital	4,317,900	0.266%	580,000	480,000				5,377,900	0.124%
General Services	160,865,500	9.905%	41,570,000					202,435,500	4.675%
General Sessions Court	350,000	0.022%	750,000					1,100,000	0.025%
Health	38,000,000	2.340%						38,000,000	0.877%
Historical Commission	2,372,200	0.146%						2,372,000	0.055%
Human Resources	350,000	0.022%						350,000	0.008%
Information Technology	12,446,200	0.766%	3,600,000	850,000				16,896,200	0.390%
Justice Integration Services	1,530,600	0.094%						1,530,600	0.035%
Juvenile Court	1,271,000	0.078%						1,271,000	0.029%
Juvenile Court Clerk	380,000	0.023%						380,000	0.009%
Knowles Home	259,100	0.016%	100,000	181,000				540,200	0.012%
MDHA – GSD	134,700,000	8.294%	126,800,000	53,000,00				314,500,000	7.262%
Metro Action Commission	12,132,100	0.747%						12,132,100	0.280%
MNPS (Schools)	191,133,000	11.768%	157,428,000	97,306,000	68,396,000	73,730,000	80,842,000	668,835,000	15.444%
MTA	117,614,000	7.242%						117,614,000	2.716%
Municipal Auditorium	2,800,000	0.172%						2,800,000	0.065%
Nashville Electric Service	35,000,000	2.155%						35,000,000	0.808%
Parks & Recreation	96,605,000	5.948%	20,000,000	10,000,000				126,605,000	2.923%
Planning – USD	5,900,000	0.363%	4,700,000	4,700,000	4,700,000			20,000,000	0.462%
Planning – USD	250,000	0.015%						250,000	0.006%
Police	58,402,600	3.596%						58,402,600	1.349%
Public Library	18,842,300	1.160%	21,468,500	5,406,500	9,524,900	7,644,000	8,768,700	71,655,300	1.655%
Public Works- GSD	412,428,073	25.394%	197,623,000	187,130,00	204,460,000	213,152,000	140,450,000	1,355,243,073	31.294%
Public Works- USD	82,245,890	5.064%	22,944,918	21,700,000	21,900,000	21,675,000	5,675,000	176,140,808	4.067%
Sheriff	15,950,000	0.982%						15,950,000	0.368%
Social Services	772,000	0.048%						772,500	0.018%
Sports Authority	16,270,000	1.002%						16,270,000	0.376%
State Fair Board	180,000	0.011%						180,000	0.004%
Water & Sewer GSD	87,063,367	5.361%	183,689,762	214,001,908	208,933,897	220,854,862		914,543,796	21.118%
Water & Sewer USD	3,200,000	0.197%	3,200,000	9,000,000	9,000,000	9,000,000		33,400,000	0.771%
Totals	$1,624,147,430	100.000%	$787,904,180	$606,705,508	$529,864,797	$546,256,262	$235,735,700	$4,330,613,877	100.000%

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Accounting

Pursuant to the Charter, independent auditors annually audit the financial statements of the Metropolitan Government. The Basic Financial Statements and other financial information, which are presented in the Comprehensive Annual Financial Report (CAFR), are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and with those standards and procedures recommended by the State Comptroller of the Treasury. Copies of the CAFR are available on the Metropolitan Government's website, http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx.

The Metropolitan Government manages its financial reporting through the use of categories of fund types and account groups.

The Metropolitan Government reports the following major governmental funds:

The **General Fund** is the Metropolitan Government's primary operating fund which is used to account for all financial resources of the general operations of the Metropolitan Government, except those required to be accounted for in another fund**.**

The **General Purpose School Fund** is used to account for the receipt and disbursement of federal, state and local funds for education purposes, except those required to be accounted for in another fund.

The **GSD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the GSD general obligation debt.

The **GSD School Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the debt related to schools.

The **USD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the USD general obligation debt.

The **GSD Capital Projects Fund** is used to account for the use of bond proceeds for the construction and equipping of various public projects in the GSD.

The **Education Capital Projects Fund** is used to account for the use of bond proceeds for the construction and equipping of various school facilities.

The **USD Capital Projects Fund** is used to account for the use of bond proceeds for the construction and equipping of various public projects in the USD.

The Metropolitan Government reports the following major enterprise funds:

The **Department of Water and Sewerage Services** provides services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **District Energy System** provides heating and cooling services to the Metropolitan Government and downtown businesses. The District Energy System is managed by a third party and is self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.

Additionally, the Metropolitan Government reports the following fund types:

Internal service funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Metropolitan Government on a cost reimbursement basis. For the year ended June 30, 2012, these services included fleet management, information systems, radio maintenance, insurance, postal services, treasury management, general services and printing.

Pension (and other employee benefit) trust funds are used to account for assets and liabilities held by the Metropolitan Government in a fiduciary capacity to provide retirement and disability benefits for employees and retirees.

Agency funds are used to account for assets held by elected officials as agents for individuals, collections by the Metropolitan Government due to the purchaser of certain outstanding property tax receivables, funds held by the Sheriff's Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

Revenues

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, fees, and State of Tennessee (the "State") and Federal payments. During the fiscal year ended June 30, 2012, property taxes totaled $790.8 million dollars and accounted for 56.25% of all revenues available to the GSD General Fund and for GSD Debt Service; 91.61% of all revenues available to the USD General and Debt Service Funds; 37.06% of revenues available to the Schools funds, including Debt Service; and 0.45% of revenues available to the other governmental funds. Sales tax collections totaled $281.3 million in the fiscal year ended June 30, 2012. A description of each major revenue category available to both the GSD and USD follows:

Property Taxes – The levy is without legal limit. An amendment to the Charter states that certain increases in the ad valorem tax rate must be approved by referendum. For a discussion of this tax and this Charter amendment, see "PROPERTY TAXES" herein and "THE SERIES 2013A BONDS – SECURITY AND SOURCE OF PAYMENT" in the Official Statement to which this Appendix B is attached.

Sales Tax – A local option sales tax is collected at the rate of 2-1/4% on all sales of tangible personal property and certain services, except for sales of certain energy sources and other limited exemptions. This local option sales tax is currently levied, in accordance with State law, only on the first $1,600 of a transaction.

Other Taxes, Licenses, and Permits – This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metropolitan Government. Also included is the Hotel/Motel Tax, which is assessed against the gross receipts of hotels and motels within the Metropolitan Government, based on occupancy. Currently, there is a 6% tax levied by Metropolitan County Council ordinance. Half of the revenues derived from such tax are required to be allocated to the Convention Center Authority for payment of its bonds (see "– Convention Center Authority" in this Appendix B). 2% of the remaining 3% is required to be appropriated for tourist promotion, and the 1% balance is allocated to the general fund.

Fines, Forfeits and Penalties – This category includes collections of obligations imposed by the courts, law enforcement and agencies charged with the care of prisoners.

Revenue from Use of Money or Property – This category includes interest on investments, rentals and commissions for use of Metropolitan Government property or rights.

Revenue from Other Governmental Agencies and Contributions and Gifts – Under this revenue category are payments to the Metropolitan Government by other public divisions (Federal, State or other governmental units or agencies) and gifts or donations received from individuals or citizens groups.

Charges for Current Services – These are fees and charges for activities and services provided by agencies of the Metropolitan Government.

Revenues from Enterprise, Utility and Working Capital Funds – These are amounts received from the above types of funds as compensation for services rendered or as contributions.

Other Revenue – Includes (i) commissions and fees collected by certain officials for certain activities of the Metropolitan Government; (ii) proceeds from confiscation of property; (iii) compensation for loss, sale or damage to property; and (iv) miscellaneous.

PROPERTY TAXES

Rates of Tax Levy

An annual tax is levied on all taxable property within the GSD and an additional tax is levied on all taxable property within the USD. Every four years, the Assessor's Office – as required by State law – conducts a reappraisal of the value of all property in the Metropolitan Government. This process is done to periodically adjust recorded property assessments to generally reflected market values. The next reappraisal is currently underway and will be completed in 2013.

State law requires that this reappraisal be revenue neutral for the taxing authority. This means that as the aggregated value of property changes, the tax rate must change as well to ensure that the local government receives the same amount of revenue. For example, if property in the Metropolitan Government collectively increases in value, the actual property tax rate must drop so that the revenue collected remains the same. The 2009 reappraisal showed an increase in aggregate property values, so to remain revenue neutral the certified combined GSD/USD tax rate dropped to $4.13 per $100 of assessed value from its pre-assessment level of $4.69. The tax rate for Fiscal Year 2013 is $4.66.

FY 2013 Property Tax Distribution

(Rates per $100 of Assessed Value)

District	Fund		2013 Rate
GSD (General Services District)	General		$1.96
	Schools General Purpose		1.40
	General Debt Service		0.43
	Schools Debt Service		0.25
	Subtotal - GSD		$4.04
USD (Urban Services District)	General		0.51
	General Debt Service		0.11
	Subtotal - USD		$0.62
Combined USD/GSD rate			$ 4.66

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PROPERTY TAX RATES
Last Ten Fiscal Years
Unaudited- See Accompanying Accountants' Report

The following table is a statement of the composition of rates of tax levy for the last ten fiscal years.

	General Services District					Urban Services District			
Fiscal Year	GSD General Fund [1]	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total GSD Rate	USD General Fund [1]	USD Debt Service Fund	Total USD Rate	Total Direct Tax Rate
2002-03 [3]	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2003-04	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 [2]	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 [3]	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69
2007-08 [3]	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69
2008-09 [3]	2.06	1.33	0.48	0.17	4.04	0.53	0.12	0.65	4.69
2009-2010[4]	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
2010-11	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
2011-12	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13

Tax Rates are per $100 of assessed valuation. Payments may be made through February 28 of the year following the year of assessment and levy without penalty.

On November 7, 2006, voters approved a ballot initiative prohibiting the Metropolitan County Council from raising real property tax rates from their current and future levels without the approval of the voters in a referendum. Prior to the adoption of the ballot proposal, the Metropolitan County Council was authorized to set the real property tax rate without requirement of voter approval. The Government's legal department has issued a memo stating that the approved initiative violates the Tennessee Constitution because it places the power to set property tax rates with voters, rather than with the Metropolitan County Council, as prescribed by the Constitution. However, the Metropolitan Government cannot predict whether there will be a court challenge as to the constitutionality of the approved initiative. If there is a challenge, the Metropolitan Government cannot predict the timing or be certain of the outcome of any court challenge as to the constitutionality of the approved initiative.

(1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from $.12 to $.07 over the last ten years.

(2) The State mandates a reappraisal valuation of property with Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was increased by the Metropolitan County Council and reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the increase and reallocation by the Metropolitan County Council.

(3) In these fiscal years, the property tax rate was reallocated among the funds receiving property tax revenue.

(4) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the reallocation by the Metropolitan County Council.

Source: The Metropolitan Government CAFR as of June 30, 2012

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF GENERAL SERVICES DISTRICT TAXABLE PROPERTY
LAST TEN FISCAL YEARS
Unaudited

Fiscal Year	Realty	Personalty	Public Utility	Total Taxable Assessed Value	Total GSD Tax Rate (1)	Total Estimated Actual Property Value	Assessed Value as a Percentage of Actual Value
2002-03	$11,792,547,023	$1,025,692,548	$645,179,869	$13,463,419,440	3.84	42,988,853,105	31.32 %
2003-04	11,809,122,372	917,401,480	553,940,253	13,280,464,105	3.84	45,150,830,802	29.41
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565	3.84	45,746,447,359	29.36
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736	4.04	50,477,218,642	30.77
2006-07	14,249,283,812	1,026,510,506	622,162,501	15,897,956,819	4.04	51,736,469,429	30.73
2007-08	14,562,824,424	1,004,636,613	585,267,521	16,152,728,558	4.04	60,386,015,276	26.75
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047	4.04	61,881,138,204	26.75
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027	3.56	63,157,226,914	30.44
2010-11	17,447,570,422	1,128,934,816	632,009,935	19,208,515,173	3.56	63,280,838,469	30.35
2011-12	17,366,226,070	1,098,349,735	639,688,011	19,104,263,816	3.56	63,127,519,037	30.26

Assessment date: January 1 (pick-up assessments and cancellations for each year in minor amounts are not reflected in above figures).

