



\$203,315,000
The Metropolitan Government
of Nashville and Davidson County (Tennessee)
General Obligation Bonds, Series 2006 B

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

We prepared this Official Statement to provide you with information about the Bonds. This cover page is only a general summary. You must read this entire Official Statement to obtain essential information for making an informed investment decision.

Purpose	We will use the proceeds of the General Obligation Bonds, Series 2006 B (the "Bonds") to (i) retire approximately \$140,000,000 of Commercial Paper; (ii) pay approximately \$2,662,000 of interest due on the Commercial Paper; (iii) finance approximately \$68,087,753.48 of governmental projects; and (iv) pay the costs of issuance associated with the Bonds. <i>See page I-6.</i>
Security	We pledge our full faith, credit and taxing power (general obligation) to repay the Bonds. We are not restricted from issuing additional general obligation bonds. <i>See page I-6.</i>
Tax Exemption	Bond interest is excluded from gross income and is not an item of tax preference for federal income tax purposes. Bond interest is free from Tennessee taxes, with certain exceptions. <i>See page I-11.</i>
Interest Payment Dates	August 1 and February 1, beginning August 1, 2006
Redemption	Bonds maturing on or after August 1, 2017 are callable at par at any time in any amount on or after August 1, 2016. <i>See page I-7.</i>
Registration and Paying Agent	Deutsche Bank National Trust Company
Denominations	Multiples of \$5,000
Book-Entry Only Form	The Depository Trust Company. <i>See page I-7.</i>
Delivery Date	On or about June 23, 2006.
Issuer Contact	The Metropolitan Government Office of the Treasurer: (615) 880-2809
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee.
Financial Advisor	Public Financial Management, Inc.

The Bonds were sold at a competitive sale on June 6, 2006. The interest rates we pay resulted from the award of the Bonds and are shown inside the cover.

This Official Statement is dated June 6, 2006

**The Metropolitan Government of Nashville and Davidson County
(Tennessee)**

\$203,315,000 General Obligation Bonds, Series 2006 B

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2007	\$ 6,250,000	5.000 %	3.590 %	592112 AX 4
2008	6,555,000	4.500	3.580	592112 AY 2
2009	6,855,000	4.500	3.600	592112 AZ 9
2010	7,190,000	5.000	3.610	592112 BA 3
2011	7,555,000	5.000	3.660	592112 BB 1
2012	7,945,000	5.000	3.740	592112 BC 9
2013	8,310,000	4.000	3.820	592112 BD 7
2014	8,695,000	5.000	3.900	592112 BE 5
2015	9,140,000	5.000	3.980	592112 BF 2
2016	9,560,000	4.000	4.080	592112 BG 0
2017	9,950,000	4.000	4.150	592112 BH 8
2018	10,410,000	5.000	4.160*	592112 BJ 4
2019	10,940,000	5.000	4.200*	592112 BK 1
2020	11,500,000	5.000	4.240*	592112 BL 9
2021	12,090,000	5.000	4.260*	592112 BM 7
2022	12,710,000	5.000	4.280*	592112 BN 5
2023	13,365,000	5.000	4.310*	592112 BP 0
2024	14,050,000	5.000	4.330*	592112 BQ 8
2025	14,770,000	5.000	4.350*	592112 BR 6
2026	15,475,000	4.375	4.375	592112 BS 4

* Priced to call date of August 1, 2016

SOURCES AND USES OF FUNDS

We anticipate the proceeds of the Bonds to be used as follows:

Sources

Bond Par Amount	\$	203,315,000.00
Net Original Issue Premium (Discount)		<u>8,944,928.55</u>
Total Sources	\$	<u>212,259,928.55</u>

Uses

Retirement of Commercial Paper	\$	142,662,000.00
Deposit to Construction Fund		68,087,753.48
Costs of Issuance		217,346.43
Purchaser's Discount		<u>1,292,828.64</u>
Total Uses	\$	<u>212,259,928.55</u>

No Unlawful Offers. This document is the “official” statement – that is, it contains the only authorized information about the offering of the Bonds. This official statement does not constitute an offer to sell, or the solicitation of an offer to buy, the Bonds in any jurisdiction where that would be unlawful. We have not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the Bonds. You should not rely on any such information or representation.

