

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 2015A 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. In the further opinion of Bond Counsel, interest on the Series 2015B Bonds (as defined below) is not excluded from the gross income of the owners thereof for federal income tax purposes. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Series 2015 Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Series 2015 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)**

\$59,730,000
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2015A

\$103,980,000
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2015B
(TAXABLE)

Dated: Date of Delivery

Due: July 1, as shown on inside cover

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its \$59,730,000 General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and \$103,980,000 General Obligation Refunding Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 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 2015A Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding debt and (ii) pay certain costs of issuance of the Series 2015A Bonds, and the proceeds of the Series 2015B Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding debt and (ii) pay certain costs of issuance of the Series 2015B Bonds.

The Series 2015 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 2015 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 2015 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 2015 Bonds.

The Series 2015 Bonds will be dated their date of delivery, will mature on July 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 July 1, 2015, at the rates per annum specified on the inside cover. The Series 2015 Bonds are subject to optional redemption as described herein.

The Series 2015 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 2015 Bonds will be available for delivery through DTC on or about February 19, 2015.

Piper Jaffray & Co.

Loop Capital Markets

Raymond James

Wells Fargo Securities

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY (TENNESSEE)**

**\$59,730,000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015A**

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
2021	10,585,000	5.00%	1.520%	592112NJ1
2022	11,130,000	5.00%	1.770%	592112NK8
2023	11,700,000	5.00%	1.970%	592112NL6
2024	12,305,000	5.00%	2.150%	592112NM4
2025	10,155,000	5.00%	2.290%	592112NN2
2026	3,855,000	5.00%	2.420%*	592112NP7

*Priced to July 1, 2025 par call.

**\$103,980,000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015B (TAXABLE)**

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
2015	2,050,000	0.300%	0.300%	592112NQ5
2016	1,735,000	0.750%	0.750%	592112NR3
2017	1,750,000	0.956%	0.956%	592112NS1
2018	14,230,000	1.435%	1.435%	592112NT9
2019	14,450,000	1.864%	1.864%	592112NU6
2020	13,235,000	2.114%	2.114%	592112NV4
2021	13,535,000	2.412%	2.412%	592112NW2
2022	13,850,000	2.562%	2.562%	592112NX0
2025	6,840,000	2.993%	2.993%	592112NY8
2026	7,040,000	3.143%	3.143%	592112NZ5
2027	7,255,000	3.293%	3.293%	592112PA8
2028	3,940,000	3.393%	3.393%	592112PB6
2029	4,070,000	3.493%	3.493%	592112PC4

⁽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 2015 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 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 2015 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. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the Issuer that has been deemed final by the Issuer as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 2015 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 IDENTIFIED 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 2015 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE SERIES 2015 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 2015 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 2015 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 2015 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 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Official Statement

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

**OFFICIAL STATEMENT
RELATING TO
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)**

**\$59,730,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2015A**

**\$103,980,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2015B (TAXABLE)**

INTRODUCTION

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its \$59,730,000 General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and \$103,980,000 General Obligation Refunding Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds") and, together with the Series 2015A Bonds, the "Series 2015 Bonds". The Series 2015 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 resolutions authorizing the Series 2015 Bonds adopted by the Metropolitan County Council on February 3, 2015 (the "Bond Resolution").

The proceeds of the Series 2015A Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding debt and (ii) pay certain costs of issuance of the Series 2015A Bonds, and the proceeds of the Series 2015B Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding debt and (ii) pay certain costs of issuance of the Series 2015B Bonds, as further described in the "PLAN OF FINANCE" herein. The currently outstanding debt being refunded by the Series 2015 Bonds is collectively referred to herein as the "Refunded Bonds."

The Series 2015 Bonds shall be issued as fully registered bonds without coupons and shall be dated as of their date of delivery. The principal of, interest on and premium, if any, on the Series 2015 Bonds shall be payable at the office of U.S. Bank National Association, Nashville, Tennessee, as Registrar and Paying Agent (the "Registration Agent"), as the same shall become due and payable.

The Series 2015 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 July 1, 2015, and will be in denominations of \$5,000 or any integral multiple thereof and will mature on July 1 in each of the years and in the amounts as specified on the inside cover page. Interest on the Series 2015 Bonds will be paid by draft or check mailed to the person in whose name the Series 2015 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 2015 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 2015 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 2015 Bonds will be made in book-entry form through DTC Participants. No physical delivery of Series 2015 Bonds will be made to purchasers of the Series 2015 Bonds unless the book-entry-only system of registration is discontinued, or as may otherwise be provided herein. Payments on the Series 2015 Bonds will be made to bondholders by DTC through DTC Participants. See "THE SERIES 2015 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 2015 Bonds and proceedings of the Metropolitan Government relating thereto are qualified in their entirety by reference to the form of the Series 2015 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, 2014 is incorporated herein in Appendix A.

Certain financial and demographic information of the Metropolitan Government is set forth in Appendix B. The proposed forms of opinions of Bond Counsel are 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 2015 BONDS

Description of the Series 2015 Bonds

The Series 2015 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. Proceeds of the Series 2015 Bonds will be used as set forth hereinafter under "Purpose" and in "PLAN OF FINANCE".

Book-Entry-Only System

This section describes how ownership of the Series 2015 Bonds is to be transferred and how the principal and interest on the Series 2015 Bonds are to be paid to and credited by DTC while the Series 2015 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 2015 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 2015 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 2015 Bonds. The Series 2015 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 2015 Bond will be issued for each maturity of the Series 2015 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015 Bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds will be issued to the holders and the Series 2015 Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution.

REDEMPTION PROVISIONS

Series 2015A Bonds

The Series 2015A Bonds maturing July 1, 2026 shall be subject to redemption prior to maturity at the option of the Metropolitan Government on July 1, 2025 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 2015A Bonds are to be redeemed, the Registration Agent, upon written instruction from the Metropolitan Government, shall select the Series 2015A 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 2015A Bonds within a single maturity are to be redeemed, DTC or a successor depository shall select the Series 2015A 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 2015A Bonds within a single maturity are to be redeemed and the Series 2015A Bonds are no longer held under a book-entry system by DTC or a successor depository, the Registration Agent shall select the Series 2015A 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 2015A Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Series 2015B Bonds

The Series 2015B Bonds shall be subject to redemption prior to maturity at the option of the Metropolitan Government, in whole or in part (and if in part, on a pro rata basis as described below), at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the Series 2015B Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2015B Bonds to be redeemed discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points,

plus, in each case, accrued and unpaid interest on the Series 2015B Bonds being redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

For the purposes of determining the Treasury Rate, the following definitions shall apply:

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has or have an actual or interpolated maturity comparable to the remaining life of the applicable Series 2015B Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the applicable Series 2015B Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2015B Bond, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Metropolitan Government.

"Reference Treasury Dealer" means three firms, specified by the Metropolitan Government from time to time, that are primary U.S. Government securities dealers in City of New York, New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Metropolitan Government shall substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

If less than all the Series 2015B Bonds shall be called for optional redemption, the maturities to be redeemed shall be designated by the Metropolitan Council of the Metropolitan Government, in its discretion. If less than all the principal amount of the Series 2015B Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected on a pro rata pass through distribution of principal basis; provided that so long as the Series 2015B Bonds are held in book-entry form, the selection for redemption

of the Series 2015B Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass through distribution of principal basis, the Series 2015B Bonds will be selected for redemption, in accordance with DTC procedures, by lot. In any event, the portion of any 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 2015 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2015 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 2015 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 2015 Bonds of a series called for redemption, the notice of redemption shall state that the redemption of such Series 2015 Bonds of such series is conditional upon and subject to deposit of moneys with the Registration Agent sufficient to redeem all such Series 2015 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 2015 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 2015 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 2015 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 (GSD) and \$0.65 per one hundred dollars of assessed property value in the Urban Service District (USD) (\$4.69 total) be first approved by voter referendum prior to implementation by the Metropolitan Government. The current tax rates are \$3.924 for the GSD and \$0.592 for the USD (\$4.516 total). 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 2015 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 2015 Bonds. (See Appendix C – Forms of Opinions 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 2015 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 2015 Bonds.

PLAN OF FINANCE

The proceeds of the Series 2015A Bonds will be used to (i) refund the below listed portions of the General Obligation Refunding Bonds, Series 2010A and (ii) pay certain costs of issuance of the Series 2015A Bonds.

General Obligation Refunding Bonds, Series 2010A

Maturity <u>July 1</u>	<u>Amount</u>	Interest <u>Rate</u>	Redemption <u>July 1</u>	Redemption <u>Price</u>
2021	\$11,020,000	5.000%	2020	100.00%
2022	2,765,000	4.000%	2020	100.00
2022	8,805,000	5.000%	2020	100.00
2023	8,595,000	4.000%	2020	100.00
2023	3,510,000	5.000%	2020	100.00
2024	12,685,000	5.000%	2020	100.00
2025	10,555,000	5.000%	2020	100.00
2026	4,280,000	5.000%	2020	100.00

The proceeds of the Series 2015B Bonds will be used to (i) refund the below listed portions of the General Obligation Refunding Bonds, Series 2007A and (ii) pay certain costs of issuance of the Series 2015B Bonds.

General Obligation Refunding Bonds, Series 2007A

Maturity <u>May 15</u>	<u>Amount</u>	Interest <u>Rate</u>	Redemption <u>May 15</u>	Redemption <u>Price</u>
2019	\$12,365,000	5.000%	2017	100.00%
2020	12,970,000	5.000%	2017	100.00
2021	12,130,000	5.000%	2017	100.00
2022	12,730,000	5.000%	2017	100.00
2023	13,340,000	5.000%	2017	100.00
2026	6,720,000	5.000%	2017	100.00
2027	7,040,000	5.000%	2017	100.00
2028	7,380,000	5.000%	2017	100.00

CURRENT FINANCIAL CONSIDERATIONS

The General Funds of the General Services District and Urban Services District ended the Fiscal Year 2014 with a positive budgetary balance of \$44.7 million, primarily due to savings achieved throughout the government and certain revenues that exceeded projections. The General Purpose School Fund also ended the year with a positive budgetary balance of \$21.5 million primarily due to expenditure savings and actual local option sales tax and beverage tax collections that exceeded projections. Total fund balance for the Metropolitan Government's three operating funds increased by \$21.7 million ending the fiscal year at \$199.7 million. Unassigned/available fund balance for the Metropolitan Government's three operating funds ended the fiscal year at \$124.8 million.