Tax levy: General Services District tax is levied on the entire Metropolitan area. Urban Services District tax is an additional tax levied on properties within the Urban Services District. Personalty and public utility taxes are due and payable on the first Monday in October of each year, based upon assessed valuation at January 1st of that year. Real property taxes are due and payable on the first Monday in October of each year, based upon assessed valuation through January 1st of that year. In addition, for the period January 1st through September 1st, supplemental assessments are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with T.C.A. Section 67-5-603 and 606.

Ratio of assessed value to appraised value: Commercial and industrial properties – 40% for real property and 30% for tangible personal property
Farm and residential properties – 25%
Public utilities – 55%

Note: The State mandates a reappraisal valuation of property within Metropolitan Government every four years.

(1) All properties within the General Services District are taxed at the GSD tax rate. Only those properties within the Urban Services District are taxed the additional USD tax rate.

Source: Tax Aggregate Reports for Tennessee State Board of Equalization.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE OF URBAN SERVICES DISTRICT TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Unaudited- See Accompanying Accountants' Report

Fiscal Year	Realty	Personalty	Public Utility	Total USD Taxable Assessed Value	Total USD Tax Rate
2002-03	7,722,115,933	765,147,395	535,610,099	9,022,873,427	0.74
2003-04	7,667,951,606	680,464,904	443,772,979	8,792,189,489	0.74
2004-05	7,996,403,388	699,060,182	472,283,935	9,167,747,505	0.74
2005-06	9,293,334,373	736,566,609	484,073,719	10,513,974,701	0.65
2006-07	9,609,860,911	812,794,594	497,183,632	10,919,839,137	0.65
2007-08	9,775,778,452	800,146,680	476,649,480	11,052,574,612	0.65
2008-09	10,034,679,742	804,965,057	469,223,447	11,308,868,246	0.65
2009-10	11,845,833,807	899,198,794	507,695,082	13,252,727,683	0.57
2010-11	11,819,864,666	919,181,529	481,388,729	13,220,434,924	0.57
2011-12	11,847,282,828	915,167,902	482,396,101	13,244,846,831	0.57

Note: The Urban Services District lies within the General Services District. The above schedule reflects the assessed value of the properties within the Urban Services District.

Source: Tax Aggregate Reports for Tennessee State Board of Equalization

Exemptions

State law exempts from property taxes any property (i) owned by the Federal, State, or local government and used exclusively for public, county, or municipal purposes or (ii) which purely and exclusively is used for religious, scientific, non-profit educational or charitable purposes. Currently in the Metropolitan Government, there are approximately 8,390 tax-exempt parcels.

Included in these exempt parcels are properties titled in the name of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County. The properties are titled to this instrumentality of the Metropolitan Government in order to facilitate financing arrangements and/or tax abatements for economic development purposes pursuant to State law. For the current fiscal year, these properties have an approximate value of $39,663,160 representing approximately .40% of the value of all property within the Metropolitan Government. In most cases, a tax equivalent is paid to the Metropolitan Government on the basis of the actual rates of tax levy. For Fiscal Year 2012, the Electric Power Board of the Metropolitan Government of Nashville and Davidson County also paid $26,334,029 as a tax equivalent of its exempted property to the Metropolitan Government.

Reappraisals

State law requires a complete reappraisal of all property in the State except those properties centrally appraised by the State such as utilities and railroads. Beginning in 1993, reappraisals have been done on a four-year cycle in the Metropolitan Government in accordance with State law. Under this plan there were reappraisals in 1993, 1997, 2001, 2005, and 2009. The 2009 values will be in place until completion of the 2013 reappraisal.

Elderly Low-Income Property Tax Freeze Program

In 2007, the Tennessee General Assembly authorized and the Metropolitan County Council adopted a Property Tax Freeze Program for elderly low-income taxpayers. Under the Property Tax Freeze Program, approved taxpayers age 65 and older with an income below specified amounts will have the property taxes on their primary residence frozen at the current level. The effect of the Property Tax Freeze Program will be that the Metropolitan Government will not realize any increase in revenues from either appreciation or tax rate increases on affected properties. The Property Tax Freeze Program has not had, and is not expected to have, a material impact on the revenues of the Metropolitan Government.

Property Tax Relief Program

The Metropolitan County Council appropriated $3,100,000.00 in the 2012-2013 operating budget to the Property Tax Relief Program for the purpose of providing assistance to low-income elderly residents of the Metropolitan Government. This program established age and income eligibility requirements consistent with an existing State program to assist qualifying property owners with their property tax bills. The ordinance authorizing this program expires June 30, 2013.

Tax Collection

Personalty and public utility taxes are levied each year based upon assessed valuation at January 1 of that year. Real property taxes are levied each year based upon assessed valuation at January 1 of that year. In addition, for the period January 1 through September 1, supplemental assessments of real property taxes are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with State law.

Property taxes may be paid in installments without penalty, as long as the total tax is paid by February 28 of the following year.

On March 1 of the calendar year following the levy, taxes become delinquent and a penalty is assessed at a rate of 1/2 of 1% per month. Interest on outstanding obligations is assessed at a rate of 1% per month. The Metropolitan Trustee is designated as the collection official for delinquent property taxes, tax equivalents, and merchant's ad valorem taxes. Real property taxes which become twelve months delinquent and merchant's ad valorem taxes which become six months delinquent are transferred to the custody of the Department of Law for collection through Chancery Court action. The following table is a summary of the tax levies and collections of the last ten fiscal years. In June 2007, the Metropolitan Government sold the majority of its delinquent real property tax receivables for tax years 2005 and 2006 under authority of Tennessee Code Annotated Section 67-5-2012. In June 2008, 2009, 2010, 2011 and 2012, the Metropolitan Government sold delinquent real property tax receivables for tax years 2007, 2008, 2009, 2010, 2011 and 2012 respectively. It is anticipated that the tax receivables will continue to be sold annually.

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Unaudited – See Accompanying Accountants' Report

Fiscal Year		Amount GSD Levy	Amount USD Levy	Total Tax Levy	Collections Within the Fiscal Year of the Levy: Current Tax Amount	Collections Within the Fiscal Year of the Levy: %	Adjustment to Levy	Total Levy After Adjustment	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: %	Outstanding Delinquent Taxes	Percentage Uncollected
2002-03		$ 508,874,943	$ 74,889,899	$ 583,764,842	$ 557,508,632	95.50 %	$ (6,798,932)	$ 576,965,910	$ 18,712,823	$ 576,221,455	99.87 %	$ 744,455	0.13 %
2003-04		502,057,059	72,975,223	575,032,282	555,507,839	96.60	(2,734,961)	572,297,321	16,025,052	571,532,891	99.87	764,430	0.13
2004-05		507,538,957	76,092,355	583,631,312	565,446,465	96.88	(2,814,775)	580,816,537	14,786,366	580,232,831	99.90	583,706	0.10
2005-06	(1)	619,151,100	76,752,024	695,903,124	671,768,730	96.53	(8,893,640)	687,009,484	14,547,739	686,316,469	99.90	693,015	0.10
2006-07	(1)	633,541,786	79,714,977	713,256,763	705,244,782	98.88	(5,403,861)	707,852,902	1,716,947	706,961,729	99.87	891,173	0.13
2007-08	(2)	643,729,137	80,683,950	724,413,087	717,920,126	99.10	(3,047,269)	721,365,818	1501,092	719,421,218	99.73	1,944,600	0.27
2008-09	(3)	659,755,545	82,555,463	742,311,008	732,021,054	98.61	(4,221,120)	738,089,888	4,899,742	736,920,796	99.84	1,169,092	0.16
2009-10	(4)	675,043,791	84,818,421	759,862,212	748,828,597	98.55	(11,537,336)	748,324,876	(1,821,043)	747,007,554	99.82	1,317,322	0.18
2010-11	(5)	674,573,125	84,611,716	759,184,841	741,791,912	97.71	(12,927,333)	746,257,508	2,523,263	744,315,175	98.74	1,942,333	0.26
2011-12	(6)	670,841,793	84,767,649	755,609,442	745,445,734	98.65	(4,974,505)	750,634,937	-	745,445,734	99.31	5,189,203	0.69

Source: The Metropolitan Government CAFR as of June 30, 2012

1) In June 2007, the Metropolitan Government sold the majority of the 2006-07 and 2005-06 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balances of $23,025,457 for 2006-07, which is reflected in current tax amount collections, and $2,418,959 for 2005-06, which is reflected in collections in subsequent years.

2) In June 2008, the Metropolitan Government sold the majority of the 2007-08 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $24,448,736 for 2007-08, which is reflected in current tax amount collections.

3) In June 2009, the Metropolitan Government sold the majority of the 2008-09 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $21,544,115 for 2008-09, which is reflected in current tax amount collections.

4) In June 2010, the Metropolitan Government sold the majority of the 2009-10 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $26,509,998 for 2009-10, which is reflected in current tax amount collections.

5) In June 2011, the Government sold the majority of the 2010-11 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $26,178,622 for 2010-11, which is reflected in current tax amount collections.

6) In June 2012, the Government sold the majority of the 2011-12 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $20,843,656 for 2011-12, which is reflected in current tax amount collections.

The following table shows the status of the property taxes remaining to be collected at June 30, 2012.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE
June 30, 2012

	Year of Levy	Realty	Personalty	Public Utility	Total
	2011	$ 3,292,648	$ 1,138,751	$ 122,916	$ 4,554,315
General Services District	2010	1,017,907	682,656,	8,525	1,709,088
	2009	361,341	638,398	148,481	1,148,220
	2008	213,745	771,155	25,140	1,010,040
	2007	311,416	1,053,468	325,584	1,690,468
	2006	62,607	633,260	53,418	749,285
	2005	69,909	453,853	68,859	592,621
	2004	75,490	322,067	89,811	487,368
	2003	90,632	322,873	254,500	668,005
	2002	65,068	277,632	295,145	637,845
	2001	184,573	299,708	134,431	618,712
Total General Services District		5,745,336	6,593,821	1,526,810	13,865,967
	2011	453,795	162,350	18,743	634,888
Urban Services District	2010	141,419	90,459	1,368	233,246
	2009	57,831	86,908	24,362	169,101
	2008	47,353	106,746	4,953	159,052
	2007	42,039	154,004	58,088	254,131
	2006	36,826	96,336	8,726	141,888
	2005	22,822	68,398	9,174	100,394
	2004	18,335	58,126	19,878	96,339
	2003	(2,432)	48,057	50,801	96,426
	2002	(1,311)	49,987	57,935	106,611
	2001	24,864	46,860	27,235	98,959
Total Urban Services District		841,541	968,231	281,263	2,091,035
Total Delinquent Property Taxes Receivable *		$ 6,586,877	$ 7,562,052	$ 1,808,073	$ 15,957,002

* Excludes 2012 Property Tax Levy

Source: The Metropolitan Government CAFR for each fiscal year

Principal Property Taxpayers

The following table presents information concerning the principal property taxpayers of the Metropolitan Government.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited- See Accompanying Accountants' Report

	December 31, 2011				December 31, 2002			
Taxpayer	2011 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2002 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	$ N/A	$ 26,334,029	1	3.49 %	$ N/A	$ 17,997,391	1	3.08%
Columbia/HCA	311,862,070	12,425,328	2	1.65	102,365,222	4,604,707	4	0.79
Gaylord	229,534,725	9,477,474	3	1.26	283,333,838	10,681,645	2	1.97
AT&T	173,454,767	7,683,455	4	1.02	-	-	(2)	-
Piedmont Natural Gas	88,194,185	3,551,881	5	0.47	88,305,400	3,885,040	6	0.67
Vanderbilt	44,412,493	3,329,432	6	0.44	-	-	(2)	-
Davis Street Land	55,161,520	2,176,436	7	0.29	-	-	(2)	-
Opry Mills Co.	38,778,203	1,601,540	8	0.21	68,960,000	2,648,064	8	0.45
100 Oaks Plaza	38,423,800	1,586,903	9	0.21	-	-	(2)	-
CBL & Associates	44,534,672	1,513,440	10	0.20	102,966,354	4,384,540	5	0.75
BellSouth	-	-	(2)	-	183,630,217	8,229,794	3	1.41
PREFCO XIV LTD	-	-	(2)	-	58,415,390	2,763,048	7	0.48
H.G. Hills	-	-	(2)	-	-	-	(2)	-
BEL-EQR	-	-	(2)	-	49,465,808	2,265,534	9	0.39
E.I. Dupont	-	-	(2)	-	49,228,646	1,890,380	10	0.32
	$ 1,024,356,435	$ 69,679,918		9.24 %	$ 986,670, 875	$ 59,350,143		10.16%

Source: Tax Assessor's Office, Trustee's Office

(1) The amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.

