OFFICIAL STATEMENT

NEW ISSUE – BOOK ENTRY ONLY

Ratings: Moody's: Aa2
Standard & Poor's: AA
Fitch Ratings: AA

$308,000,000
The Metropolitan Government of Nashville and Davidson County (Tennessee) General Obligation Bonds, Series 2008

Dated: Date of Delivery **Due: January 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 Series 2008 Bonds to retire certain bond anticipation notes originally issued as commercial paper to provide long-term financing for the construction, acquisition, renovation and equipping of various governmental capital projects approved in our capital improvement plan and for additional funding for such projects. See page I-5.
Security	We pledge our full faith, credit and unlimited taxing power (general obligation) to repay the Series 2008 Bonds. We are not legally restricted from issuing additional general obligation bonds. See page I-6.
Tax Exemption	In the opinion of Bond Counsel, based on existing law, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the 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 page I-14.
Interest Payment Dates	January 1 and July 1, beginning January 1, 2009
Redemption	Bonds maturing on or after January 1, 2019 are callable at par at any time in any multiple of $5,000 on or after January 1, 2018. See page I-7.
Registration and Paying Agent	Deutsche Bank National Trust Company, Olive Branch, Mississippi.
Denominations	Multiples of $5,000
Book-Entry Only Form	The Depository Trust Company. See page I-8.
Delivery Date	On or about March 12, 2008.
Issuer Contact	Metropolitan Government Office of the Treasurer: (615) 862-6210
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee.
Financial Advisor	Public Financial Management, Inc.

The Bonds were sold at a competitive sale on March 4, 2008. The interest rates we pay resulted from the award of the Bonds and are shown inside the cover.

Merrill Lynch & Co.

March 4, 2008

The Metropolitan Government of Nashville and Davidson County (Tennessee)

$308,000,000 General Obligation Bonds, Series 2008

Maturity (January 1)	Principal Amount*	Interest Rate	Yield	CUSIP**
2011	$ 1,000,000	4.000%	2.880%	592112CS3
2012	1,250,000	4.000	3.120	592112CT1
2013	1,500,000	4.500	3.300	592112CU8
2014	1,750,000	5.000	3.480	592112CV6
2018	20,760,000	5.000	4.060	592112CW4
2019	21,800,000	5.000	4.230*	592112CX2
2020	28,000,000	5.000	4.400*	592112CY0
2021	24,290,000	5.000	4.520*	592112CZ7
2022	25,505,000	5.000	4.610*	592112DA1
2023	26,780,000	5.000	4.740*	592112DB9
2024	28,115,000	5.000	4.830*	592112DC7
2025	29,525,000	5.000	4.890*	592112DD5
2026	31,000,000	5.000	4.910*	592112DE3
2027	32,550,000	5.000	4.930*	592112DF0
2028	34,175,000	5.000	4.950*	592112DG8

*Yield to the redemption date of January 1, 2018.

**These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The Metropolitan Government is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

Table of Contents

No Unlawful Offers. This document is the "official" statement – that is, it contains the only authorized information about the offering of the Bonds and will be referred to as "Official Statement". 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 being offered, 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.

GOVERNMENT OFFICIALS

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

The Honorable Karl F. Dean
Metropolitan Mayor

The Honorable Diane Neighbors
Vice Mayor
President of the Metropolitan Council

Richard M. Riebeling
Director of Finance

Sue B. Cain
Director of Law

Lannie Holland
Treasurer

Kim McDoniel
Chief Accountant

Marilyn S. Swing
Metropolitan Clerk

OFFICIAL STATEMENT

\$308,000,000
THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
GENERAL OBLIGATION BONDS, SERIES 2008

INTRODUCTION

This Official Statement informs you about the General Obligation Bonds, Series 2008 (the "Bonds") being offered by the Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"). The Bonds being offered are authorized by state law (Title 9, Chapter 21 of Tennessee Code Annotated), the Charter of the Metropolitan Government, and a bond resolution (the "Bond Resolution") adopted by the Metropolitan Council on February 5, 2008.

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 Lannie Holland, Treasurer, 222 Third Avenue North, Suite 110, Nashville, Tennessee 37201, (615-862-6112).