The Fiscal Year 2015 budget of \$1,891,647,000 has been adopted and represents a \$79,215,500 increase over Fiscal Year 2014, or 4.37%. The budget included no increase in property tax rates. Increases in the budgeted expenditures were primarily in three categories: (1) public education (\$43.6 million); (2) debt service (\$14.9 million), and (3) benefits and pay increase (\$31.8 million). The approved budget included appropriations of fund balance of \$72.5 million.

SUMMARY OF GENERAL FUND, FISCAL YEARS 2010-2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
Beginning Fund Balance	\$ 100,538	\$ 70,744	\$ 67,486	\$ 60,900	\$ 79,727
Revenues	863,970	838,922	778,024	760,397	751,517
Expenditures	-787,236	-769,234	-736,999	-728,068	-720,494
Other Financing Sources (Uses)	-60,255	-39,894	- 37,767	-25,743	-49,850
Ending Fund Balance	<u>\$117,017</u>	<u>\$100,538</u>	<u>\$70,744</u>	<u>\$67,486</u>	<u>\$60,900</u>
Unreserved Fund Balance	<u>\$81,650</u>	<u>\$84,054</u>	<u>\$69,837</u>	<u>\$53,134</u>	<u>\$59,061</u>

Source: Metropolitan Government Department of Finance

ANTICIPATED FUTURE BORROWING PLANS

As of June 2014, the Metropolitan County Council has authorized \$1 billion of funding for capital projects which have not yet been financed with long-term general obligation bonds. To fund these projects the Metropolitan Government maintains a general obligation commercial paper program with up to \$700 million of funding capacity of which \$350 million is currently outstanding. In the next 12 to 24 months the government expects to retire a portion of commercial paper with new general obligation bonds.

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 2015 Bonds, and which could also affect the marketability of or the market price for the Series 2015 Bonds.

The purchase of the Series 2015 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 2015 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 2015 Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Ratings

There is no assurance that the ratings assigned to the Series 2015 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 2015 Bonds.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2015 Bonds will be available, and no assurance can be given that the initial offering prices for the Series 2015 Bonds will continue for any period of time.

The Series 2015 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2015 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2015 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2015 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2015 Bonds, depending on existing market conditions and other factors.

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
LONG-TERM GENERAL OBLIGATION DEBT SERVICE SCHEDULE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015

Period Ending	Outstanding General Obligation Debt Service (1)			Refunded Debt Service			Series 2015 Debt Service			Total General Obligation Debt Service (1)		
	Principal	Interest (2)	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest (2)	Total
6/30/15	\$ 15,605,000	\$ 5,011,305	\$ 20,616,305	\$ -	\$ 2,312,063	\$ 2,312,063	\$ -	\$ -	\$ -	\$ 15,605,000	\$ 2,699,242	\$ 18,304,242
6/30/16	112,120,000	98,254,284	210,374,284	-	7,621,275	7,621,275	2,050,000	4,674,997	6,724,997	114,170,000	95,308,006	209,478,006
6/30/17	122,980,000	92,353,214	215,333,214	-	7,621,275	7,621,275	1,735,000	5,385,119	7,120,119	124,715,000	90,117,057	214,832,057
6/30/18	124,785,000	87,719,803	212,504,803	-	7,621,275	7,621,275	1,750,000	5,370,247	7,120,247	126,535,000	85,468,776	212,003,776
6/30/19	130,385,000	81,993,868	212,378,868	12,365,000	7,621,275	19,986,275	14,230,000	5,259,782	19,489,782	132,250,000	79,632,375	211,882,375
6/30/20	128,400,000	76,598,974	204,998,974	12,970,000	7,003,025	19,973,025	14,450,000	5,023,008	19,473,008	129,880,000	74,618,957	204,498,957
6/30/21	134,205,000	70,793,592	204,998,592	12,130,000	6,354,525	18,484,525	13,235,000	4,748,440	17,983,440	135,310,000	69,187,507	204,497,507
6/30/22	136,760,000	64,236,829	200,996,829	23,750,000	5,472,525	29,222,525	24,120,000	4,180,689	28,300,689	137,130,000	62,944,993	200,074,993
6/30/23	144,485,000	57,510,893	201,995,872	24,910,000	4,285,100	29,195,100	24,980,000	3,297,163	28,277,163	144,555,000	56,522,956	201,077,956
6/30/24	154,425,000	50,570,872	204,995,872	12,105,000	3,083,025	15,188,025	11,700,000	2,548,995	14,248,995	154,020,000	50,036,841	204,056,841
6/30/25	152,360,000	44,029,430	196,389,430	12,685,000	2,506,250	15,191,250	12,305,000	1,948,870	14,253,870	151,980,000	43,472,050	195,452,050
6/30/26	131,360,000	37,653,660	169,013,660	17,275,000	1,925,250	19,200,250	16,995,000	1,285,009	18,280,009	131,080,000	37,013,419	168,093,419
6/30/27	114,850,000	31,637,789	146,487,789	11,320,000	1,218,375	12,538,375	10,895,000	721,765	11,616,765	114,425,000	31,141,179	145,566,179
6/30/28	109,730,000	26,027,619	135,757,619	7,380,000	759,375	8,139,375	7,255,000	395,303	7,650,303	109,605,000	25,663,547	135,268,547
6/30/29	66,620,000	21,471,163	88,091,163	4,245,000	390,375	4,635,375	3,940,000	209,007	4,149,007	66,315,000	21,289,796	87,604,796
6/30/30	69,575,000	17,966,127	87,541,127	4,430,000	199,350	4,629,350	4,070,000	71,083	4,141,083	69,215,000	17,837,859	87,052,859
6/30/31	68,040,000	14,306,977	82,346,977	-	-	-	-	-	-	68,040,000	14,306,977	82,346,977
6/30/32	71,060,000	10,694,756	81,754,756	-	-	-	-	-	-	71,060,000	10,694,756	81,754,756
6/30/33	74,235,000	6,907,514	81,142,514	-	-	-	-	-	-	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
	<u>\$2,131,550,000</u>	<u>\$899,637,957</u>	<u>\$3,031,187,957</u>	<u>\$155,565,000</u>	<u>\$65,994,338</u>	<u>\$221,559,338</u>	<u>\$163,710,000</u>	<u>\$45,119,477</u>	<u>\$208,829,477</u>	<u>\$2,139,695,000</u>	<u>\$878,763,097</u>	<u>\$3,018,458,097</u>

- (1) Includes Debt Service on District Energy Revenue and Refunding Bonds, Series 2012 secured by Net Revenues from the District Energy System and additionally secured by ad valorem taxes levied on all taxable property in the Metropolitan Government.
- (2) Does not include any direct pay subsidy or tax credit subsidy on outstanding bonds.

LITIGATION

At the time of original delivery of the Series 2015 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 2015 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 2015 Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinions in substantially the forms attached hereto as Appendix C will be delivered with the Series 2015 Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinions set forth herein under the captions "THE SERIES 2015 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 – FORMS OF OPINIONS 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 2015 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 2015 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 2015 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, 2015, in a timely manner, and notices of certain events with respect to the Series 2015 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 2015 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 2015 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.

Tax-Exempt Bonds

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2015 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 2015A 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 2015A Bonds that the Metropolitan Government must continue to meet after the Series 2015A Bonds are issued. These requirements generally involve the way that 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 2015A 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 2015A 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 2015A 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 2015A Bonds or affect the market price of the Series 2015A 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 2015A Bonds, or under state, local or foreign tax law.

Market Discount. Any owner who purchases a Series 2015A 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 2015A 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 2015A Bond at a market discount also may be required to defer, until the maturity date of such Series 2015A 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 2015A 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 2015A 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 2015A Bond for the days during the taxable year on which the owner held the Series 2015A 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 2015A 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 2015A Bond at a cost greater than its then principal amount (or, in the case of a Series 2015A 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 2015A Bonds who acquire such Series 2015A 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 2015A Bonds.

Sale or Redemption of Series 2015A Bonds. A bondowner's tax basis for a Series 2015A Bond is the price such owner pays for the Series 2015A 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 2015A Bond, measured by the difference between the amount realized and the basis of the Series 2015A Bond as so adjusted, will generally give rise to capital gain or loss if the Series 2015A Bond is held as a capital asset (except as discussed above under "—Market Discount"). The legal defeasance of Series 2015A Bonds may result in a deemed sale or exchange of such Series 2015A Bonds under certain circumstances; owners of such Series 2015A 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 2015A Bonds. This withholding generally applies if the owner of a Series 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A Bonds. Prospective purchasers of the Series 2015A 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 2015A Bonds under Federal or state law and could affect the market price or marketability of the Series 2015A Bonds.

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

Taxable Bonds

Disclaimer. Any discussion of the tax issues relating to the Series 2015B Bonds, which may hereafter be described as the "Taxable Bonds," in this Official Statement was written to support the promotion or marketing of the Taxable Bonds. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice with respect to the Taxable Bonds based on its particular circumstances from an independent tax advisor.

General. The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Taxable Bonds held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, Persons holding such bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or Persons whose functional currency is not the United States dollar. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds.