(2) Values for taxpayers that are outside the top ten ranking are excluded.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND (1)
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2012	2011	2010	2009	2008
REVENUES:					
Property taxes	$443,340,151	$438,412,159	$444,069,326	$435,605,556	$427,679,185
Local option sales tax	91,050,593	81,191,512	79,665,435	86,346,221	94,605,207
Other taxes, licenses and permits	107,705,008	101,931,24	92,273,405	98,494,812	107,221,918
Fines, forfeits and penalties	12,573,870	13,245,652	14,945,708	13,325,113	13,323,712
Revenue from use of money of property	20,916	20,882	82,193	1,053,155	2,351,064
Revenue from other governmental agencies	77,327,122	78,494,810	76,934,508	89,947,232	92,509,134
Commissions and fees	15,355,507	15,177,986	13,991,938	16,599,245	29,070,315
Charges for current services	27,011,407	29,115,469	26,036,703	29,213,374	29,704,119
Compensation for loss, sale or damage to property	1,509,595	502,104	770,528	314,660	377,878
Contributions and gifts	432,325	533,958	598,824	604,355	690,744
Miscellaneous	1,697,115	1,770,865	2,148,142	1,615,211	1,520,969
Total Revenues	$778,023,609	$760,396,642	$751,516,710	$773,118,934	$799,054,245
EXPENDITURES					
General Government	$26,010,451	$24,920,818	$23,676,884	$26,623,136	$24,331,909
Fiscal administration	21,912,507	23,760,394	22,499,859	24,112,437	16,472,712
Administration of Justice	53,575,166	55,407,798	54,590,759	56,871,162	65,699,378
Law enforcement and care of prisoners	219,993,520	215,945,118	206,419,773	211,373,327	222,550,295
Fire prevention and control	108,609,078	109,108,267	104,214,957	107,034,837	119,648,604
Regulation and inspection	7,760,963	7,867,410	7,492,864	7,951,586	8,581,612
Conservation of natural resources	333,713	340,296	352,001	407,442	456,284
Public welfare	7,735,922	6,658,098	6,391,205	7,460,432	8,368,409
Public health and hospitals	60,411,628	62,481,289	93,805,990	83,419,885	85,557,855
Public library system	20,363,498	19,769,677	18,445,049	19,891,826	21,830,610
Public works, highway, and street	29,171,348	29,563,956	30,946,270	33,787,255	37,832,716
Recreational and cultural	32,214,593	31,849,947	31,368,718	35,539,361	38,852,055
Employee benefits	72,920,868	69,327,218	64,637,576	62,420,127	61,100,542
Miscellaneous	75,985,530	71,067,149	55,652,301	40,260,803	44,480,259
Total Expenditures	$736,998,785	$728,067,435	$720,494,206	$717,153,616	$755,763,240
Excess (Deficiency) of revenues over expenditures	41,024,824	32,329,207	31,022,504	55,965,318	43,291,005
Transfers in	40,553,865	41,898,124	17,158,395	21,859,528	16,696,087
Transfers out	(78,320,831)	(67,640,036)	(67,008,567)	(61,216,302)	(57,455,113)
Total Other Financing Sources (Uses)	(37,766,966)	(25,741,912)	(49,850,172)	(39,356,774)	40,759,026)
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,257,858	6,587,295	(18,827,668)	16,608,544	2,531,979
	67,486,144	60,898,849	79,726,517	63,117,973	60,585,994
	$70,744,002	$67,486,144	$60,898,849	$79,726,517	$63,117,973

(1) Certain numbers have been re-classified for comparative purposes.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SPECIAL REVENUE FUNDS (1)
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2012	2011	2010	2009	2008
REVENUES:					
Property taxes	$225,243,162	$223,021,552	$226,114,328	$221,223,164	$216,365,991
Local option sales tax	188,282,638	175,271,993	171,369,784	159,185,602	171,454,343
Other taxes, licenses and permits	55,099,243	45,451,041	43,909,306	45,074,681	45,353,803
Fines, forfeits and penalties	3,256,519	4,834,363	3,414,841	3,765,696	5,986,697
Revenue from the use of money or property	22,113	96,206	225,106	1,890,504	5,566,554
Revenue from other governmental agencies	481,894,104	465,985,670	403,564,662	357,587,139	344,063,374
Commissions and fees (2)	8,646,969	8,282,460	8,010,122	8,450,307	-
Charges for current services	29,298,030	27,477,875	23,678,064	21,084,956	23,233,415
Compensation for loss, sale or damage to property	968,076	833,531	402,567	364,704	399,614
Contributions and gifts	4,716,714	2,998,162	4,094,898	8,495,946	8,684,409
Bond Interest tax credit	861,853	-	-	-	-
Miscellaneous	572,582	697,845	558,235	584,535	538,334
Total revenues	$998,862,003	$954,950,698	$885,341,913	$827,707,234	$821,646,534
EXPENDITURES					
Personal services	680,829,662	678,325,275	672,621,647	649,208,731	610,393,323
Contractual services	212,289,967	221,570,299	167,758,730	144,055,508	134,786,207
Supplies	71,913,772	75,597,105	69,485,240	63,233,777	63,636,483
Other	8,059,767	10,257,574	7,928,239	6,508,348	8,519,747
Capital outlay	61,109,736	58,283,785	36,365,815	26,537,782	13,323,287
Total Expenditures	1,034,202,904	1,044,034,038	954,159,671	889,544,146	830,659,047
Excess (deficiency) of revenues over expenditures	(35,340,901)	(89,083,340)	(68,817,758)	(61,836,912)	(9,012,513)
OTHER FINANCING SOURCES (USES)					
Insurance recovery	-	37,000,000	15,000,000	-	-
Transfers in	113,965,491	93,818,289	67,848,554	56,684,091	76,591,169
Transfers out	(60,474,881)	(52,154,173)	(65,664,990)	(37,016,989)	(42,363,567)
Total Other Financing Sources (Uses)	53,490,610	78,664,116	17,183,564	19,667,102	34,227,602
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,149,709	(10,419,224)	(51,634,194)	(42,169,810)	25,215,089
FUND BALANCE, beginning of year, as restated	100,580,184	110,999,408	162,633,602	204,803,412	179,588,323
FUND BALANCE, end of year	$118,729,893	$100,580,184	$110,999,408	$162,633,602	$204,803,412

(1) Certain numbers have been re-classified for comparative purposes.
(2) Commissions and fees reported in special revenue funds in 2009 were reported in the general fund in prior years.

Source: The Metropolitan Government CAFR for each fiscal year

The Metropolitan Government of Nashville and Davidson County

DEBT SERVICE FUNDS (1) (2)
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
REVENUES:	2012	2011	2010	2009	2008
Property Taxes	$122,191,564	$120,804,490	$122,698,575	$118,575,150	$113,948,311
Local option sales tax	1,961,289	1,643,404	5,143,018	19,041,127	19,424,138
Other taxes, licenses and permits	-	-	-	126,816	-
Fines, forfeits and penalties	422,692	494,577	554,813	434,021	559,348
Revenue from the use of money of property	198,825	117,865	169,738	778,297	2,336,473
Revenue from other governmental agencies	8,203,784	5,708,388	4,100,815	4,073,441	4,143,610
Compensation for loss, sale, or damage to Property	-	-	-	-	-
Charges for current services	-	-	972,094	838,699	1,001,783
Bond interest tax credit	5,033,674	5,327,305			
Miscellaneous	-	-	-	2,403,918	796,575
Total Revenues	$138,011,829	$134,096,029	$133,639,053	$146,271,469	$142,210,238
EXPENDITURES					
Principal retirement	12,943,203	3,397,777	85,889,567	85,914,567	94,819,566
Interest	93,879,521	85,123,862	80,611,709	83,169,612	79,323,719
Fiscal charges	3,257,031	3,406,148	906,832	3,604,978	3,730,505
Debt issue costs	2,207,494	1,925,066	4,347,663	240,000	323,288
Total Expenditures	$112,287,249	$93,852,853	$171,755,771	$172,929,157	$178,197,078
Excess (deficiency) of revenues over expenditures	25,724,580	40,243,176	(38,116,718)	(26,657,688)	(35,986,840)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	316,085,913	290,201,755	189,895,243	59,140,000	-
Payments to refunded bond escrow agent	(383,595,322)	(331,757,177)	(206,868,923)	(58,900,000)	-
Bond issue premium (discount)	67,444,362	43,480,488	18,244,966	-	-
Transfers in	15,724,752	13,996,949	18,831,042	17,578,067	29,729,100
Transfers out	(51,793,700)	(44,160,500)	-	(4,010,200)	(7,922,177)
Total Other Financing Sources (Uses)	(36,133,995)	(22,911,180)	20,102,328	13,807,867	21,806,923
Excess (deficiency) of revenues and other Sources over expenditures and other uses	(10,409,415)	12,004,691	(18,014,390)	(12,849,821)	(14,179,917)
FUND BALANCE, beginning of year	39,577,733	27,573,042	45,587,432	58,437,253	72,617,170
FUND BALANCE, end of year	$29,168,318	$39,577,733	$27,573,042	$45,587,432	$58,437,253

(1) Includes the Correctional Facility Revenue Bonds.
(2) Certain numbers have been re-classified for comparative purposes.

Debt Calculations

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT
JUNE 30, 2012

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	$ 648,952,771	
For General Purposes	1,087,315,181	
Urban Services District:		
For General Purposes	181,076,431	
Total Gross General Obligation Debt		$ 1,917,344,383
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	13,373,917	
For General Purposes	8,469,047	
Urban Services District:		
For General Purposes	7,325,354	
Total Amounts Available In Debt Service Funds		29,168,318
Net General Obligation Debt		$ 1,888,176,065

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2012

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT RATIOS

AS OF JUNE 30, 2012

Total Debt (1)		
Debt to Estimated Market Value		3.05%
Debt to Assessed Value		10.07%
Debt per Capita	$	3,027.15
Net Debt		
Debt to Estimated Market Value		2.99%
Debt to Assessed Value		9.88%
Debt per Capita	$	2,971.28

The above table is based upon:

Estimated Market Value	$	63,127,519,037
Assessed Value	$	19,104,263,816
Population		635,475

(1) Please refer to pages H-16-17 (Estimated Market Value), H-26 and H-32 in the 2012 CAFR.
(2) Source: US Department of Commerce, Bureau of the Census and Labor.