THE BONDS

General

The Bonds are being offered to: (i) retire a portion of our currently outstanding General Obligation Commercial Paper Bond Anticipation Notes ("Commercial Paper") issued to provide interim financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government; (ii) pay interest due on maturing Commercial Paper; (iii) reimburse our debt service fund for a portion of costs associated with the capital projects; (iv) finance additional capital projects; and (v) pay the costs of issuance associated with the Bonds.

We list the maturity dates, amounts and interest rates for the Bonds being offered on the inside front cover. The Bonds being offered 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 inside cover.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Interest payments will be made semi-annually on each January 1 and July 1 until the Bonds are no longer outstanding. The first interest payment will be made on January 1, 2009. The DTC's (Depository Trust Company's) Book-Entry Only System will apply to all bonds being offered. Bond payments will be made 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 being offered, Cede & Co. (DTC's nominee) is the sole registered owner of all of the Bonds being offered, all interest payments will be made 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”.

Estimated Sources And Uses Of Funds

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

Sources

Bond Par Amount	$308,000,000
Original Issue Premium	7,867,113
Total Sources	$315,867,113

Uses

Retirement of Commercial Paper	$275,664,654
Deposit to Construction Fund	32,306,776
Reimbursement to Debt Service Fund	7,199,283
Costs of Issuance	342,200
Purchaser's Discount	354,200
Total Uses	$315,867,113

Security

The Bonds are our direct and general obligations. Our full faith, credit and unlimited 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 legally restricted from the issuance of additional general obligation bonds.

By referendum held on November 7, 2006, our voters amended our Charter, purporting to require that all future increases of our maximum ad valorem real property tax rates be first approved by voter referendum. The total ad valorem real property tax rate is currently $4.69 per hundred dollars of assessed property value. Approximately $0.73 of the total tax rate is necessary to provide for the payment of debt service on our currently outstanding general obligation bonded indebtedness. The balance is used to pay for other governmental expenses. The Charter amendment does not purport to specifically limit that portion of the tax rate allocable to the payment of debt service.

Our Department of Law and Bond Counsel have each advised us that they are of the opinion that a court would likely find the Charter amendment to be invalid because it unconstitutionally limits the exercise of taxing authority by the Metropolitan Council. While there may be a court challenge as to the validity of the Charter amendment, we cannot predict the timing of any such challenge or be certain of its outcome.

We have pledged our full faith and credit and unlimited taxing power to the payment of the Bonds (as well as our other outstanding general obligation indebtedness). Bond counsel has advised us that it will opine that the pledge of our unlimited taxing power is valid, binding and enforceable against us. (See Appendix B for a form of Bond Counsel’s opinion.) Bond counsel has advised us that it specifically considered the impact of the Charter amendment on our ability to pledge our unlimited taxing power to the payment of the Bonds, and concluded that the Charter amendment does not limit our ability to impose sufficient taxes to fund debt service on the Bonds (or other general obligation indebtedness).

Bond counsel has advised us that it arrived at its conclusion on the following grounds:

- The Bonds are issued pursuant to Tennessee Code Annotated Sections 9-21-101 et. seq. (the "Local Government Public Obligations Law" or "LGPOL").
- The LGPOL requires that the payment of our general obligation bonds and notes be secured by our “full faith, credit and unlimited taxing power”.
- The LGPOL states that "a tax sufficient to pay when due the principal of and interest on the general obligation bonds shall be levied annually and assessed, collected and paid in like manner with the other taxes of the local government and shall be in addition to all other taxes authorized or limited by law.” Therefore, the debt service tax levy established by the LGPOL is separate from and in addition to all other taxes authorized or limited by law, and thus not subject to the limitations of the Charter amendment.
- The provisions of the LGPOL prevail over conflicting provisions of our Charter. The LGPOL provides: "…to the extent the provisions of this law conflict with any other provisions of law…the provisions of this chapter shall prevail with respect to all bonds and notes issued under this chapter. Bonds and notes may be issued hereunder…without regard to the requirements, restrictions or procedural provisions contained in any other law or any home rule charter…." Therefore, the LGPOL’s requirement that our unlimited taxing power be pledged to the payment of the Bonds prevails over any conflicting requirement of our Charter.