Not a Contract; Not Investment Advice. This official statement is not a contract, and provides no investment advice. You should consult your financial advisor and legal counsel with your questions about this official statement and the Bonds, or anything else related to this issue of bonds.

No Guarantee of Information. We have provided this information or obtained it from other sources believed to be reliable. We do not, however, guarantee the accuracy or completeness of that information, nor has any one source guaranteed the information provided by any other source. Information and expressions of opinion are subject to change without notice, and you should not draw any implication that there have been no changes since the date of this official statement. The delivery of this official statement or any sale made under this official statement shall not, under any circumstances, create any implication that there has been no change in our affairs or in any other matters described.

Table of Contents

PART I - THE BOND ISSUES	<u>Page</u>
SOURCES AND USES OF FUNDS	3
GOVERNMENT OFFICIALS	4
FINANCIAL SUMMARIES	5
INTRODUCTION	6
THE BONDS.....	6
General.....	6
Security	6
Redemption Provisions.....	7
Book-Entry-Only Form.....	7
Ratings	9
Defeasance	9
ADDITIONAL BORROWING PLANS.....	11
LITIGATION AND OTHER PROCEEDINGS	11
CONTINUING DISCLOSURE.....	11
TAX EXEMPTION.....	11
Federal Taxes.....	11
State of Tennessee.....	12
APPROVAL OF LEGAL PROCEEDINGS.....	12
UNDERWRITING.....	12
FINANCIAL ADVISOR.....	13
INDEPENDENT AUDITORS	13
PART II – YEARLY INFORMATION STATEMENT	Section II
APPENDIX A	
General Purpose Financial Statements for the Year Ended June 30, 2005.....	A-1
APPENDIX B	
Form of Opinion of Bond Counsel.....	B-1
APPENDIX C	
Continuing Disclosure Undertaking.....	C-1

GOVERNMENT OFFICIALS

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

The Honorable Bill Purcell
Metropolitan Mayor

The Honorable Howard Gentry, Jr.
Vice Mayor
President of the Metropolitan Council

David L. Manning
Director of Finance

Karl F. Dean
Director of Law

Celia A. Yancey
Metropolitan Treasurer

Kim McDoniel
Assistant Director of Finance

Marilyn S. Swing
Metropolitan Clerk

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

**SUMMARY OF GENERAL FUND, FISCAL YEARS 2001-2005
(in thousands of dollars)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Beginning Fund Balance	\$ 36,186	\$ 79,105	\$ 109,488	\$ 100,051	\$ 88,196
Revenues	646,697	630,277	642,518	633,548	565,698
Expenditures	(611,801)	(639,586)	(608,877)	(575,598)	(464,026)
Other Financing Sources (Uses)	<u>(33,805)</u>	<u>(33,610)</u>	<u>(64,024)</u>	<u>(48,513)</u>	<u>(89,817)</u>
Ending Fund Balance	<u>\$ 37,277</u>	<u>\$ 36,186</u>	<u>\$ 79,105</u>	<u>\$ 109,488</u>	<u>\$ 100,051</u>
Unreserved Fund Balance	\$ 35,269	\$ 33,818	\$ 31,160	\$ 63,858	\$ 88,931

Source: Metropolitan Government Department of Finance

AUDITED GENERAL FUND RESULTS, FISCAL YEAR 2005

	Combined General Fund		
	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
Revenues	\$ 632,157,700	\$ 646,697,283	\$ 14,539,583
Expenditures	606,441,599	611,801,180	5,359,581
Other Finance Sources (Uses)	<u>(29,234,985)</u>	<u>(33,805,055)</u>	<u>(4,570,070)</u>
Net Change in Fund Balance	<u>\$ (3,518,884)</u>	<u>\$ 1,091,048</u>	<u>\$ 4,609,932</u>

Source: Metropolitan Government Department of Finance

AUDITED CHANGE IN FUND BALANCE BETWEEN FY2004 & FY2005

Unreserved Fund Balance at June 20, 2004	\$ 33,817,982
Excess Revenue Over Expenditures	1,091,048
Change in Reserved Fund Balance	<u>359,968</u>
Unreserved Fund Balance at June 20, 2005	<u>\$ 35,268,998</u>