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase Taxable Bonds in the initial offering at their stated principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. In general, interest paid on the Taxable Bonds, accrual of original issue discount and market discount, if any, will be treated as ordinary income to an owner of Taxable Bonds and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Market Discount. Any owner who purchases a Taxable 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 Taxable 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 Taxable Bond at a market discount also may be required to defer, until the maturity date of such Taxable 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 Taxable 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 Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Bond for the days during the taxable year on which the owner held the Taxable 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 Taxable 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.

Sale or Redemption of Taxable Bonds. A bondowner's tax basis for a Taxable Bond is the price such owner pays for the Taxable 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 Taxable Bond, measured by the difference between the amount realized and the basis of the Taxable Bond as so adjusted, will generally give rise to capital gain or loss if the Taxable Bond is held as a capital asset (except as discussed above under "—Market Discount"). The legal defeasance of Taxable Bonds may result in a deemed sale or exchange of such Taxable Bonds under certain circumstances; owners of such Taxable 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 Taxable Bonds. This withholding generally applies if the owner of a Taxable 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 Taxable 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 Taxable 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 Taxable 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 Taxable 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 Taxable Bonds.

The opinions of Bond Counsel are not intended or written by Bond Counsel to be used and cannot be used by an owner of the Taxable Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Taxable Bonds. The opinions of Bond Counsel are provided to support the promotion or marketing of the Taxable Bonds. In all events, all investors should consult their own tax advisors in determining the Federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Taxable Bond.

VERIFICATION OF DEFEASANCE

Grant Thornton LLP, Minneapolis, Minnesota, a firm of independent public accountants, will deliver to the Metropolitan Government, on or before the settlement date of the Series 2015 Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Metropolitan Government and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Escrowed Securities in the Escrow Fund to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2015A Bonds are not “arbitrage bonds” under the Code and the regulations promulgated thereunder.

The examination performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the Metropolitan Government and its representatives. The Grant Thornton LLP report of its examination will state that Grant Thornton LLP has no obligation to update such report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned ratings of “Aa2” (with stable outlook) and “AA” (with stable outlook), respectively, to the Series 2015 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 2015 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 2015 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 its 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 2015 Bonds.

UNDERWRITING

The Underwriters of the Series 2015A Bonds have agreed, subject to certain conditions, to purchase all of the Series 2015A Bonds from the Metropolitan Government at an aggregate purchase price to be paid by the Underwriters of \$73,259,218.46 (representing the principal amount of the Series 2015A Bonds plus an original issue premium of \$13,815,134.05, less an Underwriters' discount of \$285,915.59). The Bond Purchase Agreement between the Metropolitan Government and the Underwriters provide, with respect to the Series 2015A Bonds, that all of the Series 2015A Bonds will be purchased by the Underwriters, if any of the Series 2015A Bonds of such issue are purchased.

The Underwriters of the Series 2015B Bonds have agreed, subject to certain conditions, to purchase all of the Series 2015B Bonds from the Metropolitan Government at an aggregate purchase price to be paid by the Underwriters of \$103,533,642.52 (representing the principal amount of the Series 2015B Bonds, less an Underwriters' discount of \$446,357.48). The Bond Purchase Agreement between the Metropolitan Government and the Underwriters provides, with respect to the Series 2015B Bonds, that all of the Series 2015B Bonds will be purchased by the Underwriters, if any of the Series 2015B Bonds of such issue are purchased.

The Series 2015 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 2015 Bonds to certain dealers (including dealers depositing the Series 2015 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 its discretion.

Piper Jaffray & Co. ("Piper Jaffray"), one of the Underwriters of the Series 2015 Bonds, and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, have entered into an agreement which enables Pershing LLC to distribute certain municipal securities underwritten by or allocated to Piper Jaffray, including the Series 2015 Bonds. Under this agreement, Piper Jaffray will share with Pershing LLC a portion of the fee or commission paid to the Piper Jaffray.

Loop Capital Markets LLC, one of the Underwriters of the Series 2015 Bonds, has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS"), Deutsche Bank Securities Inc. ("DBS") and Credit Suisse Securities USA LLC ("CS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement, each of UBSFS, DBS and CS will purchase the Series 2015 Bonds from Loop Capital Markets LLC at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2015 Bond that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Series 2015 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Series 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Metropolitan Government in connection with the issuance of the Series 2015 Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2015 Bonds are contingent upon the issuance and delivery of the Series 2015

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 2015 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, 2014 is included in Appendix A, and such financial statements have been audited by Crosslin & Associates, Certified Public Accountants, independent auditors, as stated in its report.

Crosslin & Associates, Certified Public Accountants 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 Series 2015 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

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APPENDIX A

**ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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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, 2014, together with the independent auditors' report from Crosslin & Associates, Certified Public Accountants, 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, Certified Public Accountants 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

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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 ad valorem 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

Operating Budget. 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 2014-2015 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2014-2015 and the following five fiscal years.

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2014-2015 to 2019-2020 Capital Improvements Budget - Final - By Agency

Departments	% of '14-'15		2015-16	2016-17	2017-18	2018-19	2019-20	% of '15-'20	
	2014-15	Total						Total	Total
Arts Commission	\$2,507,000	0.147%						\$2,507,000	0.053%
District Energy System - USD	744,500	0.044%	\$495,000	\$1,017,500	\$825,000	\$495,000		3,577,000	0.075%
Farmers Market	80,000	0.005%						80,000	0.002%
Finance	35,300,000	2.072%	2,000,000	2,000,000	2,000,000			41,300,000	0.867%
Fire Department - GSD	11,450,000	0.672%	150,000					11,600,000	0.243%
General Hospital	3,100,000	0.182%	837,900					3,937,900	0.083%
General Services	126,332,300	7.416%						126,332,300	2.651%
General Sessions Court	275,000	0.016%						275,000	0.006%
Health	1,100,000	0.065%						1,100,000	0.023%
Historical Commission	2,571,000	0.151%	698,000	3,725,000				6,994,000	0.147%
Human Resources	400,000	0.023%						400,000	0.008%
Information Technology Services	12,154,000	0.713%						12,154,000	0.255%
Justice Integration Services	1,938,100	0.114%						1,938,100	0.041%
Juvenile Court	1,228,000	0.072%						1,228,000	0.026%
Juvenile Court Clerk	380,000	0.022%						380,000	0.008%
Mayor's Office	6,000,000	0.352%						6,000,000	0.126%
MDHA - GSD	131,800,000	7.737%	61,800,000	53,000,000				246,600,000	5.174%
Metro Action Commission	6,546,000	0.384%						6,546,000	0.137%
Metropolitan Clerk	500,000	0.029%						500,000	0.010%
MNPS (Schools)	249,355,500	14.638%	193,420,500	189,578,500	154,931,000	110,282,500	\$91,594,000	989,162,000	20.756%
MTA	99,040,000	5.814%						99,040,000	2.078%
Municipal Auditorium	1,550,000	0.091%	750,000	450,000	500,000	1,000,000		4,250,000	0.089%
Nashville Electric Service	35,000,000	2.055%						35,000,000	0.734%
Parks & Recreation	61,723,000	3.623%						61,723,000	1.295%
Planning - GSD	10,550,000	0.619%	6,700,000	6,700,000	6,700,000	2,000,000		32,650,000	0.685%
Planning - USD	250,000	0.015%						250,000	0.005%
Police	36,180,100	2.124%						36,180,100	0.759%
Public Library	13,081,600	0.768%	11,015,000	7,835,000	9,160,300	5,050,000	5,250,000	51,391,900	1.078%
Public Works - GSD	486,994,774	28.587%	211,632,000	186,560,000	124,910,000	184,302,000	142,000,000	1,336,398,774	28.042%
Public Works - USD	75,678,000	4.442%	21,955,000	21,675,000	5,875,000	275,000	275,000	125,733,000	2.638%
Sheriff	5,250,000	0.308%						5,250,000	0.110%
Social Services	772,500	0.045%						772,500	0.016%
State Fair Board	100,000	0.006%	100,000	100,000				300,000	0.006%
State Trial Courts	1,000,000	0.059%						1,000,000	0.021%
Water & Sewer GSD	173,604,000	10.191%	202,324,000	289,938,200	257,078,700	353,949,700	91,300,000	1,368,194,600	28.709%
Water & Sewer USD	109,000,000	6.398%	9,000,000	9,000,000	9,000,000	9,000,000		145,000,000	3.043%
Totals	\$1,703,535,374	100.000%	\$722,877,400	\$771,579,200	\$570,980,000	\$666,354,200	\$330,419,000	\$4,765,745,174	100.000%

District Energy System of the Metropolitan Government

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 41 buildings in the downtown Metropolitan Nashville area for the purposes of general heating and air conditioning. DES is managed by Constellation NewEnergy Projects ("CNE") of Baltimore, MD. CNE has been involved in the development of many other district energy plants, including those in Chicago, Las Vegas, Old Hickory, TN, Pittsburgh 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, dual-fuel boilers and associated appurtenances; (ii) the chilled water subsystem comprised of nine 2,600-ton electrical motor drive chillers, 18 single-cell, cross flow 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) 22,829 linear feet of chilled water supply, 22,829 linear feet of chilled water return piping, 22,086 linear feet of steam piping and 23,015 linear feet of condensate piping in the underground energy distribution system.