If valid, the Charter amendment would limit our ability to raise additional revenues for other governmental requirements by increasing real property tax rates. It is unclear whether the maximum tax rate imposed by the Charter amendment, if valid, would be automatically raised by any additional debt service levies required by the LGPOL, or whether additional debt service tax levies would force a corresponding reduction in the amount of the property tax rate allocated to other governmental requirements. The information set forth in Part II and Appendix A of this Official Statement details the percentage of our budget funded with ad valorem property tax revenues, and provides other pertinent information regarding our collection and expenditure of ad valorem property tax revenues. You should review those sections of the Official Statement as you consider the impact of the Charter amendment.

Redemption Provisions

Optional Redemption

We may choose or opt to redeem any Bonds which mature on or after January 1, 2019 in whole or in part at any time on or after January 1, 2018 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 being offered 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 being offered 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 to DTC affecting you, including 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 being offered 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 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.

Remedies

If we default on the Bonds by failing to pay the principal or interest on the Bonds when due or by failing to comply with the terms of our Bond Resolution, state law provides remedies for bondholders. If we default on payment of the Bonds, bondholders have the right to bring suit to require us to assess, levy and collect the taxes we have pledged to payment of the Bonds. If we fail to comply with our agreements, bondholders may bring suit to require us to comply with the Bond Resolution and enjoin us from taking actions that would violate their rights.

Defeasance

We may "defease" 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.

Ratings

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

Rating	Rating Agency
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services
AA	Fitch Ratings

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 being offered 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.

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
(As of June 30, 2007)

Fiscal Year Ending June 30	Outstanding Debt Principal	Outstanding Debt Interest	Outstanding Debt Total	(Plus) The Bonds Principal	(Plus) The Bonds Interest	(Plus) The Bonds Total	Outstanding Debt After This Issue Principal	Outstanding Debt After This Issue Interest	Outstanding Debt After This Issue Total	% Principal Retired
2008	$ 93,040,000	$ 73,221,997	$ 166,261,997	$ -	$ -	$ -	$ 93,040,000	$ 73,221,997	$ 166,261,997	5.12%
2009	83,830,000	68,636,890	152,466,890	-	12,338,694	12,338,694	83,830,000	80,975,584	164,805,584	9.72%
2010	83,970,000	64,506,774	148,476,774	-	15,370,000	15,370,000	83,970,000	79,876,774	163,846,774	14.34%
2011	84,715,000	60,380,016	145,095,016	1,000,000	15,370,000	16,370,000	85,715,000	75,750,016	161,465,016	19.05%
2012	79,545,000	56,576,318	136,121,318	1,250,000	15,330,000	16,580,000	80,795,000	71,906,318	152,701,318	23.50%
2013	80,185,000	52,661,685	132,846,685	1,500,000	15,280,000	16,780,000	81,685,000	67,941,685	149,626,685	27.99%
2014	80,620,000	48,746,663	129,366,663	1,750,000	15,212,500	16,962,500	82,370,000	63,959,163	146,329,163	32.52%
2015	83,375,000	44,721,845	128,096,845	-	15,125,000	15,125,000	83,375,000	59,846,845	143,221,845	37.10%
2016	90,960,000	40,628,057	131,588,057	-	15,125,000	15,125,000	90,960,000	55,753,057	146,713,057	42.10%
2017	88,165,000	36,174,520	124,339,520	-	15,125,000	15,125,000	88,165,000	51,299,520	139,464,520	46.95%
2018	71,935,000	32,318,726	104,253,726	20,760,000	15,125,000	35,885,000	92,695,000	47,443,726	140,138,726	52.04%
2019	72,480,000	28,796,398	101,276,398	21,800,000	14,087,000	35,887,000	94,280,000	42,883,398	137,163,398	57.23%
2020	59,015,000	25,122,382	84,137,382	28,000,000	12,997,000	40,997,000	87,015,000	38,119,382	125,134,382	62.01%
2021	70,325,000	22,075,275	92,400,275	24,290,000	11,597,000	35,887,000	94,615,000	33,672,275	128,287,275	67.21%
2022	73,940,000	18,584,440	92,524,440	25,505,000	10,382,500	35,887,500	99,445,000	28,966,940	128,411,940	72.68%
2023	77,680,000	14,876,903	92,556,903	26,780,000	9,107,250	35,887,250	104,460,000	23,984,153	128,444,153	78.43%
2024	80,225,000	10,990,201	91,215,201	28,115,000	7,768,250	35,883,250	108,340,000	18,758,451	127,098,451	84.38%
2025	70,235,000	6,997,191	77,232,191	29,525,000	6,382,500	35,887,500	99,760,000	13,359,691	113,119,691	89.87%
2026	44,000,000	3,730,410	47,730,410	31,000,000	4,886,250	35,886,250	75,000,000	8,616,660	83,616,660	93.99%
2027	23,740,000	1,643,116	25,383,116	32,550,000	3,336,250	35,886,250	56,290,000	4,979,366	61,269,366	97.08%
2028	8,665,000	891,349	9,556,349	34,175,000	1,708,750	35,883,750	42,840,000	2,600,099	45,440,099	99.44%
2029	4,980,000	458,101	5,438,101	-	-	-	4,980,000	458,101	5,438,101	99.71%
2030	5,200,000	234,003	5,434,003	-	-	-	5,200,000	234,003	5,434,003	100.00%
	$ 1,510,825,000	$ 712,973,260	$ 2,223,798,260	$ 308,000,000	$ 231,633,944	$ 539,633,944	$ 1,818,825,000	$ 944,607,204	$2,763,432,204	