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The following table illustrates certain debt ratios for the past ten fiscal years.

HISTORICAL DEBT RATIOS

Fiscal Year	Population	Assessed Valuation (in thousands)	Gross Debt (in thousands)	Debt Service Monies Available (in thousands)	Debt Payable From Sources Other Than Property Taxes (in thousands)	Net Debt (in thousands)	Ratio of Net Debt to Assessed Valuation	Net Debt Per Capita
2002-03	570,136	13,463,419	1,114,990	163,737	17,563	933,690	6.94%	1,637.66
2003-04	572,475	13,280,464	1,158,710	151,390	12,519	994,801	7.49%	1,737.72
2004-05	580,455	13,432,024	1,287,630	136,955	14,915	1,135,760	8.46%	1,956.67
2005-06	576,382	15,533,719	1,608,390	83,596	9,350	1,515,444	9.76%	2,629.24
2006-07	578,698	15,897,957	1,510,825	70,969	7,565	1,432,291	9.01%	2,475.02
2007-08	619,626	16,152,729	1,725,785	56,803	7,170	1,661,812	10.29%	2,681.96
2008-09	626,144	16,554,354	1,585,025	43,962	6,890	1,534,173	9.27%	2,450.19
2009-10	635,710	19,222,371	1,910,500	25,950	6,391	1,878,159	9.77%	2,954.43
2010-11	626,681	19,208,515	1,895,530	37,955	6,195	1,851,380	9.64%	2,954.26
2011-12	635,475	19,104,264	1,923,680	29,168	6,336	1,888,176	9.88%	2,971.28

Source: The Metropolitan Government CAFR as of June 30, 2012

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The following table sets forth annual debt service requirements by district of the Metropolitan Government on outstanding general obligation bonds (excluding this issue) secured by ad valorem taxes.

TOTAL DEBT SERVICE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2012
Secured by Ad Valorem Taxes

Year	GSD		USD	
Ending June 30	School Purposes	General Purposes	General Purposes	Total GSD and USD
2013	$ 44,997,687	$ 73,210,770	$ 14,538,976	$ 132,747,433
2014	61,355,283	102,152,246	17,656,197	181,163,726
2015	66,195,099	109,065,918	19,211,915	194,472,932
2016	66,585,220	110,344,114	15,884,228	192,813,562
2017	69,330,631	108,410,476	17,075,379	194,816,486
2018	69,358,706	106,671,961	18,936,064	194,966,731
2019	70,068,164	106,164,458	15,225,624	174,385,433
2020	58,374,004	100,785,805	15,225,624	165,000,238
2021	55,928,540	94,667,311	14,404,387	165,000,238
2022	56,316,598	95,200,662	14,497,363	166,014,896
2023	52,636,863	99,032,382	14,549,928	166,219,173
2024	54,659,006	94,979,141	15,422,203	165,060,350
2025	49,169,470	88,145,817	13,965,055	151,280,342
2026	38,082,478	73,763,275	11,991,147	123,836,900
2027	31,653,327	57,257,830	11,568,939	100,480,096
2028	25,036,061	47,965,332	11,251,761	84,253,154
2029	12,108,323	24,946,209	6,675,406	43,729,938
2030	11,955,130	24,645,374	6,581,620	43,182,124
2031	10,405,135	20,369,587	6,410,055	37,184,777
2032	10,241,362	20,048,980	6,309,164	36,599,506
2033	10,072,177	19,717,993	6,204,938	35,995,108
2034	9,895,500	19,371,903	6,096,096	35,363,499
2035	9,712,051	19,012,568	5,983,085	34,707,704
	$ 944,136,815	$ 1,615,930,112	$ 289,024,566	$ 2,849,091,493

Source: The Metropolitan Government CAFR as of June 30, 2012

Investment Policy

The Metropolitan County Council has approved a comprehensive Investment Policy governing the overall administration and investment management of those funds held in the Short-Term Investment Portfolio. The policy applies to all short-term financial assets of the Metropolitan Government from the time of receipt until the time the funds ultimately leave the Metropolitan Government accounts. These assets include, but are not limited to, all operating funds, bond funds, debt service reserve funds, water and sewer funds, Urban Services District and General Services District funds, those pension monies not yet allocated to money managers, all float and certain school funds.

The Short-Term Investment Portfolio of the Metropolitan Government is managed to accomplish the following hierarchy of objectives:

1) Preservation of principal
2) Maintenance of liquidity
3) Maximize returns

The Cash Investment Committee meets at least quarterly to review the position of the portfolio and to discuss investment strategies. The Committee reviews investment policy and procedures at least once each year. The Metropolitan Treasurer is responsible for the investment process, carries out the daily operational requirements, and maintains written administrative procedures for the operation of the investment program that are consistent with the Investment Policy.

The Metropolitan Investment Pool has been established to meet investment objectives in the most cost-effective way. All payments and receipts of income on pool investments are allocated on a pro rata basis among the accounts invested in the pool on the daily invested balance in each fund. Earnings are calculated and distributed on a monthly basis.

Mass Transit Expenditures

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2012, approximately $26,321,000 and $3,940,000 respectively, to pay approximately 55.7% of the Authority's operating expenses. The State directs revenues from a two cent per gallon gasoline tax, which it imposes on local governments that may be applied to mass transit. The contribution of the Metropolitan Government was paid from its general revenues.

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District Energy System Overview

The Metropolitan Government's District Energy System ("DES") began operations in December 2003. DES is a district heating and cooling system that provides steam and chilled water to 39 buildings in the downtown Metropolitan Nashville area for the purposes of general heating and air conditioning. DES is managed by Constellation Energy Projects & Services ("CEPS") of Baltimore, MD. CEPS has been involved in the development of many other district energy plants, including those in Chicago, Boston, New Orleans and Baltimore. The Metropolitan Government is the owner of the DES and the site on which the facility is located.

The primary components of the DES include (i) the steam production subsystem consisting of four 65,000 PPH forced draft, pressurized, dual-fuel boilers and a duplex soft water system; (ii) the chilled water subsystem comprised of nine 2,600-ton electrical drive chillers, 18 single-cell, induced draft cooling towers and 6 chilled water and 5 condenser water pump/motor sets; (iii) a 69/13/8 KV supply substation and two 69/13.8 KV transformers; and (iv) 14,000 linear feet of underground energy distribution piping.

The Metropolitan Government is a customer of DES and purchased approximately 33% of the steam and 35% of the chilled water sold by the system. In addition, the Metropolitan Government has covenanted to provide funding in an amount equal to any shortage in revenues necessary to pay debt service and operating expenses (the "Metro Funding Amount") and to replenish the DES debt service reserve fund and operating reserve fund if necessary. To date, no amounts have been required to replenish the reserve funds and the amounts paid as the Metro Funding Amounts are as follows:

Fiscal Year	Amount
2004	$2,000,000
2005	1,698,900
2006	2,173,100
2007	2,291,300
2008	1,214,050
2009	2,256,100
2010	2,444,100
2011	2,444,100
2012	2,363,000
2013	2,315,700*
	*Budgeted Amount

The Sports Authority of the Metropolitan Government

The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority") is a public non-profit corporation and instrumentality of the Metropolitan Government organized in 1995 pursuant to Chapter 67, Title 7 of Tennessee Code Annotated, as amended; it is a Component Unit of the Metropolitan Government and is included in the Metropolitan Government's CAFR. The purpose of the Authority is to plan, promote, finance, construct, and acquire sports complexes, stadiums, arenas, and facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Authority has no taxing power.

The Authority, on behalf of the Metropolitan Government, issued revenue bonds in 1996, 1998 and 2012 to assist in the funding of certain sports projects. The proceeds of the Series 1996 Bonds were used for a portion of the construction of the Coliseum (now LP Field) for the National Football League's Tennessee Titans and Tennessee State University, the Series 1998 Bonds were issued to fund a portion of the franchise payment to the National Hockey League ("NHL") for the NHL's Nashville Predators, and the Series 2012 Bonds were issued for upgrades to LP Field. These bond issues were primarily funded with new, dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University, a ticket surcharge at the Bridgestone Arena and a ticket surcharge at LP Field). However, a portion of the debt service as well as any deficiencies from the other pledged revenue streams are backed by a pledge of certain of the Metropolitan Government's non-tax General Fund revenues. In 2004, a portion of the Series 1996 Bonds were advance refunded for debt service savings, and in 2012 the Series 1998 Bonds were refunded for debt service savings. In total, the annual debt service for these bond issues is approximately $8.2 million through 2018, $6.6 million through 2026, and $1.7 million thereafter until 2033.

Convention Center Authority

The Convention Center Authority ("CCA") of the Metropolitan Government of Nashville and Davidson County is a nonprofit public corporation created in 2009 by the Metropolitan Government pursuant Chapter 89 of Title 7 of the Tennessee Code Annotated, as amended (the "Act"), for the purposes set forth in the Act, including, without limitation, owning, operating and financing a convention center in order to promote economic development and to stimulate business and commercial activity in the Metropolitan Government. The Metropolitan Council approved the creation of the CCA, its charter and the appointment by the Metropolitan Mayor of its Board members.

On April 21, 2010, the CCA issued $51,730,000 of its Tourism Tax Revenue Bonds, Series 2010A-1 and $152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (together, the "CCA Series 2010A Bonds"), and $419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "CCA Series 2010B Bonds"), to finance the development, construction, equipping, furnishing, repair, refurbishment and opening of a new downtown convention center facility (the "Convention Center"). For more information on the Convention Center and the Omni Hotel, see "Tourism" herein. The CCA Series 2010A Bonds are payable solely from certain hotel/motel tax revenues and certain other designated tourism tax revenues (the "Tourism Tax Revenues"). The CCA Series 2010B Bonds are payable from Tourism Tax Revenues, subordinate to the payment of the CCA Series 2010A Bonds, and from Convention Center operating income. If those funds are insufficient to pay debt service when due on the CCA Series 2010B Bonds, the Metropolitan Government has pledged its non-tax General Services Fund revenues (as it has with respect to the Sports Authority Bonds described above) to the payment of debt service on the CCA Series 2010B Bonds. The maximum annual debt service on the CCA Series 2010B Bonds is approximately $26.5 million. The CCA has established a debt service reserve equal to the maximum annual debt service on the CCA Series 2010B Bonds.

Omni Hotels & Resorts ("Omni") has purchased property adjacent to the Convention Center is constructing an 800-room hotel that will serve as headquarters hotel for the Convention Center. The hotel is scheduled to open in 2013, shortly after the Convention Center. The CCA has entered into a development agreement with Omni, under which the CCA has agreed to pay approximately $100 million in present value financial incentives for Omni to develop the hotel, which incentives are payable over the course of approximately 20 years from Omni's completion of the hotel. The Metropolitan Government has pledged its non-tax General Services Fund revenues (as it has with respect to the Sports Authority Bonds and the CCA Series 2010B Bonds described above) to the payment of these incentives, in the event the CCA is unable to make payment. The maximum annual incentive payment is approximately $15 million. The incentive payments are conditioned upon Omni's construction and continued operation of the hotel.

Pension Plans and Other Post-Employment Benefits

<u>Overview</u>

Metro employees participate in one of three main pension plan groups:

1. Metro Active Plans
2. Tennessee Consolidated Retirement System (TCRS) for Metro Schools Certificated Employees (Teachers)
3. Closed Plans maintained under the Guaranteed Payment Program

The Metro Active Plans consist of two divisions – A and B. Division A was established at the inception of the Government on April 1, 1963 and implemented on November 4, 1964. At that time, all employees of the former city and county governments were given the option of continuing as participants of the pension plans of those organizations or transferring to the Metro Plan Division A. Division A of the Metro Plan was closed to new members on July 1, 1995.