The Metropolitan Government is a customer of DES and purchased approximately 46.3% of the steam and 46.6% of the chilled water sold by the system for FY 14. 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	2,358,300
2014	1,958,300
2015	1,849,300*

*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, 2012 and 2013 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, the Series 2012A Bonds were issued for upgrades to LP Field and the Series 2013A Bonds were issued to fund ice skating and hockey rinks in the southeastern part of Davidson County. 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 for these prior bonds are backed by a pledge of the Metropolitan Government's non-tax GSD General Fund revenues. In addition to the bond issues listed above, the Authority issued its Series 2013A and 2013B Ballpark Bonds in 2013 to fund a minor league baseball park. The Series 2013A and 2013B Ballpark Bonds are primarily funded by sales tax rebate revenues, tax increment financing payments, and team lease payments, and any deficiencies in revenue streams are backed by a pledge of the Metropolitan Government's USD non-tax revenues. In 2004, a portion of the Authority's Series 1996 Bonds were advance refunded for debt service savings, and in 2012, the Authority's Series 1998 Bonds were refunded for debt service savings. In 2013, a portion of the Authority's Series 2004 Bonds were refunded by the Authority's Series 2013B Bonds for debt service savings, and in 2014 the remainder of the Series 2004 Bonds were refunded for debt service savings by the Authority's Series 2014 Refunding Bonds. The annual debt service requirements for the Authority's bond issues are approximately \$13.5 million through 2019, \$11.5 million through 2027, \$7.1 million through 2034, and \$4.3 million through 2044.

Metropolitan Development and Housing Agency

In December 2014, the Metropolitan Development and Housing Agency ("MDHA") entered into a lease arrangement under which MDHA will construct and operate an approximately 1,000-space parking facility in downtown Nashville. The lease arrangements obligate MDHA to annual lease payments of approximately \$2.9 million through 2044. The lease payments are payable primarily from parking revenues generated by the parking facility, which are projected by MDHA to be sufficient therefor, and in the event of a deficiency, from a subordinate pledge of non-tax USD General Fund Revenues.

Convention Center Authority of the Metropolitan Government

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" or "Music City Center"). For more information on the Convention Center and the Omni Hotel discussed below, 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 GSD General Fund revenues (as it has with respect to the 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 \$27.1 million, net of reduced direct payment subsidies currently received from the federal government as a result of the CCA Series 2010B Bonds being issued as Build America Bonds, and is \$26.5 million, net of the full amount of direct payment subsidies payable by the federal government. The CCA has established a debt service reserve equal to \$26.5 million.

Omni Hotels & Resorts ("Omni") has constructed an 800-room hotel adjacent to the Convention Center that serves as the Center's headquarters hotel. The hotel opened on October 1, 2013. 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 GSD General Fund revenues (as it has with respect to the 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.

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	2013
Nashville/Davidson	569,891	626,681	10.0%	658,602
MSA	1,311,789	1,670,900	27.4%	1,757,912
State	5,689,283	6,346,105	11.5%	6,495,978
United States	281,421,906	308,745,538	9.7%	316,128,839

Source: 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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Davidson County	\$40,242	\$42,365	\$42,042	\$44,160	\$44,503	\$46,253	\$46,070	\$46,952	\$48,725	\$51,526
Nashville MSA	34,157	36,052	36,664	38,385	39,136	40,372	39,458	40,696	42,629	45,213
Tennessee	29,513	30,918	31,718	33,109	34,164	35,061	34,412	35,431	37,129	38,752
United States	32,676	34,300	35,888	38,127	39,804	40,873	39,357	40,163	42,298	43,735

Source - Bureau of Economic Analysis (bea.gov)

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.

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Employment

The following table shows the labor force segments of the eight-county Nashville Metropolitan Statistical Area for calendar years 2004 through 2013.

NASHVILLE MSA EMPLOYMENT BY INDUSTRY ⁽¹⁾

Industry	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Education & Health Services	98.4	101.4	104.4	108.1	112	114.9	118.5	121.5	125	127.2
Financial Activities	44.5	45.2	45.7	46.2	45.9	45	46.2	47.4	48.3	50.9
Government	95.9	96.9	98.6	99.9	103.1	104.6	106	105.1	104.4	103.5
Information	19.4	19.7	19.3	19.8	21.1	20	19.3	19.3	20.2	20.4
Leisure & Hospitality	72	74.6	77.6	80.7	79.5	76.5	76.9	79	83.7	88
Manufacturing	83.6	84.5	84.1	79.3	73.4	62.4	60.4	62.7	67.3	71.1
Professional & Business Services	91.5	96.7	98.9	101.9	100.6	93	98.6	106.6	114.5	121.5
Trade, Transportation, Utilities	146	150.7	153.7	154.6	154.6	147.7	147.8	152.4	158.6	160.3
Total Non-Agriculture Employment	715.3	735.4	751.8	762.5	760.6	726	734.3	756.7	786.2	808.3
Other	64	65.7	69.5	72	70.4	61.9	60.6	62.7	64.2	65.4

Source - Bureau of Labor Statics (bls.gov)

(1) Employment numbers in thousands

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

	<u>Nashville MSA</u>					<u>Tennessee</u>					<u>United States</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total All Industries ⁽¹⁾	808	786	757	734	726	2,750	2,714	2,661	2,615	2,620	136,368	134,104	131,842	130,275	131,233
In Percentages:															
Education & Health Services	15.74%	15.90%	16.06%	16.14%	15.83%	14.42%	14.42%	14.44%	14.30%	13.97%	15.47%	15.43%	15.34%	15.27%	14.90%
Financial Activities	6.30%	6.14%	6.26%	6.29%	6.20%	5.00%	5.07%	5.13%	5.24%	5.37%	5.78%	5.80%	5.84%	5.91%	5.97%
Government	12.80%	13.28%	13.89%	14.44%	14.41%	15.27%	15.61%	16.07%	16.55%	16.36%	16.03%	16.35%	16.75%	17.26%	17.19%
Information	2.52%	2.57%	2.55%	2.63%	2.75%	1.60%	1.58%	1.65%	1.72%	1.79%	1.97%	2.00%	2.03%	2.08%	2.14%
Leisure & Hospitality	10.89%	10.65%	10.44%	10.47%	10.54%	10.43%	10.21%	10.05%	10.02%	10.06%	10.44%	10.27%	10.13%	10.02%	9.96%
Manufacturing	8.80%	8.56%	8.29%	8.23%	8.60%	11.59%	11.55%	11.44%	11.43%	11.80%	8.80%	8.89%	8.89%	8.85%	9.03%
Professional & Business Services	15.03%	14.56%	14.09%	13.43%	12.81%	12.76%	12.40%	12.13%	11.63%	11.22%	13.61%	13.37%	13.15%	12.84%	12.63%
Trade, Transportation Utilities	19.83%	20.17%	20.14%	20.13%	20.34%	21.18%	21.18%	21.17%	21.23%	21.36%	18.97%	19.00%	19.01%	18.91%	18.98%
Other	8.09%	8.17%	8.29%	8.25%	8.53%	7.76%	7.97%	7.92%	7.89%	8.09%	8.92%	8.89%	8.86%	8.87%	9.20%

(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

Employer	June 30, 2014			June 30, 2005		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University and Medical Center	23,021	1	2.90 %	17,158	3	2.33 %
Metro Nashville-Davidson Co. Government and Public Schools	18,508	2	2.33	19,188	2	2.61
State of Tennessee	18,200	3	2.30	20,029	1	2.72
U.S. Government	12,177	4	1.54	11,146	4	1.51
Nissan North America Inc.	8,500	5	1.07	8,100	6	1.10
HCA (including Tri-Star Health System)(1)	7,000	6	0.88	9,657	5	1.31
St. Thomas Health Services	6,350	7	0.82	6,300	7	0.86
Randstad	3,400	8	0.43	-		(2)
Shoney's Inc.	3,000	9	0.38	-		(2)
The Kroger Company	2,863	10	0.36	2,649	10	0.36
Bridgestone America Holdings	-	-	- (2)	4,900	8	0.67
Gaylord Entertainment Co. (1)	-	-	- (2)	4,519	9	0.61
	<u>103,169</u>		<u>13.01 %</u>	<u>103,646</u>		<u>14.08 %</u>

Sources:

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

Note: The schedule reflects employers and number of employees within the Metropolitan Statistical Area

(1)National, State or Corporate Headquarters.

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

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Investment and Job Creation

In 2014, the Nashville Area Chamber of Commerce announced some 121 business relocations or expansions into the Nashville MSA, collectively bringing 19,525 new jobs and \$2.5 billion in capital investment. 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, shared service operations, and manufacturing operations have relocated and/ or expanded in Nashville. Bridgestone Americas announced that they will be moving their Corporate Headquarters to downtown Nashville creating 600 new jobs and the retention of 1,100 jobs. Warby Parker also announced they were opening their second corporate office in downtown Nashville creating 250 new jobs. Amazon announced the creation of 100 jobs near the Airport. Rural Media group announced the creation of 100 jobs and a move to Music Row in the core of Nashville. Another corporate headquarters, AIG, announced the creation of 200 new jobs and a move to Seven Springs located in Davidson County. Healthstream added 200 jobs in Nashville. Another Healthcare leader, National Healthcare Corporation, announced the addition of 200 jobs in Bellevue. The 2014 successes continue from last year when UBS established a shared services center in downtown Nashville, adding 1,000 new jobs in 2013. Asurion, which provides enhanced services to the wireless telecommunications industry, expanded its headquarter operations in 2013, adding 800 jobs to Nashville's employment base. Aramark, a global leader in delivering food, facility and uniform services for businesses, schools/universities, hospitals, and stadiums, relocated its new Business Services Center adding 1,500 new jobs. naviHealth, a Nashville-based startup in the health care industry, has expanded and added 175 new jobs. Total Quality Logistics, a truck brokerage service, added 105 new jobs to Davidson County. Inside Track, works with colleges and universities to improve student and institutional success, opened a Coaching Center in downtown Nashville adding 250 new jobs in 2013. AmSurg, who is a national leader in the development, management and operation of outpatient surgery centers, expanded its headquarter operations adding 50 new jobs to Nashville. Service Source expanded its downtown operations once again in 2013 adding 300 jobs in Nashville. Sony/ATV expanded adding 60 new jobs in 2013. TransCore, a global provider of toll and traffic management services, moved its corporate headquarters to downtown Nashville, adding 60 new jobs. Tyson Food Inc. expanded its meat-processing plant in Goodlettsville, adding 100 new jobs.