Source: Metropolitan Government 2007 CAFR

SUMMARY OF GENERAL FUND, FISCAL YEARS 2007-2003
(in thousands of dollars)

	2007	2006	2005	2004	2003
Beginning Fund Balance	$46,934	$37,277	$36,186	$79,105	$109,488
Revenues	789,846	776,280	646,697	630,277	642,518
Expenditures	(735,826)	(722,217)	(611,801)	(639,586)	(608,877)
Other Financing Sources (Uses)	(40,368)	(44,406)	(33,805)	(33,610)	(64,024)
Ending Fund Balance	$60,586	$46,934	$37,277	$36,186	$79,105
Unreserved Fund Balance	$39,344	$43,460	$35,269	$33,818	$31,160

Source: Metropolitan Government Department of Finance

CURRENT FINANCIAL CONSIDERATIONS

As we conclude the 2007-2008 fiscal year and develop our budget for fiscal year 2008-2009, we face certain financial challenges.

The first of those challenges is that we are projecting the 2007-2008 tax revenues to be under budget. A combination of the projected tax revenue shortfall and not achieving budgeted expense savings results in a projected $17 million budget deficiency. We anticipate accessing reserves to fund this deficiency.

Second, in order to balance our budget in fiscal year 2008-2009, we have requested Departments to submit budgets reflecting 5%, 10%, and 15% cuts. Approximately 44% of our revenues are generated from property taxes. We have historically raised property tax rates approximately every four years to increase revenues to fund government programs and services. Recent developments may adversely affect our ability to generate property tax revenues. By referendum held on November 7, 2006, voters amended our Charter, purporting to require that all future increases of maximum ad valorem real property tax rates be first approved by voter referendum. We have received legal advice that a court would likely find the Charter amendment to be invalid, and that it does not limit our ability to impose sufficient taxes to fund debt service on the Bonds or other general obligation indebtedness. (See Security, page I-6). We do not know if or when the validity of the Charter amendment will be challenged, nor do we know what the outcome of any such challenge would be. If valid, the Charter amendment would limit our ability to raise additional revenues for governmental requirements by increasing real property tax rates. See "THE BONDS – Security", page I-6 and "PROPERTY TAXES", page II-5. We do not anticipate proposing an increase in property tax rates or other tax rates for fiscal year 2008-2009.

Third, we have historically provided an operating subsidy and a line of credit to the Metropolitan Hospital Authority for operations at Nashville General Hospital. The Metropolitan Hospital Authority is an instrumentality of the Metropolitan Government that operates health care facilities and provides significant charity care at Nashville General Hospital. The operating subsidy has increased from approximately $33 million in fiscal year 2004 to approximately $50 million in fiscal year 2008. The Council recently approved an increase in the line of credit which could increase the amount owed to as much as $32 million by the end of fiscal year 2008. Nashville General Hospital has experienced recurring losses from operations and that trend is not expected to change. In addition, we have loaned the Metropolitan Hospital Authority approximately $14 million for capital projects at Nashville General Hospital. That loan remains unpaid.