On July 1, 1995, Division B of the Metro Active Plans was established for all non-certified employees of the Metropolitan Nashville Public Schools and all other Metropolitan Government employees. Metropolitan Government employees who were members of Division A were given the option to transfer to Division B as of January 1, 1996. At that time, 95% of the approximately 11,300 employees elected to transfer to Division B.

The Metro Active Plan Division B is a non-contributory, defined benefit plan, covering approximately 13,000 current employees and 9,900 retired and deferred vested employees. The Active Plan covers all employees of the Metropolitan Government other than teachers. Contributions attributable to employees of the general government (approximately 75% of total) are funded from Metro's operating fund and revenues. The balance of contributions (approximately 25%) is attributable to Metro employees at enterprise funds and other non-operating funded agencies of the Metropolitan Government (e.g. contributions for water and sewer department employees and funded from water and sewer revenues).

Metropolitan Nashville Public School's (MNPS) teachers participate in the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple-employer, contributory, defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). Approximately 6,630 current teachers and 2,350 retired teachers are covered by TCRS. TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

The TCRS employer contribution rate is established at an actuarially determined rate and set every two years by the TCRS Board of Trustees. MNPS is required to make contributions based on the established rate directly to TCRS. The Metropolitan Government funds this contribution from its operating funds and revenues, through its annual funding of MNPS's education budget. The employer rate for the fiscal year ending June 30, 2012 was 9.05% of annual covered payroll. The employer's contributions to TCRS for the years ending June 30, 2012, and 2011, were $31,044,713, and $31,028,283, respectively, equal to the required contributions for each year. The Employer's Contribution Rate for Fiscal Year 2013 and 2014 is 8.88%. Teachers are required by state statute to contribute 5% of salary to the plan.

The Closed Plans are defined benefit plans collectively covering one active employee and approximately 2,135 retired employees. Contributions to the Closed Plans are funded from Metro's operating fund through the Guaranteed Payment Plan and contributions from the State of Tennessee.

Metro Active Plan

Benefits

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the competed years of credited employee service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime annual benefit is calculated as 1.75% X final average earnings X years of credited service. Final average earnings are the highest 60 consecutive months of credited service divided by 5. Benefits fully vest on completing 5 years of service. Employees with a date of hire on or after January 1, 2013 will become fully vested on completing 10 years of service.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime annual benefit is the sum of 2% of final average earnings X years of credited police and fire service up to 25 years; plus 1.75% of final average earnings X year of credited police and fire service over 25 years Final average earnings is the highest 60 consecutive months of credited service divided by 5. Benefits fully vest upon completing 5 years of service. Employees with a date of hire on or after January 1, 2013 will become fully vested on completing 10 years of service.

An early retirement pension is available for retired employees if the retirement occurs prior to the eligibility of normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years credited employee service. Benefits are reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age.

Any employee who terminates after completion of required years of service to be vested and before eligibility for normal or early retirement is eligible to receive a monthly deferred pension commencing on the first day of the month following the attainment of unreduced retirement age computed and payable in accordance with the plan.

Funding

Minimum Required Employer Contribution: The Metropolitan Code of Ordinance requires the Metropolitan Government to contribute to the Metro Active Plans each fiscal year an amount equal to a percentage of the annual payroll of members who are eligible employees and who are covered for pension benefits the percentage to be known as the "employer contribution rate." The employer contribution rate applicable for any fiscal year is determined by resolution of the benefit board at a public meeting held at least four months prior to the beginning date of such fiscal year and filed with the Metropolitan Clerk and must be no less than the smaller of (1) three-tenths of one percent plus the employer contribution rate applicable to the prior fiscal year, or (2) an employer contribution rate, which shall be the ratio of the actuarially determined contribution level to the amount of the valuation payroll, on the basis of an actuarial valuation of the system made as of the last day of the fiscal year preceding the adoption of the contribution rate. The actuarially determined contribution level equals the sum of normal cost and a percentage of unfunded past service liabilities, such percentage to be determined by the board at a level at least equal to the actuarial valuation interest rate. The actuarial valuation must be made by a qualified or accredited actuary according to accepted and sound actuarial principles and methods and based on actuarial assumptions which have been recommended by the actuary and approved by the Benefit Board.

Historic Employer Contribution: Metro has historically made employer contributions at a rate higher than the minimum required contribution. Metro's policy has been to make annual contributions to the Active Plans equal to the actuary's recommended rate, sufficient to amortize the unfunded liability over the 40 year period commencing in 1978. Beginning with the plan year ended June 30, 2006, the Benefit Board adopted a level unfunded liability amortization period of 15 years. The level amortization period is designed to reduce contribution volatility compared with a continuing decline in the amortization period. The chart below shows the annual employer contribution rate (in both percentage of employee salary and aggregate dollar terms) for the past 10 years. The employer contribution rate for fiscal year 2012-2013 is 15.938%. The Metropolitan Government expects that its contribution rate for 2013-2014 will increase to 17.1%. This increase results from the combination of (1) the anticipated changes in actuarial assumptions described below (which in isolation would reduce the contribution rate) and (2) the increase in unfunded liability described below.

Historical Metro Contributions
Metro Active Plan

Fiscal Year Ending June 30	Contribution Rate	Contribution Amount
2012	15.416%	$81,636,995
2011	15.416%	81,502,645
2010	13.012%	72,253,372
2009	13.012%	72,561,790
2008	16.658%	90,922,719
2007	16.637%	85,427,968
2006	13.857%	68,674,155
2005	12.171%	58,894,435
2004	9.265%	44,902,059
2003	6.610%	30,123,759

Key Actuarial Assumptions

- Current actuarial assumptions include a discount rate of 8%, cost-of-living adjustments (COLA) of 2.75% for Division A and 1.75% for Division B, salary increases averaging 5.25% annually and five year smoothing of gains and losses.
- Based on the June 30, 2012 actuarial valuation, Bryan, Pendleton, Swats & McAllister, LLC, Metro's Actuary, has recommended changes to the Benefit Board. New assumptions include a 7.50% discount rate, COLA assumptions of 2.50% for Division A and1.50% for Division B and a salary increase assumption that scales from 5.5% at age 20 to 2.5% at age 70. Any changes to assumptions must be approved by the Benefit Board prior to March 2013.

Schedule of Funding Progress

The table below provides a 10 year history of funding progress:

Metropolitan Government of Nashville and Davidson County Tennessee Pension Plan
Schedule of Funding Progress

Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a percent of Payroll
6/30/2002	1,569,455,257	1,668,629,134	99,173,877	94.10%	434,699,880	22.81%
6/30/2003	1,569,047,675	1,688,192,909	119,145,234	92.90%	466,820,160	25.52%
6/30/2004	1,592,671,213	1,708,318,774	115,647,561	93.20%	481,881,171	24.00%
6/30/2005	1,602,285,363	1,818,206,856	215,921,493	88.10%	474,531,741	45.50%
6/30/2006	1,706,677,125	1,959,952,204	253,275,079	87.10%	515,500,760	49.13%
6/30/2007	1,921,193,702	2,144,144,792	222,951,090	89.60%	529,100,484	42.14%
6/30/2008	2,119,228,659	2,323,837,472	204,608,813	91.20%	555,972,878	36.80%
6/30/2009	1,925,305,076	2,275,399,550	350,094,474	84.60%	562,015,408	62.29%
6/30/2010	2,143,522,150	2,360,892,310	217,370,160	90.80%	554,606,279	39.19%
6/30/2011	2,188,868,356	2,468,971,488	280,103,132	88.70%	571,381,362	49.02%

The Metropolitan Government expects that the Unfunded Actuarial Accrued Liability for the Active Plan will increase to approximately $396 million as of June 30, 2012. This increase results from Active Plan investments underperforming versus actuarially assumed investment returns.

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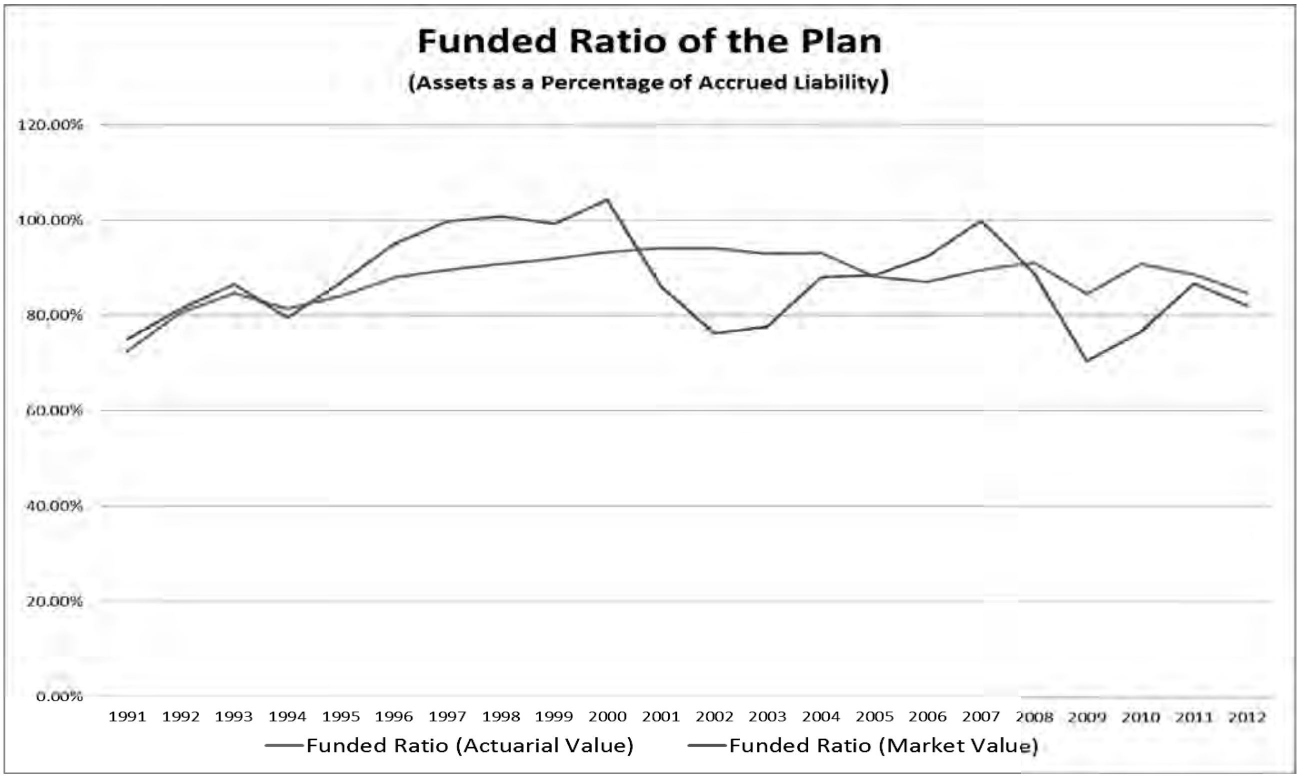
The graph below provides a historical comparison of the plans funded ratio based on actuarial and market values of assets as a percentage of accrued liability.



Source: Bryan, Pendleton, Swats & McAllister, LLC

Additional statistical information for the Active Plans can be found in the Metropolitan Government's CAFR, a link to which is included in this Official Statement.

<u>TCRS</u>

Benefits

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statue found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

Funding Sources

Teachers – 5% of salaries

Metro, via funding of the MNPS school budget, contributes an amount equal to the percentage of certified payroll set by the TCRS each year. The certified percentage results from a bi-annual TCRS actuarial report and equals normal cost, accrued liability cost and administrative costs (minus teacher contributions).