Unemployment Rates

The following table sets forth the unemployment percentage rates in Davidson County, the MSA, the State and the United States for the calendar years 2004-2013.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Davidson County	4.6	4.6	4.2	3.9	5.5	8.9	8.9	8.2	6.6	6.0
Nashville MSA	4.5	4.5	4.2	4.1	5.7	9.4	8.7	8.1	6.6	6.4
Tennessee	5.4	5.6	5.2	4.8	6.6	10.6	9.9	9.3	8.2	8.2
United States	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4

Source: Bureau of Labor Statistics (bls.gov)

2004-2013 Annual average rate

Manufacturing

As of December 2013, an average of 71,100 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.

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. 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 bus service in the downtown area for shoppers, tourists and downtown workers. 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, 2014, approximately \$33.370 million and \$4.585 million, respectively, to pay approximately 57.6% 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.

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 eighth in the nation by Travel and Leisure for America’s Best Airports in 2013
- Served more than 11 million passengers in 2014...34th busiest airport in the U.S.
- 12 airlines
- \$1.18 billion in wages and more than 39,700 jobs annually
- 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 table on the following page 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 12.4 million square feet of leasable space. The CBD achieved positive absorption of 94,000 square feet in 2014. Office vacancy in the CBD at the end of 2014 was 11.0% with another 442,000 square feet under construction. There continues to be strong interest in Downtown and in the new Music City Center, which has sparked new interest in office space downtown. Five other important office submarkets- Green Hills, West End, Airport North, Airport South and Rivergate - in Davidson County, meanwhile have vacancy rates at 10% or lower, reflecting the overall vitality of the city and improvement over 2013. Area-wide the city has the lowest vacancy in seven years. 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.

**NUMBER AND VALUE OF BUILDING PERMITS IN
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations		Other (1)		Number of Permits	Total Permit Value
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value		
	2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778	1,272		
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779	1,179	14,962,413	9,196	1,227,397,114
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860	1,433	20,029,867	9,432	1,076,007,515
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	2,656	526,206,509	735	621,590,087	4,850	431,579,639	2,047	34,340,897	10,288	1,613,717,132
2013	3,406	737,396,336	762	493,330,146	3,405	455,745,450	2,135	23,344,644	9,708	1,709,816,576
2014	4,446	1,107,507,454	679	689,688,781	3,161	383,558,088	2,430	22,824,369	10,716	2,203,578,692

(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

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 Nashville Public Library system includes a 300,000 square foot downtown main library and 20 community branches located across the county. In addition, an extensive online offering of books and resources has extended its reach beyond the traditional branch system. The library facilities host numerous in-house programs and community events throughout the year.

The Tennessee Performing Arts Center is the first state-funded facility of its kind in the nation and is home to the Nashville Ballet, the Nashville Opera Association, and the Tennessee Repertory Theatre. The arts center occupies an entire city block, and its venues include Andrew Jackson Hall (2,472 seats), the James Polk Theater (1,075 seats), the Andrew Jackson Theater (256 seats), and the War Memorial Auditorium (1,661 seats). The center plays host to numerous events each year, including an annual series of Broadway plays.

The Frist Center for the Visual Arts occupies the former Nashville's historic downtown former 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, located in Nashville's Centennial Park, is a full-scale replica of the original building 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.

The Nashville Children's Theater is home to the oldest professional theater for children in the county. Thousands of school age children and adults are treated to a variety of productions each year. The 2013-2014 season will be the 82nd year for the theater.

Cheekwood Botanical Garden and Art Museum is a fifty-five acre site that includes the original Cheek gardens, with pools, fountains, statuary, extensive boxwood plantings and breathtaking views of the rolling Tennessee hills. The Museum of Art is housed in a 30,000-square foot Georgian-style mansion, and contains world-class collections of American and contemporary painting and sculpture, English and American decorative arts and traveling exhibitions. Collections also include silver, and the most comprehensive collection of Worcester porcelain in America.

Vanderbilt University's Fine Arts Gallery showcases six exhibitions each year that represent Eastern and Western art and an international collection of works. The Van Vechten Gallery at Fisk University houses more than 100 pieces from artists like Picasso, Renoir, and O'Keeffe. For religious art, there's a wooden 8-foot-by-17-foot carving of "The Last Supper" based on Leonardo da Vinci's masterpiece at The Upper Room Chapel along with a striking 9,000-mosaic stained glass World Christian Fellowship Window. The museum at the Upper Room also has outstanding religious works, besides two annual displays of nearly 70 Ukrainian Easter eggs in April and more than 100 Nativity scenes in December.

Tourism

Tourism is a major industry in Nashville consistently ranking in the top 3 producers. The Convention and Visitors Corporation (CVC) and U. S. Travel Data Center estimate more than 13.1 million tourists came to Nashville in 2014 and spent approximately \$4.9 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Recently the city has become known as a destination for great food and culinary creativity. Excellent air service combined with geographic location and a superior highway system contribute to the city's success.

Nashville's new Music City Center opened in May 2013 and features a 350,000 square foot exhibit hall, 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), 90,000 square feet of meeting rooms, 31 loading docks and a parking garage with 1,800 spaces. MCC management and the CVC exceeded their goal of over 1 million room nights booked prior to opening of the center. The Center has generated \$243 million in direct economic impact in the first full year of operation.

A new \$275 million full-service OMNI headquarters hotel opened in September 2013 next to the Music City Center. The 800-room OMNI Hotel features 4 restaurants, 2 ballrooms, 64,000 square feet of meeting space, pool and Spa fitness center. A feature unique to Nashville is 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, built an addition to the attraction almost doubling exhibit space and adding an 800 seat performance theater. The shared space provides access to the museum directly from the hotel and a 765 underground parking garage provides onsite parking.

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, the Bridgestone Arena, the Ryman Auditorium, Frist Center for the Visual Arts, Schermerhorn Symphony Center, Musicians Hall of Fame and Museum and the Johnny Cash Museum.

Each year for 43 years the Country Music Association has coordinated 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, with 80,000 attendees in 2014. The last four years ABC has broadcast a 2 hour show of highlights with Nashville featured as much as the music.

In 2013, ABC TV network began broadcasting a weekly music/drama "Nashville." The hour-long show is shot entirely in Nashville and features well known locales. Songs from top Nashville songwriters drive the storyline, enticing millions of viewers to watch an extended commercial for the city and then visit.

The downtown entertainment district features the Hard Rock Café, Jimmy Buffett's Margaretville and the Wild Horse Saloon; a concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium (2,362 seats), former home of the Grand Ole Opry, is known for outstanding acoustics. The 123 year old Ryman has become a venue of choice by entertainers visiting Nashville and six times has been named Pollstar Magazine's 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 highlight live bands performing 15 hours a day, 7 days a week and are in close proximity of the Bridgestone Arena (20,000 seats) and LP Field.

The Bridgestone Arena is now in its 19th year of operation as a premier entertainment facility and in 2011, 2012, 2013 and 2014 ranked 6th in the United States in concert attendance. The Arena is home of the Nashville Predators, a National Hockey League team that in 2012 played two rounds into the Stanley Cup playoffs, in its eighteenth season in Nashville.

Nashville is the headquarters of CMT (formerly Country Music Television). Their Nashville friendly programming is transmitted daily to 91 million households. Sirius XM Radio has their southern broadcast facilities inside the Bridgestone Arena where they program multiple channels in 8 studios with a potential daily audience of 49 million. RFD TV moved their production facilities to Nashville and are billed as Rural America's most important network.

The Tennessee NFL Stadium, opened in 1999, named LP Field, is the home of the 1999 American Football Conference Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 Ohio Valley

Conference Champion Tennessee State University Tigers. Now in its fourteenth year of operation, the Titans have sold out nearly all of the 69,000 seat Stadium for each of its games.

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 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 4,372 seat theater in the Opryland complex near Opry Mills Mall and a few miles from downtown. Each show features 10 to 20 acts or performers and is broadcast on WSM terrestrial and internet radio drawing fans from around the world.

Opry Mills is a 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a 20 screen multi-theater complex and an IMAX theater. It is visited by more than 12 million customers annually.

The Adventure Science Center and the Nashville Zoo provide opportunities for adults and children to learn how science and wildlife affect their lives. The Center features a state-of-the-art Planetarium as well as exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing a 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 1810 Croft Home and features an ever-expanding display of animals from throughout the world.

The Nashville MSA has more than 326 hotels and motels offering more than 37,842 rooms. In addition to the 800 room OMNI Hotel, a 255 room Hyatt Place opened in fall of 2013 near the new Music City Center and a 194 room Hilton Garden Inn opened in the Vanderbilt area. Developers are in the construction or due diligence stage for 14 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 2,881 hotel rooms, 263,000 square feet of exhibit space and 300,000 square feet of meeting space.

MSA HOTEL AND MOTEL ROOMS / OCCUPANCY RATE

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	36,263	66.80%
2013	37,124	69.80%
2014	37,842	72.10%

Source: Nashville Conventions and Visitors Corporation

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 2014-2015 school year, Nashville had 157 public schools, with more than 84,500 students and 5,279 teachers. In addition, there are approximately 70 independent schools, which are attended by over 2,600 students from pre-kindergarten through 12th grade.

The Metropolitan Board of Education (“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.

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Sharon Dixon Gentry, Ed.D.	Chair	2016
Elissa Kim	Vice-Chair	2016
Dr. Jo Ann Brannon	Member	2018
Anna Shepherd	Member	2018
Tyese Hunter	Member	2018
Mary Pierce	Member	2018
Jill Speering	Member	2016
Will Pinkston	Member	2016
Amy Frogge	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
2014-2015

<u>Education Level</u>	<u>Number of Schools</u>	<u>School Year Enrollment</u>
Pre-School	**	152
Pre-Kindergarten	3	2,176
Elementary	71	36,286
Middle	33	23,300
High	24	21,304
Alternative	4	***
Exceptional Education	3	1,345
Charter Schools	19	***
Total	157	84,563

**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
2012-2013	81,077	76,946
2013-2014	82,863	78,471

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.