Source: Metropolitan Government Department of Finance

OFFICIAL STATEMENT

\$203,315,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE) GENERAL OBLIGATION BONDS, SERIES 2006 B

INTRODUCTION

This Official Statement informs you about the Bonds. The Bonds are authorized by state law (Title 9, Chapter 21 of Tennessee Code Annotated), the Charter of the Metropolitan Government of Nashville and Davidson County, and a bond resolution adopted by the Metropolitan Council on May 16, 2006 as supplemented and amended by a substitute resolution adopted by the Metropolitan Council on June 6, 2006.

We compiled all financial and other information presented in this official statement from our records, except for information expressly attributed to other sources. We show recent historical information. We do not mean for this information to indicate future or continuing trends in our financial position or other affairs, unless we specifically state so.

You should consider the entire official statement in making an investment decision, and should not consider information more or less important because of its location. You should refer to laws, reports or other documents described in this official statement for more complete information. You may request information regarding this official statement from Celia A. Yancey, Metropolitan Treasurer, 222 Third Avenue North, Suite 110, Nashville, Tennessee 37201, (615.880.2809).

THE BONDS

General

The General Obligation Bonds, Series 2006 B (the "Bonds") are being offered to: (i) retire approximately \$140,000,000 of Commercial Paper issued to fund various projects; (ii) pay approximately \$2,662,000 of interest due on the Commercial Paper; (iii) finance approximately \$68,087,753.48 of governmental projects; and (iv) pay the costs of issuance associated with the Bonds.

We list the maturity dates, amounts and interest rates for the Bonds on the inside front cover. The Bonds are issued as fully registered bonds without coupons in principal denominations of \$5,000 or multiples of \$5,000. The Bonds will be dated as of their delivery date, and will bear interest from that date payable as shown on the cover.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. The DTC's (Depository Trust Company's) Book-Entry Only System will apply to all Bonds. Bond payments will go to DTC, and DTC will then be responsible to remit the payments to its participants and bond owners. While the Book-Entry Only System applies to the Bonds, Cede & Co. (DTC's nominee) is the sole registered owner of the Bonds. All interest payments will go to DTC by wire transfer of immediately available funds, and DTC's Participants will be responsible for the payment of interest to bond owners. For more detailed information regarding DTC and the Book-Entry Only System see "THE BONDS – Book-Entry-Only Form".

Security

The Bonds are our direct and general obligations. Our full faith, credit and taxing power are irrevocably pledged to make principal and interest payments. The Bonds are payable equally with all our other outstanding general obligations, and we are not restricted from the issuance of additional general obligation bonds.

Every four years, the Assessor's Office – as required by Tennessee state law – conducts a reappraisal of the value of all property in Nashville and Davidson County. This is done to periodically adjust recorded property assessments to generally reflected market values. The most recent reappraisal was completed in 2005.

State law also requires that this reappraisal be revenue neutral for the local governments. This means that as the aggregated value of property changes, the tax rate needs to change as well to ensure that the local government receives the same amount of revenue. So if the property in the Metropolitan Government collectively increases in value, the actual property tax rate needs to drop so that the revenue collected remains the same. The 2005 reappraisal showed an increase in aggregate property values, so to remain revenue neutral, the certified combined GSD/USD tax rate dropped to \$3.98 from its pre-assessment level of \$4.58.

Subsequent to the 2005 reappraisal, we raised the combined GSD/USD rate to \$4.69 for FY 2006.

Redemption Provisions

Optional Redemption

We may opt to redeem Bonds maturing on or after August 1, 2017 in whole or in part at any time on or after August 1, 2016 at a redemption price equal to par, plus accrued interest to the redemption date. If we redeem only part of the Bonds of a given maturity, DTC, as the securities’ depository, will randomly select those Bonds according to their policies and procedures.

Redemption Notices

So long as the Bonds remain in book-entry-only form, any redemption notice will be sent to DTC between 30 and 45 days before the redemption date. A redemption of Bonds is valid and effective even if DTC’s procedures for notice fail to give you notice directly. You might consider arranging to receive redemption notices or other communications affecting you through DTC. Such arrangements might also include receiving notice of interest payments through DTC participants. Please note that all redemptions are final – even if you did not receive your notice, and even if your notice had a defect.