ADDITIONAL BORROWING PLANS

In addition to prior bonds issued and the Bonds described in this Official Statement, the Metropolitan Council has authorized $576 million in general obligation bonds to finance capital projects. Due to financial constraints, we are currently conducting a comprehensive review and prioritization process for all authorized capital projects and expect to significantly reduce the number of projects and related expenditures. Consequently, we expect to issue less than the authorized general obligation debt for the remaining projects.

The size of the capital program has not yet been determined. During construction, we finance many authorized projects with our Commercial Paper and ultimately through long-term general obligation debt. After issuance of the Bonds, we will have approximately $25 million in outstanding Commercial Paper and authority to issue up to $375 million in additional Commercial Paper. We do not anticipate issuing additional general obligation bonds this year and expect that as a result of the current review of capital projects we will issue substantially less Commercial Paper than prior years.

Construction of a new convention center is currently in the early planning stages. The current downtown convention center opened in 1987 and is considered too small to host many of the events for which Nashville would otherwise compete. The cost of a new convention center is estimated to be $595 million. We intend to finance this cost by issuing revenue bonds, payable primarily from new tourism-related taxes and fees approved by the Tennessee General Assembly and the Metropolitan Council. Additional funding would come from redirection of certain incremental state sales taxes.

LITIGATION AND OTHER PROCEEDINGS

There is no pending litigation concerning the Bonds being offered, 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 D. 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 2007 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
222 Third Avenue North, Suite 110
Nashville, Tennessee 37201
(615) 862-6210

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 MATTERS

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 starting 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 their tax advisors as to collateral federal income tax consequences.

The initial public offering prices of the Bonds are greater than the amounts payable at maturity. The difference between (a) the amount payable at maturity of the Bonds and (b) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the 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 Code relating to the amortization of bond premium, the owner of a Bond may realize a taxable gain upon its disposition even though the Bond is sold or redeemed for an amount not greater than the owner's original acquisition cost.

Owners of the Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of interest properly accruable with respect to the Bonds, other tax consequences of owning the Bonds and with respect to the State of Tennessee and local tax consequences of holding the Bonds.

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 Sue Cain, Esq., Director of Law.

UNDERWRITING

The Bonds were sold through competitive bidding on March 4, 2008 to Merrill Lynch & Co. at a price of $315,512,912.65 (which is equal to the par amount of the Bonds plus original issue premium of $7,867,112.65 and less underwriting discount of $354,200.00).

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, 2007 are included in Appendix A and have been audited by KPMG LLP, independent auditors, as stated in its report.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

/s/ Karl F. Dean
Metropolitan Mayor

/s/ Richard M. Riebeling
Director of Finance

PART II

YEARLY INFORMATION STATEMENT

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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 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," 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 Metropolitan Charter or by ordinance enacted pursuant to the Metropolitan Charter unless otherwise excepted. A two-thirds vote of the Metropolitan 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 Council. The Metropolitan 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 local 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 27 square miles to 170 square miles.

Fiscal Year

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

Budgeting Procedures

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

The Mayor reviews the operating budget submitted by the Director of Finance, and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Metropolitan Council for consideration no later than March 25th. 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 Council has passed the budget ordinance on first reading, it will hold public hearings. After the conclusion of the public hearings, the Metropolitan 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 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 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, to the Metropolitan Council 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 Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Metropolitan 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 Council.

The following information identifies capital projects in the 2007-2008 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan Council for fiscal year 2007-2008 and the following five fiscal years. See "CURRENT FINANCIAL CONSIDERATIONS", page I-11 for additional information regarding future funding of capital projects.