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Financial

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 CAFRs are available on the Metropolitan Government's website, <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx>.

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. 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 purchasers 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, 2014, property taxes totaled \$914.1 million dollars and accounted for 56.34% of all revenues available to the GSD General Fund and for GSD Debt Service; 91.05% of all revenues available to the USD General and Debt Service Funds; 40.04% of revenues available to the Schools funds, including Debt Service; and 0.59% of revenues available to the other governmental funds. Sales tax collections totaled \$315.5 million in the fiscal year ended June 30, 2014. 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.

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.

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

	2014	2013	2012	2011	2010
REVENUES:					
Property taxes	\$491,647,887	\$480,982,166	\$443,340,151	\$438,412,159	\$444,069,326
Local option sales tax	102,395,435	97,752,470	91,050,593	81,191,512	79,665,435
Other taxes, licenses and permits	120,627,119	115,430,380	107,705,008	101,931,24	92,273,405
Fines, forfeits and penalties	12,780,838	12,866,976	12,573,870	13,245,652	14,945,708
Revenue from use of money of property	198,903	86,552	20,916	20,882	82,193
Revenue from other governmental agencies	87,412,640	83,258,475	77,327,122	78,494,810	76,934,508
Commissions and fees	14,790,053	15,590,951	15,355,507	15,177,986	13,991,938
Charges for current services	30,996,165	28,890,730	27,011,407	29,115,469	26,036,703
Compensation for loss, sale or damage to property	1,193,663	2,103,455	1,509,595	502,104	770,528
Contributions and gifts	359,992	391,814	432,325	533,958	598,824
Miscellaneous	1,567,356	1,568,111	1,697,115	1,770,865	2,148,142
Total Revenues	863,970,051	838,922,080	\$778,023,609	\$760,396,642	\$751,516,710
EXPENDITURES					
General Government	25,903,721	26,138,400	\$26,010,451	\$24,920,818	\$23,676,884
Fiscal administration	21,517,557	22,164,457	21,912,507	23,760,394	22,499,859
Administration of Justice	56,599,410	55,703,453	53,575,166	55,407,798	54,590,759
Law enforcement and care of prisoners	240,770,156	231,121,038	219,993,520	215,945,118	206,419,773
Fire prevention and control	109,211,951	110,753,856	108,609,078	109,108,267	104,214,957
Regulation and inspection	7,615,499	7,685,912	7,760,963	7,867,410	7,492,864
Conservation of natural resources	357,658	398,931	333,713	340,296	352,001
Public welfare	7,944,408	7,814,574	7,735,922	6,658,098	6,391,205
Public health and hospitals	62,670,990	65,669,538	60,411,628	62,481,289	93,805,990
Public library system	21,426,128	21,430,534	20,363,498	19,769,677	18,445,049
Public works, highway, and street	31,930,278	30,497,505	29,171,348	29,563,956	30,946,270
Recreational and cultural	34,535,016	33,609,697	32,214,593	31,849,947	31,368,718
Employee benefits	79,043,492	76,165,493	72,920,868	69,327,218	64,637,576
Miscellaneous	87,709,934	80,080,144	75,985,530	71,067,149	55,652,301
Total Expenditures	787,236,198	769,233,532	\$736,998,785	\$728,067,435	\$720,494,206
Excess (Deficiency) of revenues over expenditures	76,733,853	69,688,548	41,024,824	32,329,207	31,022,504
Transfers in	20,174,668	36,857,090	40,553,865	41,898,124	17,158,395
Transfers out	(80,429,883)	(76,751,375)	(78,320,831)	(67,640,036)	(67,008,567)
Total Other Financing Sources (Uses)	(60,255,215)	(39,894,285)	(37,766,966)	(25,741,912)	(49,850,172)
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,478,638	29,794,263	3,257,858	6,587,295	(18,827,668)
FUND BALANCE, beginning of year	100,538,265	70,744,022	67,486,144	60,898,849	79,726,517
FUND BALANCE, end of year	<u>\$117,016,903</u>	<u>\$100,538,265</u>	<u>\$70,744,002</u>	<u>\$67,486,144</u>	<u>\$60,898,849</u>

(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

	2014	2013	2012	2011	2010
REVENUES:					
Property taxes	\$286,542,463	\$277,467,379	\$225,243,162	\$223,021,552	\$226,114,328
Local option sales tax	186,859,425	201,896,100	188,282,638	175,271,993	171,369,784
Other taxes, licenses and permits	69,743,468	59,271,893	55,099,243	45,451,041	43,909,306
Fines, forfeits and penalties	4,910,031	5,479,124	3,256,519	4,834,363	3,414,841
Revenue from the use of money or property	870,054	64,148	22,113	96,206	225,106
Revenue from other governmental agencies	458,085,265	460,861,393	482,755,957	465,985,670	403,564,662
Commissions and fees (2)	9,330,306	8,620,598	8,646,969	8,282,460	8,010,122
Charges for current services	28,787,365	29,709,668	29,298,030	27,477,875	23,678,064
Compensation for loss, sale or damage to property	1,486,943	1,698,946	968,076	833,531	402,567
Contributions and gifts	6,424,294	6,163,884	4,716,714	2,998,162	4,094,898
Miscellaneous	633,575	513,816	572,582	697,845	558,235
Total revenues	\$1,053,673,189	\$1,051,746,949	\$998,862,003	\$954,950,698	\$885,341,913
EXPENDITURES					
General government	62,990,380	55,691,027	69,071,765	96,225,824	65,277,671
Fiscal administration	228,557	151,790	-	-	-
Administration of justice	13,691,453	12,776,019	-	-	-
Law enforcement and care of prisoners	23,004,447	28,263,321	35,283,366	33,779,726	32,594,686
Fire prevention and control	2,308,173	2,698,298	-	-	-
Regulation and inspection	167,225	371,494	-	-	-
Public welfare	30,417,582	32,241,772	31,433,222	34,727,797	36,555,083
Public health and hospitals	23,413,534	24,087,867	25,564,284	23,538,028	20,288,888
Public library system	923,424	898,004	814,644	772,565	571,944
Public works, highways and streets	29,887,199	27,753,624	22,621,447	28,587,767	20,092,811
Recreational and cultural	1,801,619	2,500,800	2,239,899	1,780,171	1,867,132
Education	856,359,742	832,358,297	797,821,823	777,006,808	740,545,641
Capital outlay	24,853,521	30,927,789	49,352,454	47,615,352	36,365,815
Total Expenditures	1,070,046,856	1,050,720,102	1,034,202,904	1,044,034,038	954,159,671
Excess (deficiency) of revenues over expenditures	(16,373,667)	1,026,847	(35,340,901)	(89,083,340)	(68,817,758)
OTHER FINANCING SOURCES (USES)					
Insurance recovery	-	-	-	37,000,000	15,000,000
Transfers in	97,581,716	112,746,251	113,965,491	93,818,289	67,848,554
Transfers out	(75,528,001)	(72,698,705)	(60,474,881)	(52,154,173)	(65,664,990)
Total Other Financing Sources (Uses)	22,053,715	40,047,546	53,490,610	78,664,116	17,183,564
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,680,048	41,074,393	18,149,709	(10,419,224)	(51,634,194)
FUND BALANCE, beginning of year, as restated	159,804,286	118,729,893	100,580,184	110,999,408	162,633,602
FUND BALANCE, end of year	\$165,484,334	\$159,804,286	\$118,729,893	\$100,580,184	\$110,999,408

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

Source: The Metropolitan Government CAFR for each fiscal year

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

	Years Ended June 30				
REVENUES:	2014	2013	2012	2011	2010
Property Taxes	\$135,931,269	\$133,949,349	\$122,191,565	\$120,804,490	\$122,698,575
Local option sales tax	26,223,882	1,782,042	1,961,289	1,643,404	5,143,018
Fines, forfeits and penalties	534,916	306,638	422,692	494,577	554,813
Revenue from the use of money of property	461,938	324,354	198,825	117,865	169,738
Revenue from other governmental agencies	2,817,234	9,395,046	8,203,784	5,708,388	4,100,815
Compensation for loss, sale, or damage to property	650,000	-	-	-	-
Charges for current services	-	-	-	-	972,094
Bond interest tax credit	4,837,386	4,900,351	5,033,674	5,327,305	-
Total Revenues	<u>\$171,456,625</u>	<u>\$150,657,780</u>	<u>\$138,011,829</u>	<u>\$134,096,029</u>	<u>\$133,639,053</u>
EXPENDITURES					
Principal retirement	97,320,344	44,743,407	12,943,203	3,397,777	85,889,567
Interest	101,497,666	93,272,037	93,879,521	85,123,862	80,611,709
Fiscal charges	3,226,035	3,716,622	3,257,031	3,406,148	906,832
Debt issue costs	-	2,704,649	2,207,494	1,925,066	4,347,663
Total Expenditures	<u>\$202,044,045</u>	<u>\$144,436,715</u>	<u>\$112,287,249</u>	<u>\$93,852,853</u>	<u>\$171,755,771</u>
Excess (deficiency) of revenues over expenditures	(30,587,420)	6,221,065	25,724,580	40,243,176	(38,116,718)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	-	382,598,457	316,085,913	290,201,755	189,895,243
Payments to refunded bond escrow agent	-	(433,836,850)	(383,595,322)	(331,757,177)	(206,868,923)
Bond issue premium (discount)	-	53,750,807	67,444,362	43,480,488	18,244,966
Transfers in	17,655,902	16,407,137	15,724,752	13,996,949	18,831,042
Transfers out	(2,844,500)	(16,978,806)	(51,793,700)	(44,160,500)	-
Total Other Financing Sources (Uses)	<u>14,811,402</u>	<u>1,940,745</u>	<u>(36,133,995)</u>	<u>(28,238,485)</u>	<u>20,102,328</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15,776,018)	8,161,810	(10,409,415)	12,004,691	(18,014,390)
FUND BALANCE, beginning of year	<u>37,330,128</u>	<u>29,168,318</u>	<u>39,577,733</u>	<u>27,573,042</u>	<u>45,587,432</u>
FUND BALANCE, end of year	<u>\$21,554,110</u>	<u>\$37,330,128</u>	<u>\$29,168,318</u>	<u>\$39,577,733</u>	<u>\$27,573,042</u>

(1) Includes the Correctional Facility Revenue Bonds.