Actuarial Information

Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a percent of Payroll
2011	$18,388,337	$19,423,152	$1,034,815	94.67%	$3,626,582	28.53%
2009	16,031,755	17,118,650	1,086,895	93.65	3,523,942	30.84
2007	15,993,095	15,998,286	5,191	99.97	3,241,772	0.16
2005	14,464,578	14,464,578	0	100	3,000,297	na
2003	13,509,863	13,509,863	0	100	2,762,152	na
2001	12,629,990	12,629,990	0	100	2,560,093	na

Information from the TCRS Valuation and Report as of July 1, 2011

Annual Contributions

Required TCRS contributions in 2011 and 2012 were 9.05% of salary, or $31,028,283 and $31,044,713.

Required TCRS contributions in 2013 and 2014 will be 8.88% of salary, or approximately $30,570,815 and $30,659,615.

Trends

It is anticipated that there will be upward pressure in the employer contribution rates in future actuarial valuations as the difference between the market value of assets and the actuarial value of assets that are being deferred are recognized. At June 30, 2011 $1.5 billion of market losses for the state-wide Teachers group are being deferred. Metro's share of these losses will be recognized in future valuations.

Additional Information

Additional information about TCRS can be accessed at www.tn.gov/treasury/tcrs.

Closed Plans – Guaranteed Payment Plan

The Metro Council created the Guaranteed Payment Plan effective July 1, 2000 to ensure actuarially sound funding for a group of five closed plans supervised by the Metro Benefit Board and the Board of Education. Under the Guaranteed Payment Plan, unfunded liabilities of the aggregate plan are amortized over a period of no more than thirty years beginning with the effective date. Payments for each constituent plan are transferred to a payment account from which distributions are disbursed to the constituent plans as necessary to satisfy current benefit needs and funding objectives of the Guaranteed Payment Plan. Appropriations made by Metro and the Board of Education to fund obligations of the aggregate plan may not be reduced until all plan obligations are fully amortized. Plan improvements adopted subsequent to inception are to be funded over a period ending June 30, 2030.

The five plans included in the Guaranteed Payment Plan are:

Metropolitan Board of Education Teacher Retirement Plan
Davidson County Board of Education Retirement Plan
Nashville City Teachers Retirement Plan
Former Davidson County Pension System
Former City of Nashville Pension System

Current Funded Status

Metro's Liability
At June 30, 2011

(Dollars in Thousands)

	Present Value of Future Benefits*	Present Value of Future Employee Contributions	Actuarial Value of Assets	Remaining Liability
Metro Teachers	$207,805	$0	$53,321	$154,484
County Teachers	32,510	0	5,930	26,580
City Teachers	17,809	0	3,769	14,040
City Employees	55,674	0	7,275	48,399
County Employees	11,786	0	1,557	10,229
Total	$325,584	$0	$71,852	$253,732

*Net of Sate cost-sharing in the three teacher plans

Based on current valuation the expected amortization period is approximately 11 years.

Historical Contributions

Contributions
Metro Closed Plans

Fiscal Year Ending June 30	Metro Contributions	State Contributions
2012	$33,520,844	$18,769,087
2011	33,529,553	19,333,186
2010	33,519,574	19,643,816
2009	33,513,758	20,106,215
2008	33,507,435	20,635,657
2007	33,486,214	21,017,217
2006	33,474,046	21,260,495
2005	33,519,098	21,699,309
2004	33,577,400	21,143,526
2003	33,577,329	20,983,034

Additional statistical information for the Closed Plans can be found in the Metropolitan Government's CAFR, a link to which is included in this Official Statement.

The Metropolitan Government currently provides various other post-employment benefits ("OPEB") other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro Medical Benefit Plan, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. For employees hired January 1, 2013 or later, the Metropolitan Government contribution is based on years of service and ranges from 25% for a retiree with less than 15 years of service to 75% for a retiree with 20 or more years of service. No later than January 1, 2014, Metro will implement a Medicare Part D or Employer Group Waiver Plan for eligible retirees that is expected to reduce OPEB liability once implemented. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. The Metropolitan Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. During the year ended June 30, 2012, benefits paid totaled $43,211,245.

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of the Metropolitan Nashville Public Schools, Schools contribute 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid. During the year ended June 30, 2012, benefits paid totaled $16,293,990.

The Metropolitan Government adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, in Fiscal Year 2008. This Statement addresses how governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits; it does not require that the liability be funded.

For June 30, 2012, amounts related to OPEB were (all amounts in thousands):

	Metro Plan	School Plan
Net OPEB Obligation	$ 649,971	$ 135,714
Actuarial Accrued Liability (AAL)	1,809,522	417,610
Unfunded AAL	1,809,522	417,610
Annual Required Contribution	176,073	37,985

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2011 valuation date and census data
- Actual dependent coverage information
- 4.5% rate of return (net of administrative expenses)
- Health care cost trend rate: 8% graded to 5% for other medical expenses, 10.5% graded to 5% for prescription drugs, 4% for dental and vision expenses

Public Employees' Representation

As of June 30, 2012, the Metropolitan Government and the Metropolitan Board of Education (the “MBE”) employed approximately 17,362 persons of whom approximately 9,505 worked full-time for the MBE and 7,857 worked full-time for the Metropolitan Government. Approximately 87% of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,841 active employees, of which 1,350 are sworn personnel. Approximately 1,086 sworn officers (or 80%) of the Police Department belong to the Fraternal Order of Police, Andrew Jackson Lodge No. 5, the designated employee representative. Of those employed by the MBE, approximately 2,424 (or 41%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 988 (or 36%) of the non-teaching employees are members of the Service Employees International Union; and 172 (or 22%) are in the Steel Workers Union.

The MBE is a party to a Memorandum of Understanding with the MNEA which is renewed annually. The Metropolitan Government confers on an informal basis with representatives of employee unions mentioned above concerning employees' working conditions within their respective departments.

With the exception of school teachers covered specifically by the Education Professional Negotiation Act, which provides for memoranda of understanding, the State does not recognize collective bargaining agreements between municipalities and their employees. The State courts have ruled that collective bargaining between municipalities and their employees are void and of no effect because they are contrary to public policy. The State courts have also ruled that strikes by municipal employees are illegal and subject to injunction.

Economic and Demographic Profile of the Metropolitan Government

Introduction

The Metropolitan Government as created in 1963, is in the north central part of Tennessee and covers 533 square miles. Nashville is the capital of the State of Tennessee and is situated in the Nashville Basin, between the Tennessee River on the west and the Eastern Highland Rim on the east.

Population Growth

The following table sets forth information concerning population growth in the Metropolitan Government. A comparison with the Nashville Metropolitan Statistical Area ("MSA"), the State and the United States serves to illustrate relative growth.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEMOGRAPHIC STATISTICS - POPULATION GROWTH

Area	2000	2010	Change 2000 – 2010	2012
Nashville/Davidson	569,891	626,681	10.0%	648,295
MSA	1,311,789	1,670,890	7.4%	1,726,693
State	5,689,283	6,346,105	11.5%	6,456,243
United States	281,421,906	308,745,538	9.7%	313,914,040

Census Bureau (census.gov)

Growth within the MSA has occurred to the greatest extent in surrounding communities, which, although suburbs of Nashville, are in themselves residential, manufacturing and agricultural communities.

Per Capita Personal Income

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Davidson County	37,479	38,404	39,986	40,953	43,827	45,213	45,988	43,748	45,788	47,318
Nashville MSA	32,668	33,560	35,135	36,382	38,471	39,794	40,668	38,563	40,551	42,129
Tennessee	28,162	29,041	30,285	31,327	32,885	34,221	35,112	33,711	35,103	36,567
United States	31,481	32,295	33,909	35,452	37,725	39,506	40,947	38,637	39,791	41,560

Economy of the Metropolitan Area

Nashville has a diverse economy, having considerable involvement in commerce and industry, education and government. Agriculture is also a major factor in the economy of the surrounding counties. Insurance, finance, publishing, banking, health care, music, tourism, manufacturing and distribution are all mainstays of the economy. Lack of dependency on one industry has helped to insulate Nashville from the impact of product business cycles. Businesses have been attracted to Nashville because of its location, work force, services and taxes. The central location of Nashville, approximately halfway between Houston and New York, has contributed to its emergence as an important wholesale and retail center.

Employment

The following table shows the labor force segments of the eight-county Nashville Metropolitan Statistical Area for calendar years 2002 through 2011.

NASHVILLE MSA

EMPLOYMENT BY INDUSTRY (1)

Industry	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Education & Health Services	94.9	98.4	101.4	104.4	108.1	112	114.9	118.5	121.5	125
Financial Activities	44.7	44.5	45.2	45.7	46.2	45.9	45	46.2	47.4	48.3
Government	94.2	95.9	96.9	98.6	99.9	103.1	104.6	106	105.1	104.4
Information	19.9	19.4	19.7	19.3	19.8	21.1	20	19.3	19.3	20.2
Leisure & Hospitality	71.7	72	74.6	77.6	80.7	79.5	76.5	76.9	79	83.7
Manufacturing	81.8	83.6	84.5	84.1	79.3	73.4	62.4	60.4	62.7	67.3
Professional & Business Services	84.1	91.5	96.7	98.9	101.9	100.6	93	98.6	106.6	114.5
Trade, Transportation, Utilities	141.8	146	150.7	153.7	154.6	154.6	147.7	147.8	152.4	158.6
Total Non-Agriculture Employment	697.6	715.3	735.4	751.8	762.5	760.6	726	734.3	756.7	786.2

Source – Bureau of Labor Statics (bls.gov)

(1) Employment numbers in thousands.

PERCENTAGE OF PERSONS EMPLOYED BY INDUSTRY: MSA, STATE, AND NATION

	Nashville MSA					Tennessee					United States				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Total All Industries [1]	786	752	734	726	761	2,714	2,656	2,615	2,620	2,775	130,100	131,359	129,874	130,807	136,790
In Percentages:															
Education & Health Services	15.90%	16.10%	16.14%	15.83%	14.73%	14.42%	14.42%	14.30%	13.97%	12.93%	15.62%	15.14%	15.07%	14.67%	13.77%
Financial Activities	6.14%	6.24%	6.29%	6.20%	6.03%	5.07%	5.10%	5.24%	5.37%	5.23%	5.98%	5.85%	5.88%	5.94%	5.95%
Government	13.28%	13.86%	14.44%	14.41%	13.56%	15.61%	16.26%	16.55%	16.36%	15.42%	16.85%	16.83%	17.32%	17.24%	16.46%
Information	2.57%	2.50%	2.63%	2.75%	2.77%	1.58%	1.6%	1.72%	1.79%	1.82%	2.06%	2.02%	2.09%	2.14%	2.18%
Leisure & Hospitality	10.65%	10.34%	10.47%	10.54%	10.45%	10.21%	10.01%	10.02%	10.06%	9.87%	10.57%	1.014%	10.03%	10.00%	9.82%
Manufacturing	8.56%	8.26%	8.23%	8.60%	9.65%	11.55%	11.45%	11.43%	11.80%	13.01%	9.16%	8.93%	8.88%	9.06%	9.80%
Professional & Business Services	14.56%	14.17%	13.43%	12.81%	13.23%	12.40%	12.12%	11.63%	11.22%	11.57%	13.78%	13.19%	12.85%	12.67%	12.97%
Trade, Transportation Utilities	20.17%	20.03%	20.13%	20.34%	20.33%	21.18%	21.04%	21.23%	21.36%	21.63%	19.61%	19.05%	18.95%	19.04%	19.22%
Other	8.17%	8.34%	4.07%	8.53%	9.26%	7.97%	7.94%	7.89%	8.09%	8.53%	6.37%	8.85%	8.93%	9.23%	9.83%

(1) Total Nonfarm Employment in thousands

Source: Bureau of Labor Statistics (bls.gov)

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited - See Accompanying Accountants' Report

	June 30, 2012				June 30, 2003			
Employer	Employees	Rank	% of Total Employment		Employees	Rank	% of Total Employment	
Vanderbilt University and Medical Center	21,398	1	2.74	%	15,279	3	2.21	%
State of Tennessee	18,411	2	2.36		19,081	2	2.75	
Metro Nashville-Davidson Co. Government and Public Schools	18,069	3	2.31		21,491	1	3.10	
U.S. Government	12,835	4	1.64		11,128	4	1.61	
HCA (including Tri-Star Health System)(1)	7,000	5	0.90		9,493	5	1.37	
St. Thomas Health Services	6,500	6	0.83		6,575	6	0.95	
Nissan North America Inc.	5,400	7	0.69		6,200	7	0.89	
Gaylord Entertainment Co. (1)	4,000	8	0.51		3,519	9	0.51	
The Kroger Company	3,500	9	0.45		-	9	-	(2)
Randstad	3,260	10	0.42		-	-	-	(2)
Shoney's Inc.	-		-	(2)	4,000	8	0.58	
CBRL Group Inc.	-		-	(2)	3,475	10	0.50	
	100,373		12.85	%	100,241		14.47	%

Sources:
Principal Employers and Number of Employees - Nashville Area Chamber of Commerce, Nashville Business Journal
Total Employment - TN Department of Labor & Workforce Development

(1)National, State or Corporate Headquarters.