CAPITAL IMPROVEMENTS BUDGET BY DEPARTMENT

Departments	2007-08	% of '07-'08 Total	2008-09	2009-10	2010-11	2011-12	2012-13	Total	% of '08-'13 Total
Bordeaux Long Term Care	$323,000	0.017%	$1,552,000	$433,000				2,308,000	0.055%
Convention Center	455,188,000	23.884%	471,900	1,180,000	640,000	570,000	350,000	458,399,900	10.897%
County Clerk	200,000	0.010%						200,000	0.005%
District Energy System	8,548,500	0.449%	3,301,000	2,000,000	2,000,000	2,000,000		17,849,500	0.424%
Emergency Communication Ctr	3,500,000	0.184%						3,500,000	0.083%
Farmer's Market	500,000	0.026%	232,000					732,000	0.017%
Finance	125,196,500	6.569%	64,957,750	58,366,250	7,695,350	500,000		256,715,850	6.103%
Fire Department	923,000	0.048%						923,000	0.022%
General Hospital	4,492,400	0.236%	4,533,000					9,025,400	0.215%
General Services	26,529,800	1.392%	100,000	100,000	100,000	100,000		26,929,800	0.640%
General Sessions Court	200,000	0.010%						200,000	0.005%
Gulch - Cntrl Bus Improvmt Dist	5,500	0.000%						5,500	0.000%
Health	12,561,000	0.659%						12,561,000	0.299%
Historical Commission	175,000	0.009%						175,000	0.004%
Information Technology Srvcs	13,660,800	0.717%	7,939,730	848,686	312,954			22,762,170	0.541%
Justice Integration Services	1,200,000	0.063%	1,200,000	1,200,000				3,600,000	0.086%
Juvenile Court	369,000	0.019%						369,000	0.009%
Juvenile Court Clerk	200,000	0.010%						200,000	0.005%
MDHA	122,950,000	6.451%	113,400,000	101,000,000	65,000,000			402,350,000	9.565%
Metro Action Commission	953,000	0.050%	100,000	600,000	100,000	100,000		1,853,000	0.044%
Metro Clerk	50,000	0.003%						50,000	0.001%
Schools (MNPS)	134,513,000	7.058%	85,483,000	69,780,000	70,601,000	60,572,000	60,965,000	481,914,000	11.456%
MTA	12,500,000	0.656%						12,500,000	0.297%
Municipal Auditorium	1,518,000	0.080%	550,000	460,000	284,000	500,000		3,312,000	0.079%
Nashville Electric Service	70,012,000	3.674%	71,000,000	70,000,000				211,012,000	5.016%
Parks & Rec Dept	62,073,649	3.257%	37,229,549	26,126,303	26,436,303	25,826,303		177,692,107	4.224%
Planning	2,000,000	0.105%						2,000,000	0.048%
Police	16,831,075	0.883%	7,796,000					24,627,075	0.585%
Public Library	24,646,400	1.293%	1,340,800	3,022,400	800,000	4,318,000	800,000	34,927,600	0.830%
Public Works	701,942,485	36.831%	229,716,250	217,201,500	173,695,000	181,737,000	182,500,000	1,686,792,235	40.098%
Sheriff	3,410,000	0.179%						3,410,000	0.081%
Social Services	2,100,000	0.110%						2,100,000	0.050%
Sports Authority	1,450,000	0.076%						1,450,000	0.034%
State Fair Board	923,000	0.048%						923,000	0.022%
Water & Sewer	94,190,657	4.942%	89,948,100	77,862,000	75,673,000	5,610,000		343,283,757	8.160%
Totals	$1,905,835,766		$720,851,079	$630,180,139	$423,337,607	$281,833,303	$244,615,000	$4,206,652,894	

Accounting

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

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

The Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund which is used to account for all financial resources of the general operations of the 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 General Services District 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 of 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 Urban Services District 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 General Services District.

The Government reports the following major proprietary 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 Government and downtown businesses. The 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 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 Government on a cost reimbursement basis. These services include fleet management, information systems, radio maintenance, insurance, central storeroom, postal services, facilities planning and construction, treasury management, human resources, finance, general services and printing.

Pension (and other employee benefit) trust funds are used to account for assets and liabilities held by the 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, governmental entities and others, funds collected by the Government due to the Metropolitan Transit Authority – a component unit, collections by the Government due to the purchaser of certain outstanding property tax receivables, and funds held by the Sheriff's Department for inmates.