Interest on any Bond called for redemption will cease to accrue on the redemption date so long as the Bond is paid or money is provided for its payment.

Book-Entry-Only Form

DTC will act as securities depository for the Bonds. The Registration and Paying Agent will register all Bonds in the name of Cede & Co. (DTC’s partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the same 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, as amended. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfer and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and the Participants—that is, its Direct and Indirect Participants—are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC System must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. A Beneficial Owner will not receive a written confirmation from DTC of a purchase, but a Beneficial Owner is expected to receive a written confirmation

FY 2006 Property Tax Distribution (Rates per \$100 of Assessed Value)			
District	Fund	2005 Rate*	2006 Rate
GSD (General Services District)	General	\$1.94	\$2.00
	Schools General Purpose	1.27	1.33
	General Debt Service	0.43	0.54
	Schools Debt Service	0.20	0.17
	Subtotal - GSD	\$3.84	\$4.04
USD (Urban Services District)	General	\$0.64	0.56
	General Debt Service	0.10	0.09
	Subtotal - USD	\$0.74	\$0.65
Combined USD/GSD rate		\$4.58	\$ 4.69

providing details of the transaction, as well as periodic statements of the said Beneficial Owner's holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To make the system work more smoothly, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This does not affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the Bonds are; its records show only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owner's. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

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 legal requirements.

The Registration and Paying Agent will send redemption notices to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to Direct Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

We will make principal and interest payments on the Bonds to DTC through the Registration and Paying Agent. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. 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 the Participant and not of the Metropolitan Government, the Registration and Paying Agent, or DTC, subject to any legal requirements. We are responsible for sending payments to the Registration and Paying Agent, and the Registration and Paying Agent is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to us. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at our expense.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If that happens, bond certificates will be printed and delivered at our expense.

The information in this section about DTC and DTC's book-entry system has been obtained from DTC; we take no responsibility for its accuracy.

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. We are not responsible for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

No one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that we designate a successor securities depository, the successor may establish different procedures.

Ratings

At our request, several rating agencies have assigned a rating to the Bonds:

<u>Ratings</u>	<u>Rating Agency</u>
AA+	Fitch Ratings
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the bonds.

Defeasance

We may "defeasance" the Bonds – that is, we may discharge our obligations with respect to the Bonds by depositing with the Registration and Paying Agent or other trust company or financial institution cash or "Defeasance Investments" sufficient to provide for the payment of principal, premium if any, and interest on the Bonds when due. "Defeasance Investments" include direct obligations of the United States of America, or obligations on which the principal and interest are guaranteed by the United States of America, or any of its agencies; obligations of any agency or instrumentality of the United States; and any other obligations which at the time of the purchase thereof are permitted defeasance investments under Tennessee law.

If we defease any of the Bonds as described above, then the registered owners of the Bonds will be entitled only to payment from the moneys or Defeasance Investments deposited for that purpose.

[Remainder of Page Intentionally Blank]

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE

(As of June 7, 2006 - Unaudited)