(2)Values for employers that are outside the top ten ranking are excluded.

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Unemployment Rates

The following table sets forth the unemployment percentage rates in the Metropolitan Government, the MSA, the State and the United States for the calendar years 2003-2012.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012[1]
Davidson County	4.6	4.6	4.5	4.2	3.9	5.4	8.9	8.9	8.2	6.2
Nashville MSA	4.7	4.5	4.5	4.2	4.0	5.7	9.3	8.7	8.0	6.1
Tennessee	5.7	5.4	5.6	5.2	4.8	6.6	10.5	9.8	9.2	7.6
United States	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1

Source: Bureau of Labor Statistics (bls.gov)

2003-2012 Annual average rate

(1)2012 Preliminary December monthly rates for Davidson County & Nashville MSA

Investment and Job Creation

In the past two years, the Nashville Area Chamber of Commerce announced some 259 business relocations or expansions into the Nashville MSA, collectively bringing 21,736 new jobs to the Metro area. Continued expansion has occurred in recent years in corporate and regional headquarters, information processing operations, the automotive industry, health care management and many areas where the local economy has established strength and growth potential.

Over the past several years, many sizable headquarters have relocated to Nashville. Asurion, which provides enhanced services to the wireless telecommunications industry, relocated from Silicon Valley in May 2003, adding 600 jobs to Nashville's employment base. CareMark Rx, a Fortune 100 pharmaceuticals company, moved its headquarters from Birmingham, AL to downtown Nashville, bringing 50 executive jobs with the relocation. Aegis Sciences, a provider of scientific services and programs, relocated its headquarters to Nashville. Quanta is the world's largest manufacturer of notebook computers and brought 500 new jobs with their initial move. Louisiana-Pacific Corporation, which manufactures building products, relocated its headquarters to downtown Nashville after 30 years in Portland, OR. The move created 225-plus jobs. Clarcor, Inc., a manufacturer of filtration products with a market capitalization of $1.1 billion, relocated its corporate headquarters to the Nashville area from Rockford, Ill, creating up to 75 executive positions. Actus Lend Lease moved its military housing operations company from Napa Valley to Nashville in January 2005. Great American Country also relocated in 2005, bringing their headquarters from Denver to Music Row. The Fraternal Order of Police constructed a new 20,000 square-foot facility in Nashville's Century City office park to house headquarter operations. Nissan North America relocated corporate operations to Middle Tennessee in June 2006, temporarily moving into downtown Nashville before settling into a new campus in Cool Springs in neighboring Williamson County in 2008. The international headquarters of the Barbershop Harmony Society, the largest all-male singing organization with 30,000 members, founded in 1938, occupies a 36,000 square foot building in downtown Nashville.

Education

The school system had its beginning in 1963 with the merger of Nashville and Davidson County. The Nashville public schools make up the second largest school system in Tennessee. In the 2011-2012 school year, Nashville had 144 public schools, with more than 79,000 students and 5,000 teachers. In addition, there are approximately 70 independent schools, which are attended by over 2,600 students from pre-kindergarten through 12^{th} grade.

The MBE, consisting of 9 members, administers the school system. The Metropolitan Government voters elect one member from each school district to a four-year term. The terms are staggered so that at least four members are elected every two years. The MBE holds regular meetings on the second and fourth Tuesday of each month. These meetings are open to the public.

The current members of the MBE, the office held by each and the date their term of office expires are listed below.

Member	Office	Term Expires
Cheryl D. Mayes	Chair	2014
Anna Shepherd	Vice-Chair	2014
Dr. Jo Ann Brannon	Member	2014
Amy Frogge	Member	2016
Sharon Dixon Gentry, Ed.D.	Member	2016
Michael W. Hayes	Member	2014
Elissa Kim	Member	2016
Will Pinkston	Member	2016
Jill Speering	Member	2016

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The following tables summarize certain information regarding the school system's building facilities and enrollment and attendance trends.

SCHOOL SYSTEM

Public Education Facilities

2011-2012

Education Level	Number of Schools	School Year Enrollment
Pre-School	**	260
Pre-Kindergarten	**	2,087
Elementary	72	33,851
Middle	33	22,747
High	21	20,172
Alternative	33	**
Exceptional Education	44	***
Charter Schools	11	***
Total	144	79,117

**No Separate Facilities

***Included in grade totals

SCHOOL SYSTEM

Public Schools Enrollment and Attendance

School Year	Enrollment	Average Attendance
2000-2001	69,457	65,289
2001-2002	69,700	66,319
2002-2003	70,028	66,554
2003-2004	70,760	65,857
2004-2005	71,651	65,960
2005-2006	72,735	67,530
2006-2007	74,163	69,360
2007-2008	74,733	70,231
2008-2009	75,043	69,686
2009-2010	76,329	70,979
2010-2011	78,096	73,808
2011-2012	79,117	75,072

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually.

Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

Manufacturing

As of December 2012, an average of 67,300 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

Nashville MSA's largest manufacturing employers include Nissan North America, Bridgestone Americas, Electrolux Home Products, A.O. Smith Water Products and Vought Aircraft Industries.

Trade

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with consumer spending by Nashville MSA residents exceeding $32.0 billion. Nashville is one of the top 50 retail markets in the country. In the Nashville region there are 245 shopping centers with 37.3 million square feet of gross leasable area. Nine of these centers are super-regional and 15 are regional.

Agriculture

Nashville is surrounded by agricultural-based economies. The area encompassing middle Tennessee produces livestock, dairy products, soybeans, small grain, feed lot cattle, strawberries, hay and tobacco. Additionally, the area surrounding Nashville is the home of the Tennessee Walking Horse.

Transportation

Nashville serves as a conduit or trans-shipment point for much of the traffic between the northeast and southeast United States. Three interstate highways extending in six directions intersect in Nashville in addition to nine Federal highways and four State highways. Barge service on the Cumberland River, together with good rail and air services, give Nashville an excellent four-way transportation network.

The Cumberland River, connecting Nashville and the surrounding area to the Gulf of Mexico and intermediate points on the Ohio and Mississippi Rivers, is used by 51 commercial operators, 18 of which serve Nashville. With the completion of the Tennessee-Tombigbee Waterway in 1985, Cumberland River freight is able to reach the Port of Mobile, thereby eliminating approximately 600 miles of the distance from Nashville to the open sea and contributing to the development of foreign trade in Nashville. In addition, the Federal Government in 1982 approved Nashville as a Foreign Trade Zone, a secured area supervised by the United States Customs Service, which provides for the storing of foreign merchandise without duty payments.

The CSX System, a major national railroad, serves Nashville. In addition, five major rail lines link Nashville to all major markets in the nation. Rail carriers interchange freight and cooperate in providing and extending transit privileges covering both dry and cold storage and the processing or conversion of materials.

A commuter rail service from Lebanon, Tennessee to Nashville, approximately 32 miles, known as the Music City Star commenced transportation services in the September of 2006. It is operated under the direction of the Regional Transportation Authority, a multi-county agency. The ticket price includes Metropolitan Transportation Authority (“MTA”) bus service on circulator routes in the downtown area.

MTA provides a comprehensive public transportation system covering the entire metropolitan area. In addition to regularly scheduled bus routes, MTA provides special transportation services for the handicapped and operates trolley cars in the downtown area for shoppers, tourists and downtown workers.

The Metropolitan Nashville Airport Authority (the "Airport Authority") owns Nashville International and John C. Tune airports. Nashville International Airport (the "Airport") is situated approximately eight miles from downtown Nashville.

Airport Facts:

• 1 million+-square-foot terminal

• 44 gates and 15 commuter aircraft parking positions

• Up to 78 commuter aircraft parking positions on 4,500 acres

• Four runways

• Ranked sixth in the nation of airports its size in customer satisfaction in 2008 by J.D. Power and Associates

• Nearly 10 million passengers a year

• $1.18 billion in wages and more than 39,700 jobs annually

• 45,000-plus tons of cargo in 2011

• Serving 70 markets; 50 nonstop

• 380 daily flights

The Airport Authority also operates the John C. Tune Airport in the Cockrill Bend Industrial area west of Nashville. It serves the needs of regional corporate and private aircraft and allows Nashville International's air carrier traffic to flow with fewer constraints. Tune Airport also provides a pilot training environment and modern facilities for the transient and corporate operator.

Construction

Construction in Nashville is illustrated by the following table describing the number and value of building permits issued by the Department of Codes Administration of the Metropolitan Government.

Of the nine major areas of office development in Nashville, the Central Business District ("CBD") is by far the largest, with approximately 7.6 million square feet of leasable space. The CBD achieved positive absorption of 179,000 square feet in 2011. Office vacancy in the CBD at the end of the fourth quarter of 2011 was 19.3%, unchanged from the third quarter. There continues to be renewed interest in Downtown and in the new Music City Center, which could spark new interest in office space downtown. Three other important office submarkets- Green Hills, West End and Metro Center - in Davidson County, meanwhile have vacancy rates at 10% or lower, reflecting the overall vitality of the city and improvement over 2010. Leasing activity remains steady and growing in many Nashville office submarkets, which is a positive sign of economic recovery in Nashville. There is continued national interest in Nashville, and Tennessee's attractiveness has been evident with new relocations, renewals and expansions.