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, 2007, Property Taxes accounted for 55.4% of all revenues available to the GSD General Fund and for GSD Debt Service; 81.3% of all revenues available to the USD General and Debt Service Funds; 39.3% of revenues available to the Schools funds, including Debt Service; and 0.29% of revenues available to the Other Governmental Funds. Sales tax collections totaled $285.3 million in the fiscal year ended June 30, 2007. A description of each major revenue category available to both the GSD and USD follows:

Property Taxes – The levy is without legal limit. For a discussion of this tax, see "PROPERTY TAXES" herein and "THE BONDS – Security", page I-6.

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 Council ordinance with revenues derived from such tax distributed as follows: 2% for tourist promotion, 1% for tourist-related activities, 2% reserve for new convention center, and 1% to the general fund. Of the 1% distributed to the general fund, $3.2 million is transferred to debt service for Stadium debt requirements.

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, rental and commissions for use of Metropolitan Government property or rights.

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

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

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

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

PROPERTY TAXES

Rates of Tax Levy

An annual tax is levied on all taxable property within the GSD and an additional tax is levied on all taxable property within the USD. Every four years, the Assessor's Office – as required by Tennessee state law – conducts a reappraisal of the value of all property in Nashville and Davidson County. This process 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, the Metropolitan Government raised the combined GSD/USD rate to $4.69. The FY 2008 budget anticipates continued moderate growth in property assessments. The following table is a statement of the composition of rates of tax levy for the last ten fiscal years.

FY 2008 Property Tax Distribution
(Rates per $100 of Assessed Value)

District	Fund	2005 Rate*	2008 Rate
GSD (General Services District)	General	$1.94	$2.06
	Schools General Purpose	1.27	1.33
	General Debt Service	0.43	0.48
	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

* Pre-reappraisal.

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	General Services District					Urban Services District			
Fiscal Year	Total GSD Rate	GSD General Fund (1)	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total USD Rate	USD General Fund (1)	USD Debt Service Fund	Total Direct Tax Rate
1997-98 (2)	$ 3.27	$ 1.69	$ 0.96	$ 0.49	$ 0.13	$ 0.85	$ 0.74	$ 0.11	$ 4.12
1998-99 (3)	3.39	1.68	0.96	0.50	0.25	0.85	0.74	0.11	4.24
1999-00	3.39	1.68	0.96	0.50	0.25	0.85	0.74	0.11	4.24
2000-01	3.39	1.68	0.96	0.50	0.25	0.85	0.74	0.11	4.24
2001-02 (2)	3.84	1.97	1.24	0.43	0.20	0.74	0.64	0.10	4.58
2002-03 (3)	3.84	1.94	1.27	0.43	0.20	0.74	0.64	0.10	4.58
2003-04	3.84	1.94	1.27	0.43	0.20	0.74	0.64	0.10	4.58
2004-05	3.84	1.94	1.27	0.43	0.20	0.74	0.64	0.10	4.58
2005-06 (2)	4.04	2.00	1.33	0.54	0.17	0.65	0.56	0.09	4.69
2006-07 (3)	4.04	2.07	1.33	0.47	0.17	0.65	0.56	0.09	4.69

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

(1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from $.12 to $.08 over the last ten years.

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

(3) In fiscal year 1998-99, the combined GSD-USD tax rate increased $0.12 per $100 of assessed value, to be applied toward school debt service. Also $0.01 was reallocated from GSD General Fund to GSD Debt Service. In fiscal year 2002-2003 and 2006-2007, the GSD property tax rate was reallocated among the funds receiving property tax revenue.

Source: The Metropolitan Government CAFR as of June 30, 2007

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF GSD AND USD TAXABLE PROPERTY
Unaudited – Includes Supplemental Assessment