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 periodically 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.

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Debt Calculations

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT
JUNE 30, 2014

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$	701,393,501
For General Purposes		1,274,006,703
Urban Services District:		
For General Purposes		<u>252,329,796</u>
Total Gross General Obligation Debt	\$	2,227,730,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes		6,392,039
For General Purposes		9,450,642
Urban Services District:		
For General Purposes		<u>5,711,429</u>
Total Amounts Available In Debt Service Funds		<u>21,554,110</u>
Net General Obligation Debt	\$	<u><u>2,206,175,890</u></u>

(1) Excludes general obligation debt funded by business-type activities.

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2013

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT RATIOS
AS OF JUNE 30, 2014

Total Debt		
Debt to Estimated Market Value		3.39%
Debt to Assessed Value		11.02%
Debt per Capita	\$	3,382.51
Net Debt		
Debt to Estimated Market Value		3.35%
Debt to Assessed Value		10.92%
Debt per Capita	\$	3,349.79

The above table is based upon:

Estimated Market Value	\$	65,810,054,890
Assessed Value	\$	20,209,536,518
Population		658,602

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

HISTORICAL DEBT RATIOS

Fiscal Year	Population	Estimated Market Valuation (in thousands)	Assessed Valuation (in thousands)	Gross Debt (in thousands)	Debt Service Monies Available (in thousands)	Net Debt (in thousands)	Percentage of Ration of Net Debt to Assessed Valuation	Percentage of Ration of Net Debt to Assessed Valuation	Per Capita
2004-05	580,455	\$ 45,746,447	\$ 13,432,024	\$ 1,287,630	\$ 136,955	\$ 1,150,675	2.52 %	8.57 %	\$ 1,982.37
2005-06	576,382	50,477,219	15,533,719	1,608,390	83,596	1,524,794	3.02	9.82	2,645.46
2006-07	578,698	51,736,469	15,897,957	1,510,825	70,969	1,439,856	2.78	9.06	2,488.10
2007-08	619,626	60,386,015	16,152,729	1,725,785	56,803	1,668,982	2.76	10.33	2,693.53
2008-09	626,144	61,881,138	16,554,354	1,585,025	43,962	1,541,063	2.49	9.31	2,461.20
2009-10	635,710	63,157,227	19,222,371	1,910,500	25,950	1,884,550	2.98	9.80	2,964.48
2010-11	626,681	63,280,838	19,208,515	1,895,530	37,955	1,857,575	2.94	9.67	2,964.15
2011-12	635,475	63,127,519	19,104,264	1,923,680	29,168	1,894,512	3.00	9.92	2,981.25
2012-13	648,295	63,259,449	19,160,523	2,323,100	37,330	2,285,770	3.61	11.93	3,525.82
2013-14	658,602	65,810,055	20,209,537	2,227,730	21,554	2,206,176	3.35	10.92	3,349.79

Source: The Metropolitan Government CAFR as of June 30, 2014

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

TOTAL DEBT SERVICE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2014

Secured by Ad Valorem Taxes

Year Ending June 30	GSD		USD	Total GSD and USD
	School Purposes	General Purposes	General Purposes	
2015	70,298,393	120,286,340	24,130,332	214,715,065
2016	71,109,512	118,684,634	20,580,139	210,374,285
2017	73,685,520	119,336,937	22,310,757	215,333,214
2018	72,820,453	115,815,804	23,868,546	212,504,803
2019	72,563,248	116,842,656	22,972,963	212,378,867
2020	64,262,296	119,928,830	20,807,848	204,998,974
2021	64,014,721	120,139,380	20,844,490	204,998,591
2022	63,276,107	117,279,506	20,441,215	200,996,828
2023	59,787,715	121,639,384	20,568,794	201,995,893
2024	65,320,889	118,042,868	21,632,115	204,995,872
2025	60,806,632	114,727,274	20,855,524	196,389,430
2026	50,629,087	99,687,987	18,696,587	169,013,661
2027	41,934,261	85,515,067	19,038,463	146,487,791
2028	35,363,171	82,467,166	17,927,283	135,757,620
2029	21,619,127	52,305,856	14,166,179	88,091,162
2030	21,465,350	52,003,257	14,072,521	87,541,128
2031	19,869,262	48,569,667	13,908,048	82,346,977
2032	19,704,753	48,246,865	13,803,138	81,754,756
2033	19,535,965	47,916,840	13,689,708	81,142,513
2034	9,895,500	19,371,903	9,493,971	38,761,374
2035	9,712,050	19,012,788	5,983,087	34,707,925
	<u>\$ 987,674,012</u>	<u>\$ 1,857,821,009</u>	<u>\$ 379,791,708</u>	<u>\$ 3,225,286,729</u>

Source: The Metropolitan Government CAFR as of June 30, 2014

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

Taxpayer	December 31, 2013				December 31, 2004			
	2013 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2004 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	\$ N/A	\$ 25,427,819	1	2.90 %	\$ N/A	\$ 20,030,567	1	3.43 %
RHP Hotels Inc./Gaylord (3)	243,923,741	10,978,235	2	1.25	231,983,690	10,624,853	2	1.82
Columbia/HCA	261,865,701	10,575,070	3	1.20	125,217,930	5,826,627	4	1.00
Piedmont Natural Gas	95,451,319	4,195,603	4	0.48	88,634,534	3,829,263	6	0.66
Opry Mills Co.	91,202,000	4,118,691	5	0.47	71,260,110	3,263,713	7	0.56
The Mall at Green Hills	89,326,230	4,033,973	6	0.46	-	-	(2)	-
AT&T Telephone/Bellsouth(3)	75,220,120	3,396,940	7	0.39	170,336,493	7,500,238	3	1.29
100 Oaks Plaza	41,558,143	1,876,766	8	0.21	-	-	(2)	-
Vanderbilt	41,245,998	1,862,668	9	0.21	55,017,640	2,519,808	9	0.43
PREFCO XIV LTD	34,243,993	1,795,751	10	0.20	58,415,390	2,763,048	8	0.47
CBL & Associates	-	-	(2)	-	104,438,830	4,466,340	5	0.77
E.I. Dupont	-	-	(2)	-	50,739,759	1,948,407	10	0.33
	<u>\$ 974,037,245</u>	<u>\$ 68,261,516</u>		<u>7.77 %</u>	<u>\$ 956,044,376</u>	<u>\$ 62,772,864</u>		<u>10.76%</u>

Source: Tax Assessor's Office, Trustee 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.
- (3) Certain properties have changed ownership between December 31, 2004 and December 31, 2013. For comparability purposes, the current and prior owners are shown jointly.

Pension Plans and Other Post-Employment Benefits

Overview

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 10,300 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, 2014 was 8.88% of annual covered payroll. The employer's contributions to TCRS for the years ending June 30, 2014, and 2013, were \$31,712,479 and \$31,637,282 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 2,044 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 completed 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 2013-2014 is 17.117%. The Metropolitan Government expects that its contribution rate for 2014-2015 will increase to 17.987%. 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
2014	17.117%	\$87,643,045
2013	15.938%	82,653,128
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 7.5%, cost-of-living adjustments (COLA) of 2.50% for Division A and 1.50% for Division B, salary increases averaging 4.0% annually and five year smoothing of gains and losses.