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NUMBER AND VALUE OF BUILDING PERMITS IN

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Calendar Year	Residential Construction Number of Permits	Residential Construction Value	Non-Residential Construction Number of Permits	Non-Residential Construction Value	Repairs, Alterations and Installations Number of Permits	Repairs, Alterations and Installations Value	Other (1) Number of Permits	Other (1) Value	Total Number of Permits	Total Permit Value
2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647	1,222	20,013,372	9,653	1,193,138,429
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279	1,291	23,195,687	9,871	1,429,128,397
2005	3,794	747,525,151	865	428,627,829	4,431	462,950,966	1,434	24,073,860	10,524	1,663,177,806
2006	3,801	758,964,847	620	503,077,069	5,094	553,177,902	1,422	15,722,367	10,937	1,830,942,185
2007	5,965	851,544,710	1,453	619,951,806	2,754	267,721,486	1,469	17,293,882	11,641	1,756,511,884
2008	4,361	412,842,242	489	408,945,106	3,597	460,743,268	858	21,723,839	9,305	1,304,254,455
2009	3,149	318,357,857	495	375,074,904	1,913	205,828,855	1,730	14,464,364	7,287	913,725,980
2010	2,067	294,470,986	528	647,479,914	6,722	424,461,986	1,663	15,189,625	10,980	1,381,602,481
2011	2,166	372,440,931	444	382,483,854	3,163	377,053,306	1,840	18,738,180	7,613	1,150,716,271
2012	2,678	529,515,687	747	622,114,545	4,873	433,102,596	2,076	34,658,997	10,374	1,619,391,825

(1) Includes moved residential buildings, house trailers, and the demolition of residential and non-residential buildings and signs & billboard permits

Metropolitan Government Department of Code Administration

Tourism

Tourism is a major industry in Nashville. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville in 2011 and they spent approximately $3.9 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the city's success.

In the spring of 2010, the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County began construction on the Music City Center. The new convention center, scheduled for completion in May 2013, will feature an approximate 350,000 square foot exhibit hall, approximately 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), approximately 90,000 square feet of meeting rooms, and 31 loading docks and a parking garage with approximately 1,800 spaces. A new $275 million headquarters hotel will be built next to the Music City Center. The 800-room OMNI Hotel will feature 4 restaurants, 2 ballrooms, 64,000 square feet of meeting space, pool and Spa fitness center. A feature unique to Nashville will be the hotel's physical connection to the adjacent Country Music Hall of Fame and Museum. OMNI, through an agreement with the Museum and the City, will build an addition to the attraction including additional exhibit space and an 800 seat performance theater. The Hotel and Museum will be connected and share some space. The project that will contain 765 underground parking spaces is scheduled to open summer 2013.

The new Convention Center and OMNI hotel are located downtown in the Metropolitan Government's Central Business District, and are within walking distance of many notable attractions, including, but not limited to, the Bridgestone Arena, the Ryman Auditorium, Frist Center for the Visual Arts and the Schermerhorn Symphony Center.

Each year, the Country Music Association coordinates a music festival known as CMA Music Festival. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased each year since then, with average estimates at 70,000 attendees annually. The last three years ABC has broadcast a 2 hour show of highlights with Nashville featured as much as the music.

Opry Mills is a 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a multi-theater complex, an IMAX theater and Gibson Guitars Bluegrass instrument factory where visitors can see luthiers hand-crafting mandolins. The mall closed due to the flood of May 2010 but reopened in 2012. It hosts more than 12 million visits annually and has been embraced with customers and sales.

The downtown entertainment district features the Hard Rock Café, Jimmy Buffett's Margaritaville and the Wild Horse Saloon; a concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium (2,200 seats), a former home of the Grand Ole Opry, is known for outstanding acoustics. The Ryman has become a venue of choice by entertainers visiting Nashville and three times has been named Pollstar Magazines venue of the year for the United States. A four block section of the downtown area, called lower Broadway, features bars and clubs known as Honky Tonks. These venues are housed in historic brick buildings and feature "no-cover-charge/no minimum purchase" live bands performing 15 hours a day, 7 days a week. The close proximity of the Bridgestone Arena (20,000 seats) and LP Field to this entertainment district assures good crowds on event days.

The Grand Ole Opry is America's longest running live radio show. The Opry first broadcast in 1925 and the country music variety show now plays in a 4,400 seat theater in the Gaylord Opryland complex a few miles from downtown. Each show features 10 to 20 acts or performers, is delightfully unrehearsed, broadcast on WSM terrestrial and internet radio and draws fans from around the world.

The Bridgestone Arena is now in its 13th year of operation as a premier entertainment facility and in 2011 ranked 6th in the United States in concert attendance. The Arena is home of the Nashville Predators, an NHL team that in 2012 played two rounds into the Stanley Cup playoffs, in its twelfth season in Nashville.

The Tennessee NFL Stadium, opened in 1999 and now named LP Field, is the home of the 1999 AFC Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 OVC Champion Tennessee State University Tigers. Now in its eleventh year of operation, 100% of Titans season ticket packages are sold, and the Titans have played every game since the facility opened in front of a sell-out crowd. The Stadium seats nearly 69,000 fans.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, President Andrew Jackson's Home: The Hermitage, Belmont Mansion, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City.

The Adventure Science Center and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Center features a state-of-the-art Planetarium. It also features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program which will make it one of the largest zoos in the country. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of reptiles, amphibians and birds from throughout the world.

The Nashville MSA has more than 316 hotels and motels that offer more than 35,727 rooms. In addition to the 800 room OMNI Hotel scheduled to open later in 2013, a 255 room Hyatt is under construction near the new Music City Center. Developers are in the due diligence stage for-additional hotel properties in the downtown area. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,880 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. The hotel was severely damaged in the May 2010 flood and closed for 6 months. Reopened in November 2010 the Gaylord company spent $270 million in upgrades and repair. Below is a history of hotel/motel rooms in Nashville MSA and percentage of occupancy from 1998 through 2012:

HOTEL AND MOTEL ROOMS

Calendar Year	Rooms Available	Occupancy Rate
1998	30,122	61.90%
1999	31,106	61.00%
2000	32,385	59.90%
2001	33,316	56.50%
2002	33,474	56.90%
2003	32,661	58.50%
2004	32,727	60.70%
2005	32,983	62.30%
2006	33,052	66.20%
2007	33,056	66.90%
2008	34,921	62.50%
2009	35,662	57.00%
2010	35,639	59.50%
2011	35,727	63.50%
2012	36,260	67.6%

Source: Nashville Conventions and Visitors Bureau

Medical and Cultural Facilities

Nashville is one of the nation's leaders in the healthcare field. HCA Healthcare has its headquarters and operates several hospitals in the surrounding area. Baptist Hospital, Vanderbilt University Medical Center, and St. Thomas Hospital are the city's other primary hospitals.

The Metropolitan Government relocated the city-owned hospital, the Metropolitan Nashville General Hospital, to Hubbard Hospital of Meharry Medical College in 1998. In addition, Meharry provides medical staff to the Metropolitan Nashville General Hospital. The arrangement provides the city with a renovated facility staffed with residents from Meharry Medical College.

The downtown main library, with over 280,000 square feet, opened in the spring of 2001. With the downtown public library, its 20 community branches, the Vanderbilt University Library, and the libraries of other schools, Nashville offers a wide range of books and other materials for instruction, research and innovation.

The Schermerhorn Symphony Center, named in honor of the late Maestro Kenneth Schermerhorn who led the Nashville Symphony for 22 years, opened in September 2006. The $123 million concert hall is an acoustic masterpiece that impressed national and international music critics and journalists beginning with the opening concert and adds one more attraction to a city known world-wide as Music City. Home to the critically acclaimed Nashville Symphony, the Schermerhorn Symphony Center plays host to more than 100 classical, pops, and special concert events each season. The Nashville Symphony has become the top selling Naxos orchestra for Compact Disks, and the performance hall has garnered stellar reviews. In addition, the Nashville Symphony presents recitals, choral concerts, cabaret, jazz, and world music events. With the Schermerhorn Symphony Center's debut, the Tennessee Performing Arts Center, a State cultural facility in Downtown Nashville with a 2,442-seat concert hall, a 1,054 seat legitimate theater and a 300 seat flexible theater, is now able to feature a multitude of additional cultural events each year.

The Frist Center for the Visual Arts opened in the spring of 2001 in Nashville's historic downtown post office building. A public-private partnership between the Metropolitan Government, the Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the Frist Center contains more than 24,000 square feet of gallery space capable of showcasing major national and international visual arts exhibitions. The Frist Center does not house a permanent art collection but instead places special emphasis on education, arts-related programs for the school children of Nashville, and community outreach. The Center has given Nashville the ability to host significant art shows.

The Parthenon is a full-scale replica of the original in Athens, Greece. The reproduction was built to honor Nashville's reputation for education and has attracted visitors since 1897. The recently restored building features a 41' tall gilded statue of Athena. Close ties have been established between Nashville and Athens, Greece to market and promote the two complimentary buildings.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC

150 Third Avenue South, Suite 2800

Nashville, Tennessee 37201

May 9, 2013

We have acted as bond counsel to The Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of $374,665,000 General Obligation Improvement Bonds, Series 2013A, dated May 9, 2013 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Metropolitan County Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Issuer.

4. Interest on the Bonds including any original issue discount properly allocable to an owner thereof is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$374,665,000
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2013A

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered this 9th day of May, 2013 by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Issuer") in connection with the issuance of its $374,665,000 General Obligation Improvement Bonds, Series 2013A (the "Series 2013A Bonds"). The Series 2013A Bonds are being issued pursuant to the provisions of Tennessee law described herein and pursuant to the resolution of the Metropolitan County Council of the Metropolitan Government on March 19, 2013.

The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners of the Series 2013A Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to the Rule and this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2013A Bonds (including persons holding Series 2013A Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2013A Bonds for federal income tax purposes.

"Dissemination Agent" means the Issuer or any successor designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the Official Statement dated April 16, 2013, relating to the Series 2013A Bonds.

"Participating Underwriter" shall mean, collectively, Goldman, Sachs & Co., J.P. Morgan Securities, LLC, Piper Jaffray & Co., Rice Financial Products Company, Jefferies LLC, Raymond James & Associates, Inc., Duncan-Williams, Inc. and Fifth Third Securities, Inc.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Tennessee.

"State Depository" shall mean any public or private depository or entity designated by the State as a state depository to which continuing disclosure information shall be sent pursuant to State law. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. Not later than one year after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2013, the Issuer shall provide an Annual Report to the MSRB at emma.msrb.org and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Issuer shall include unaudited financial statements of the Issuer in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Issuer will be submitted. The audited financial statements of the Issuer, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Issuer shall in a timely manner send a notice to the MSRB and to the State Depository, if any. As of the date hereof, the Issuer is in compliance with the all required disclosure filings.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements of the Issuer are not yet available, the unaudited financial statements of the Issuer, and when audited financial statements are available, the audited financial statements of the Issuer, both such types of financial statements to be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Such financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If the accounting principles changed from the previous Fiscal Year, a description of the impact of the change as required by Section 8 of this Disclosure Certificate.

(c) A statement indicating that the Fiscal Year has not changed, or, if the Fiscal Year has changed, a statement indicating the new Fiscal Year.

(d) An update of the information in Appendix B to the Official Statement under the following headings:

1. "Capital Improvements Budget by Department";
2. "Revenues";
3. "Property Taxes";
4. "Summary of Major Funds";
5. "Computation of Net General Obligation Debt";
6. "Debt Ratios";
7. "Historical Debt Ratios";
8. "Total Debt Service"; and
9. "Pension Plans and other Post-Employment Benefits”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB at emma.msrb.org. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2013A Bonds or other material events affecting the tax status of the Series 2013A Bonds;

g. Modifications to rights of Bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the securities, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB.

(c) For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Issuer shall determine the materiality of such event as soon as possible after learning of its occurrence.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2013A Bonds. The Issuer shall notify the MSRB and any State Depository that the Issuer's obligations under this Disclosure Certificate have terminated. If the Issuer's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the original Issuer shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the Issuer to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) hereof shall explain, in narrative form, the reasons for the amendment or wavier and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to the MSRB and any State Depository.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the Issuer of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter and Beneficial Owners from time to time of the Series 2013A Bonds, and shall create no rights in any other person or entity.

SECTION 12. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Tennessee.

SECTION 14. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 15. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at emma.msrb.org, shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

By:____
Karl F. Dean, Metropolitan Mayor

APPROVED AS TO FORM AND LEGALITY:

____
Saul Solomon, Director of Law

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