Fiscal Year Ending June 30	Outstanding Debt ⁽¹⁾			(Plus) The Bonds			Outstanding Debt After This Issue		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	\$ -	\$ 2,146,619	\$ 2,146,619	\$ -	\$ -	\$ -	\$ -	\$ 2,146,619	\$ 2,146,619
2007	93,845,000	68,555,109	162,400,109	-	5,888,290	5,888,290	93,845,000	74,443,399	168,288,399
2008	86,730,000	64,158,938	150,888,938	6,250,000	9,567,531	15,817,531	92,980,000	73,726,469	166,706,469
2009	77,215,000	59,879,679	137,094,679	6,555,000	9,263,794	15,818,794	83,770,000	69,143,473	152,913,473
2010	77,130,000	56,053,724	133,183,724	6,855,000	8,962,069	15,817,069	83,985,000	65,015,793	149,000,793
2011	77,550,000	52,255,909	129,805,909	7,190,000	8,628,081	15,818,081	84,740,000	60,883,990	145,623,990
2012	72,015,000	48,814,842	120,829,842	7,555,000	8,259,456	15,814,456	79,570,000	57,074,299	136,644,299
2013	72,270,000	45,286,524	117,556,524	7,945,000	7,871,956	15,816,956	80,215,000	53,158,480	133,373,480
2014	72,340,000	41,734,835	114,074,835	8,310,000	7,507,131	15,817,131	80,650,000	49,241,966	129,891,966
2015	74,715,000	38,086,282	112,801,282	8,695,000	7,123,556	15,818,556	83,410,000	45,209,839	128,619,839
2016	81,865,000	34,429,010	116,294,010	9,140,000	6,677,681	15,817,681	91,005,000	41,106,691	132,111,691
2017	78,665,000	30,384,925	109,049,925	9,560,000	6,257,981	15,817,981	88,225,000	36,642,906	124,867,906
2018	62,055,000	26,907,929	88,962,929	9,950,000	5,867,781	15,817,781	72,005,000	32,775,710	104,780,710
2019	62,385,000	23,832,515	86,217,515	10,410,000	5,408,531	15,818,531	72,795,000	29,241,046	102,036,046
2020	48,410,000	20,667,219	69,077,219	10,940,000	4,874,781	15,814,781	59,350,000	25,542,000	84,892,000
2021	59,095,000	17,990,911	77,085,911	11,500,000	4,313,781	15,813,781	70,595,000	22,304,693	92,899,693
2022	62,160,000	15,045,506	77,205,506	12,090,000	3,724,031	15,814,031	74,250,000	18,769,537	93,019,537
2023	65,335,000	11,910,237	77,245,237	12,710,000	3,104,031	15,814,031	78,045,000	15,014,268	93,059,268
2024	67,275,000	8,623,079	75,898,079	13,365,000	2,452,156	15,817,156	80,640,000	11,075,236	91,715,236
2025	56,660,000	5,259,079	61,919,079	14,050,000	1,766,781	15,816,781	70,710,000	7,025,860	77,735,860
2026	29,425,000	2,651,585	32,076,585	14,770,000	1,046,281	15,816,281	44,195,000	3,697,866	47,892,866
2027	8,500,000	1,235,941	9,735,941	15,475,000	338,516	15,813,516	23,975,000	1,574,456	25,549,456
2028	8,935,000	783,247	9,718,247	-	-	-	8,935,000	783,247	9,718,247
2029	5,115,000	416,981	5,531,981	-	-	-	5,115,000	416,981	5,531,981
2030	5,385,000	141,356	5,526,356	-	-	-	5,385,000	141,356	5,526,356
	<u>\$ 1,405,075,000</u>	<u>\$ 677,251,980</u>	<u>\$ 2,082,326,980</u>	<u>\$ 203,315,000</u>	<u>\$ 118,904,199</u>	<u>\$ 322,219,199</u>	<u>\$ 1,608,390,000</u>	<u>\$ 796,156,179</u>	<u>\$ 2,404,546,179</u>

Source: Metropolitan Government Department of Finance

⁽¹⁾ Excludes \$66,700,000 initial aggregate principal of the Metropolitan Government of Nashville and Davidson County (Tennessee), District Energy System Revenue Bonds, 2002 Series A, which is subject to annual appropriation, and approximately \$10 million of commercial paper which will be outstanding after this issuance.

ADDITIONAL BORROWING PLANS

We are currently in the Fiscal Year 2006 - 2007 budgeting process that will include a review of the capital program for the next five years. The size of the capital program has not yet been determined. During construction, we finance authorized projects through our commercial paper program and ultimately through long-term general obligation debt. As such, we have historically issued between \$200 and \$250 million of general obligation bonds to mature commercial paper during the year.

LITIGATION AND OTHER PROCEEDINGS

There is no pending litigation concerning the Bonds, and there is no pending litigation challenging any financing made from the proceeds of any previously issued bonds.