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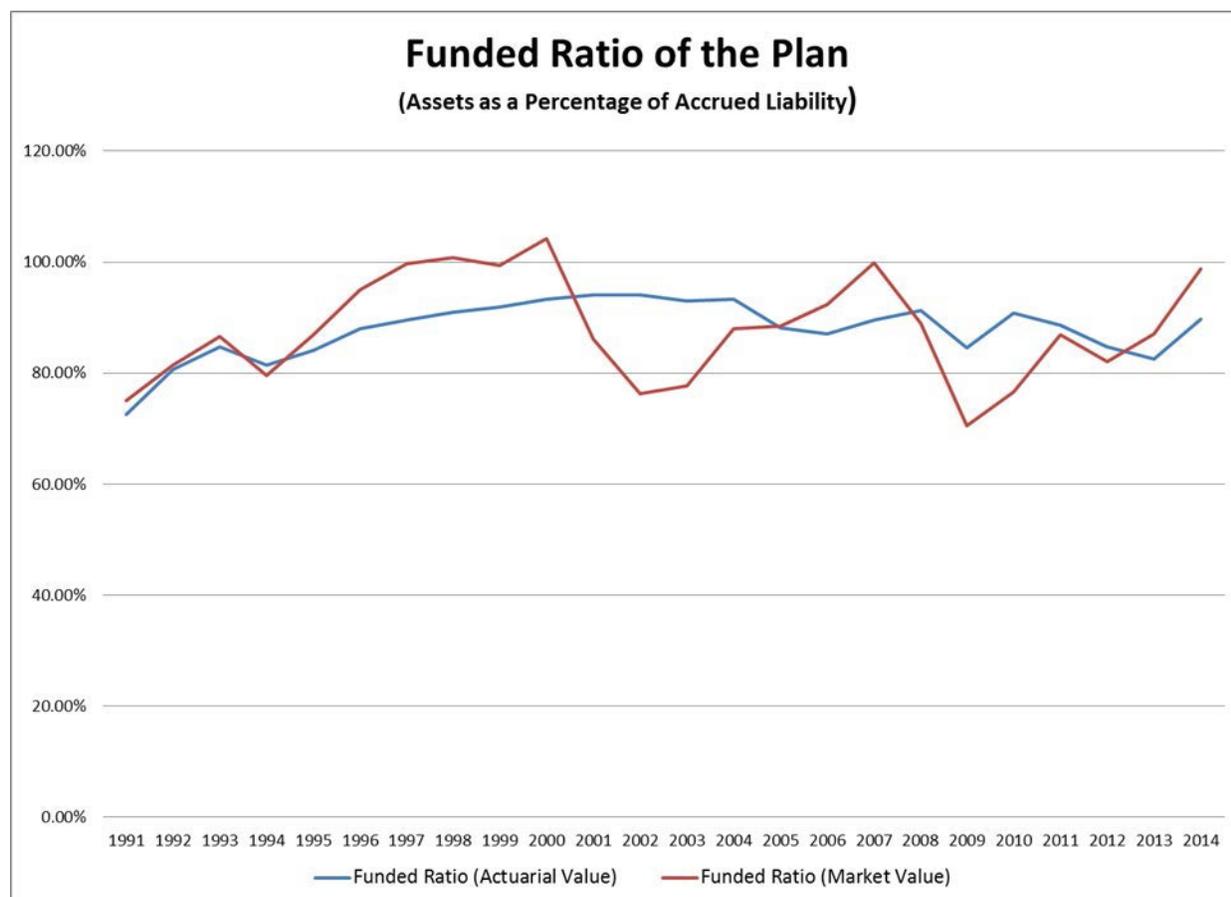
Schedule of Funding Progress

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 June 30, 2014

Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
June 30, 1999	1,241,356,861	1,350,000,989	108,644,128	91.95%	375,552,645	28.93%
June 30, 2000	1,419,820,507	1,522,468,982	102,648,475	93.30%	384,283,394	26.71%
June 30, 2001	1,532,338,623	1,628,956,808	96,618,185	94.10%	398,426,904	24.25%
June 30, 2002	1,569,455,257	1,668,629,134	99,173,877	94.10%	434,699,880	22.81%
June 30, 2003	1,569,047,675	1,688,192,909	119,145,234	92.90%	466,820,160	25.52%
June 30, 2004	1,592,671,213	1,708,318,774	115,647,561	93.20%	481,881,171	24.00%
June 30, 2005	1,602,285,363	1,818,206,856	215,921,493	88.10%	474,531,741	45.50%
June 30, 2006	1,706,677,125	1,959,952,204	253,275,079	87.10%	515,500,760	49.13%
June 30, 2007	1,921,193,702	2,144,144,792	222,951,090	89.60%	529,100,484	42.14%
June 30, 2008	2,119,228,659	2,323,837,472	204,608,813	91.20%	555,972,878	36.80%
June 30, 2009	1,925,305,076	2,275,399,550	350,094,474	84.60%	562,015,408	62.29%
June 30, 2010	2,143,522,150	2,360,892,310	217,370,160	90.80%	554,606,279	39.19%
June 30, 2011	2,188,868,356	2,468,971,488	280,103,132	88.70%	571,381,362	49.02%
June 30, 2012	2,185,046,912	2,580,685,072	395,638,160	84.70%	563,356,943	70.23%
June 30, 2013	2,220,622,176	2,688,495,620	467,873,444	82.60%	556,220,289	84.12%
June 30, 2014	2,450,131,517	2,730,430,660	280,299,143	89.73%	513,759,048	54.56%

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.

TCRS

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 statute 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
2013	\$19,493,800	\$20,300,591	\$ 806,790	96.03%	\$3,747,221	21.53%
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	100.00	3,000,297	na
2003	13,509,863	13,509,863	0	100.00	2,762,152	na
2001	12,629,990	12,629,990	0	100.00	2,560,093	na

Source: TCRS Valuation and Report as of July 1, 2013

Annual Contributions

Required TCRS contributions in 2013 and 2014 were 8.88% of salary, or \$31,637,282 and \$31,712,479.

Required TCRS contributions in 2014 will be 8.88% of salary, or approximately \$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, 2013
 (Dollars in Thousands)**

(Dollars in Thousands)	Present Value of Future Benefits*	Present Value of Future Employee Contributions	Actuarial Value of Assets	Remaining Liability
Metro Teachers	\$209,335	\$0	\$65,563	\$143,772
County Teachers	32,507	0	0	32,507
City Teachers	15,576	0	0	15,576
City Employees	47,301	0	0	47,301
County Employees	10,053	0	0	10,053
Total	\$314,772	\$0	\$65,563	\$249,209

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

Based on current valuation, the expected amortization period is approximately 10.6 years.

Historical Contributions

**Contributions
 Metro Closed Plans**

Fiscal Year Ending June 30	Metro Contributions	State Contributions
2014	\$33,512,358	\$17,593,670
2013	33,521,052	18,130,962
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. January 1, 2014, Metro implemented a Medicare Part D or Employer Group Waiver Plan for eligible retirees that is expected to reduce OPEB liability. 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, 2014, benefits paid totaled \$49,598,824.

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, 2014, benefits paid totaled \$19,693,001.

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, 2014, amounts related to OPEB were (all amounts in thousands):

	Metro Plan	School Plan
Net OPEB Obligation	\$ 884,876	\$ 170,029
Actuarial Accrued Liability (AAL)	2,032,364	424,865
Unfunded AAL	2,032,364	424,865
Annual Required Contribution	175,166	38,309

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2014 valuation date and census data
- Actual dependent coverage information
 - 4.5% rate of return (net of administrative expenses), 2.75% rate of inflation, and 4% of projected increases in salary
 - Health care cost trend rate: 8% graded to 5% for other medical expenses, 11% graded to 5% for prescription drugs, 4% each year for dental and vision expenses

Public Employees' Representation

As of June 30, 2014, the Metropolitan Government and the Metropolitan Board of Education (the "MBE") employed approximately 18,053 persons of whom approximately 10,103 worked full-time for the MBE and 7,950 worked full-time for the Metropolitan Government. Approximately 92% (1032) of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,947 active employees, of which 1,433 are sworn personnel. Approximately 1,112 sworn officers (or 78%) 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 1,798 (or 23%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 757 (or 18%) of the remaining non-teaching employees are members of the Service Employees International Union; and 154 (or 4%) 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.

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APPENDIX C- FORMS OF OPINIONS OF BOND COUNSEL

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(Form of Opinion of Bond Counsel)

Series 2015A Bonds

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

February 19, 2015

We have acted as bond counsel to The Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of \$59,730,000 General Obligation Refunding Bonds, Series 2015A, dated February 19, 2015 (the "Series 2015A 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 Series 2015A 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 Series 2015A 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 Series 2015A 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 Series 2015A 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 Series 2015A Bonds 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 Series 2015A 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 Series 2015A Bonds to be so included in gross income retroactive to the date of issuance of the Series 2015A 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 Series 2015A Bonds.

5. Under existing law, the Series 2015A 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 Series 2015A Bonds during the period such Series 2015A 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 Series 2015A 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 Series 2015A Bonds and the enforceability of the Bonds and the resolution authorizing the Series 2015A 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 Series 2015A Bonds.

Yours truly,

Bass, Berry & Sims PLC

(Form of Opinion of Bond Counsel)

Series 2015B Bonds

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

February 19, 2015

We have acted as bond counsel to The Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of \$103,980,000 General Obligation Refunding Bonds, Series 2015B (Taxable), dated February 19, 2015 (the "Series 2015B 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 Series 2015B 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 Series 2015B 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 Series 2015B 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 Series 2015B Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Issuer.

4. Under existing law, the Series 2015B 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 Series 2015B Bonds during the period such Series 2015B 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 Series 2015B 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 Series 2015B Bonds and the enforceability of the Bonds and the resolution authorizing the Series 2015B 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 Series 2015B Bonds.

Yours truly,

Bass, Berry & Sims PLC

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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**THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)**

**\$59,730,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2015A**

**\$103,980,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2015B (TAXABLE)**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered this 19th day of February, 2015 by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Issuer") in connection with the issuance of its \$59,730,000 General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and \$103,980,000 General Obligation Refunding Bonds, Series 2015B (Taxable) (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 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 February 3, 2015.

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 2015 Bonds and in order to assist the Participating Underwriters 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 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2015 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 February 10, 2015, relating to the Series 2015 Bonds.

"Participating Underwriters" shall mean Piper Jaffray & Co., Loop Capital Markets LLC, Raymond James & Associates, Inc. and Wells Fargo Bank, National Association.

"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, 2015, 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 2015 Bonds or other material events affecting the tax status of the Series 2015 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 2015 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 waiver 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 Underwriters 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 Underwriters and Beneficial Owners from time to time of the Series 2015 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

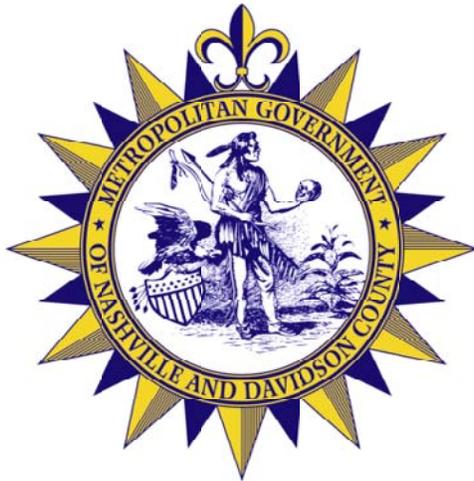
APPROVED AS TO FORM AND
LEGALITY:

Saul Solomon, Director of Law

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