CONTINUING DISCLOSURE

We have agreed to provide an annual report presenting certain financial information and operating data about the Metropolitan Government ("Annual Report") as shown in Appendix C. By March 31 of each year, we will send the report to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID"). We will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board ("MSRB"), and to any SID. As of the date of this official statement, no SID has been established. Part I of the 2005 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

Copies of the Annual Reports and notices are posted on the Investor Relations page of the Metropolitan Government's website (www.nashville.gov/finance/investor_relations.asp) and may be obtained from:

Metropolitan Government of Nashville and Davidson County
Office of the Treasurer
P.O. Box 196300
222 Third Avenue North, Suite 110
Nashville, Tennessee 37219-6300
(615) 880-2809

The undertaking also describes the consequences if we fail to provide any required information. We must report the failure to the NRMSIRs, or the MSRB, and to any SID. In the last five years, we have not failed to comply in any material respect with this or any similar undertaking.

TAX EXEMPTION

Federal Taxes

In the opinion of Bond Counsel, under existing law, interest on the 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 all taxpayers. For purposes of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. We must comply with all requirements of the Federal Tax Code that must be satisfied after the Bonds are issued for interest to be, or continue to be, excluded from gross income for federal income tax purposes. We have promised to comply with those requirements. Our failure to do so may cause interest to be included in gross income for federal income tax purposes, perhaps even commencing from the date the Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event of taxability.

You should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. You should consult your tax advisor as to collateral federal income tax consequences.

The initial public offering prices of the Bonds maturing August 1, 2016 and 2017 are being offered are less than the amount payable on these bonds at maturity (the "Discount Bonds"). An amount not less than the difference between the initial public offering price of the Discount Bonds and the amount payable at maturity constitutes "original issue discount," which will be excludable from gross income for federal income tax purposes. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of the corporation's alternative minimum tax liability. Consequently, corporate owners of the Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the owners of such Discount Bonds have not received cash attributable to such original issue discount in such year.

The initial public offering prices of the Bonds maturing August 1, 2007 through 2015 and August 1, 2018 through 2025 are greater than the amount payable on these bonds at maturity (the "Premium Bonds"). The difference between (a) the amount payable at maturity of the Premium Bonds and (b) the initial offering price to the public (excluding Bond houses and brokers) at which a substantial amount of the Premium Bonds of such maturities are sold, will constitute the "original issue premium." Under certain circumstances, as a result of the tax cost reduction requirements of the Federal Tax Code relating to the amortization of bond premium, the owner of a Premium Bond may realize a taxable gain upon its disposition even though the Premium Bond is sold or redeemed for an amount not greater than the owner's original acquisition cost.

Owners of Discount Bonds and Premium Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Discount Bonds or Premium Bonds, other tax consequences of owning Discount Bonds and Premium Bonds, and with respect to the State of Tennessee and local tax consequences of holding such Discount Bonds and Premium Bonds. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

State of Tennessee

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinion in substantially the form attached hereto as Appendix B will be delivered with the Bonds. Certain legal matters with respect to the Metropolitan Government will be passed upon by Karl Dean, Director of Law for the Metropolitan Government.

UNDERWRITING

The Bonds were sold through competitive bidding on June 6, 2006 to Morgan Keegan & Company, Inc. at a purchase price of \$210,967,099.91 (which is equal to the par amount of the Bonds plus original issuance premium of \$8,944,928.55 and less underwriting discount of \$1,292,828.64).

FINANCIAL ADVISOR

In its role as our financial advisor, Public Financial Management, Inc., has provided advice on the plan of financing and structure of the Bonds, reviewed certain legal and disclosure documents – including this official statement for financial matters – and reviewed the pricing of the Bonds. The financial advisor has not independently verified the factual information contained in this official statement, but has relied on the information supplied by us and other sources.

INDEPENDENT AUDITORS

Our general purpose financial statements as of the fiscal year ended June 30, 2005 are included in Appendix A and have been audited by KPMG LLP, independent auditor, as stated in its report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

/s/ Bill Purcell
Metropolitan Mayor

/s/ David L. Manning
Director of Finance

PART II

YEARLY INFORMATION STATEMENT

YEARLY INFORMATION STATEMENT

The Yearly Information Statement of the Metropolitan Government, including selected statistical and economic data, for the fiscal year ended June 30, 2005 has been posted on our website at www.nashville.gov/finance/investor_relations.asp and is included as Part II of this Official Statement.

Only the following items, each of which has been posted on the website referenced above, are described above and incorporated herein by reference:

- **THE METROPOLITAN GOVERNMENT**

- **Organization**

- **Fiscal Year**

- **Budgeting Procedures**

- Operating Budget

- Capital Improvements Budget

- Capital Projects Planning

- **Accounting**

- **Revenues**

- **PROPERTY TAXES**

- **Rates of Tax Levy**

- Analysis of the Composition of Rates of Tax Levy

- Analysis of Original (Including Supplemental) Assessment of All Taxable Property

- **Tax Collection**

- Analysis of Tax Levies and Collection – Ten Year Summary

- Schedule of Delinquent Property Taxes Receivable – by Type

- **Principal Taxpayers**

- Principal Taxpayers

- **FIVE YEAR SUMMARIES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

- General Fund

- Special Revenue Funds

- Debt Service Funds

- **COMPUTATION OF NET GENERAL OBLIGATION DEBT**

- **DEBT RATIOS**

- **CALCULATION OF SELF-SUPPORTING DEBT**

- **Historical Debt Ratios**

- Historical Debt Ratios – Ten Year Summary

- Total Debt Service Secured by ad Valorem Taxes

- **INVESTMENT POLICY**

- **MASS TRANSIT EXPENDITURES**

(Yearly Information Statement contents continued)

- **DISTRICT ENERGY SYSTEM OVERVIEW**
- **THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT**
- **PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**
 - City County Plans (as of June 30, 2005)
 - Board of Education Plans (as of June 30, 2005)
- **PUBLIC EMPLOYEES' REPRESENTATION**
- **ECONOMIC AND DEMOGRAPHIC PROFILE OF NASHVILLE AND DAVIDSON COUNTY**

Introduction

Population Growth

Comparative Population Growth

Per Capita Personal Income

Comparative per Capita Personal Income

Economy of the Metropolitan Area

Employment

Employment by Industry

Miscellaneous Statistics – Twenty-five Largest Employers

Unemployment Rates

Comparative Rates of Unemployment

Investment and Job Creation

Education

The Metropolitan Board of Public Education – 2005-2006

School System – Public Education Facilities – 2005-2006

School System – Public Schools Enrollment and Attendance

Manufacturing

Trade

Agriculture

Transportation

Construction

Construction and Building Permit Activity – Ten Year Summary

Tourism

Hotel / Motel Rooms and Percentage of Occupancy

Medical and Cultural Facilities

- **MISCELLANEOUS**

[This Page Intentionally Left Blank]

APPENDIX A
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE
YEAR ENDED
JUNE 30, 2005

GENERAL PURPOSE FINANCIAL STATEMENTS

Audited Financial Statements of the Metropolitan Government of Nashville and Davidson County (Tennessee) (“the Metropolitan Government”) and supplementary information as of and for the fiscal year ending June 30, 2005 together with the independent auditors’ report from KPMG LLP (1) have been filed with each nationally recognized municipal securities information repository, as described herein under “Continuing Disclosure”, and may be obtained from them in accordance with their respective procedures, (2) are available through the website of the Metropolitan Government’s Department of Finance at www.nashville.gov/finance/investor_relations.asp, and (3) are included 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.

Only the following items, each of which has been posted on the website referenced above, are described above and incorporated herein by reference:

For the Year Ended June 30, 2005

- Independent Auditor’s Report, dated October 31, 2005
- Management’s Discussion and Analysis
- Statement of Net Assets
- Statement of Activities
- Balance Sheet, Governmental Funds
- Reconciliation of the Balance Sheet to the Statement of Net Assets, Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance, Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, General Fund
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, General Purpose School Fund
- Statement of Net Assets, Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Assets, Proprietary Funds
- Statement of Cash Flows, Proprietary Funds
- Statement of Fiduciary Net Assets, Fiduciary Funds
- Statement of Changes in Fiduciary Net Assets, Fiduciary Funds
- Statement of Net Assets, Component Units
- Statement of Activities, Component Units
- Notes to the Financial Statements

APPENDIX B
FORM OF OPINION OF
BOND COUNSEL

[Form of Opinion of Bond Counsel]

Bass, Berry & Sims PLC
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001

June 23, 2006

We have acted as bond counsel to the Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Issuer") in connection with the issuance of \$203,315,000 General Obligation Bonds, Series 2006 B, dated the date hereof (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other documents as we deemed necessary to render this opinion, including, but not limited to, Resolution No. 2006-1305 as supplemented and amended by Substitute Resolution No. RS2006-1330 (together, the "Resolution") authorizing the issuance and sale of the Bonds. The terms used herein, but not defined herein, shall have the respective meanings given such terms in the Resolution.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding general obligations of the Issuer.
2. The Resolution authorizing the Bonds has been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with their terms.
3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit and unlimited taxing power, and the full faith and credit of the Issuer is pledged to the payment thereof.
4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. Except as set forth in this paragraph, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.
5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

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

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Bass, Berry & Sims PLC

[This Page Intentionally Left Blank]

APPENDIX C

CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE

The Metropolitan Government will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Metropolitan Government by not later than nine months after the end of the fiscal year commencing with the fiscal year ending June 30, 2006 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events, if determined by the Metropolitan Government to be material under applicable federal securities laws. The Annual Report (and audited financial statements if filed separately) will be filed by the Metropolitan Government with each Nationally Recognized Municipal Securities Information Repository (the "Repositories") and any State Information Depository which may be established in Tennessee (the "SID"). If the Metropolitan Government is unable to provide the Annual Report to the Repositories and the SID, if any, by the date set forth above for the filing of the Annual Report, notice of such failure shall be sent to the Repositories and the SID, if any, on or before such date. The notices of material events will be filed by the Metropolitan Government either with the Repositories or with the Municipal Securities Rulemaking Board and any SID. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below. These covenants have been made in order to assist the Purchaser in complying with SEC Rule 15c2-12(b) (the "Rule"). The Metropolitan Government has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide Annual Reports or notices of Material Events.

Content of Annual Reports. The Metropolitan Government's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Metropolitan Government for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Metropolitan Government's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information from the Metropolitan Government's YEARLY INFORMATION STATEMENT.

"PRIORITY CAPITAL PROJECTS PLANNING"

"REVENUES"

"PROPERTY TAXES"

"SUMMARY OF MAJOR FUNDS"

"COMPUTATION OF NET GENERAL OBLIGATION DEBT"

"DEBT RATIOS"

"CALCULATION OF SELF-SUPPORTING DEBT"

"HISTORICAL DEBT RATIOS"

"SUMMARY OF THE UNFUNDED PENSION BENEFIT OBLIGATION OF THE CITY AND METROPOLITAN GOVERNMENT PLANS AND THE BOARD OF EDUCATION PLANS"

Any or all of the items above may be incorporated by reference from other documents, including OFFICIAL STATEMENTS in final form for debt issues of the Metropolitan Government or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final OFFICIAL STATEMENT, in final form, it will be available from the Municipal Securities Rulemaking Board. The Metropolitan Government shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The Metropolitan Government will file notice regarding material events either with the Repositories or with the Municipal Securities Rulemaking Board and SID, if any, as follows:

1. Whenever the Metropolitan Government obtains knowledge of the occurrence of a Listed Event (as defined in (3) below), the Metropolitan Government shall as soon as possible determine if such event would be material under applicable Federal securities laws.
2. If the Metropolitan Government determines that knowledge of the occurrence of a Listed Event would be material (under applicable Federal securities laws), the Metropolitan Government shall promptly file a notice of such occurrence either with the

Repositories or with the Municipal Securities Rulemaking Board and SID, if any. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and (i) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults;
 - 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 or events affecting the tax-exempt status of the Bonds;
 - g. Modifications to rights of security Bondholders;
 - h. Bond calls;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the Bonds; and
 - k. Rating changes.

Termination of Reporting Obligation. The Metropolitan Government's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the Metropolitan Government may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Metropolitan Government shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Metropolitan Government. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the Metropolitan Government to comply with any provision of the Disclosure Certificate, any Bondholder or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific

performance by court order, to cause the Metropolitan Government to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the Metropolitan Government to comply with the Disclosure Certificate shall be an action to compel performance.