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT
OF ALL TAXABLE PROPERTY

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT
OF ALL TAXABLE PROPERTY (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	GSD Total	General Services District			USD Total (1)	Urban Services District			Total Estimated Property Value (2)
		Realty	Personalty	Public Utility		Realty	Personalty	Public Utility	
1997-98	$ 10,647,933,789	$ 9,360,046,370	$ 813,501,653	$ 474,385,766	$ 7,303,138,660	$ 6,280,076,965	$ 634,766,710	$ 388,294,985	$ 33,706,470,792
1998-99	10,895,717,859	9,483,759,205	873,944,396	538,014,258	7,491,537,089	6,372,341,408	681,039,272	438,156,409	34,408,511,843
1999-00	11,087,336,546	9,625,554,203	954,014,066	507,768,277	7,579,090,297	6,420,180,086	747,640,155	411,270,056	38,576,009,345
2000-01	11,390,199,691	9,878,827,579	953,834,854	557,537,258	7,752,879,515	6,544,802,327	745,794,683	462,282,505	39,576,025,308
2001-02	13,373,373,440	11,649,748,674	1,059,163,097	664,461,669	9,029,225,021	7,681,717,993	794,416,879	553,090,149	42,634,022,131
2002-03	13,463,419,440	11,792,547,023	1,025,692,548	645,179,869	9,022,873,427	7,722,115,933	765,147,395	535,610,099	42,988,853,105
2003-04	13,280,463,599	11,809,121,866	917,401,480	553,940,253	8,792,189,489	7,667,951,606	680,464,904	443,772,979	45,150,830,802
2004-05	13,432,023,565	11,933,712,504	907,818,023	590,493,038	9,167,747,505	7,996,403,388	699,060,182	472,283,935	45,746,447,359
2005-06	15,533,718,736	13,962,265,146	963,153,348	608,300,242	10,513,974,701	9,293,334,373	736,566,609	484,073,719	50,477,218,642
2006-07	15,968,079,067	14,319,406,060	1,026,510,506	622,162,501	10,963,518,909	9,653,540,683	812,794,594	497,183,632	51,736,469,429

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

Tax levy: General Services District tax is levied on the entire Metropolitan area. Urban Services District tax is an additional tax levied on properties within the Urban Services District. Personalty and public utility taxes are levied on September 1st of each year, based upon assessed valuation at January 1st of that year. Real property taxes are levied on September 1st of each year, based upon assessed valuation through January 1st of that year. In addition, for the period January 1st through September 1st, supplemental assessments are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with T.C.A. Section 67-607.

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

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

(2) Source: Tax Aggregate Reports for Tennessee State Board of Equalization

Exemptions

State law exempts from property taxes any property (i) owned by the Federal, State, or local government and used exclusively for public, county, or municipal purposes or (ii) which purely and exclusively is used for religious, scientific, non-profit educational or charitable purposes. Currently in Davidson County, there are approximately 7,344 tax-exempt parcels.

Included in these exempt parcels are properties titled in the name of the Industrial Development Board of the Metropolitan Government and the Health and Educational Facilities Board of the Metropolitan Government and leased to nongovernmental entities. The properties are titled to these instrumentalities of the Metropolitan Government in order to facilitate financing arrangements and/or tax abatements for economic development purposes pursuant to state law. For the current fiscal year, these properties have an approximate value of $341,042,200 representing approximately .66% of the value of all property within the Metropolitan Government. In most cases, a tax equivalent is paid to the Metropolitan Government on the basis of the actual rates of tax levy. The Electric Power Board of the Metropolitan Government also paid $23,113,613 as a tax equivalent of its exempted property to the Metropolitan Government.

Reappraisals

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

Elderly Low-Income Property Tax Freeze Program

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

Tax Collection

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

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

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

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS

Unaudited

Ten Year Summary

				Collections Within the Fiscal Year of the Levy					Total Collections to Date			
Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Current Tax Amount	Percent of Levy	Adjustment to Levy	Total Levy after Adjustment	Collections in Susequent Years	Amount	Percent of Levy After Adjustment	Oustanding Delinquent Taxes	Percent of Levy
1997-98	$ 340,884,594	$ 69,379,882	$ 410,264,476	$ 392,783,558	95.74	$ (5,350,284)	404,914,192	$ 11,479,058	$ 404,262,616	99.84	$ 651,576	0.16
1998-99	361,873,598	71,169,667	433,043,265	415,770,559	96.01	(3,645,834)	429,397,431	12,839,483	428,610,042	99.82	787,389	0.18
1999-00	368,281,927	72,001,424	440,283,351	419,550,370	95.29	(6,558,072)	433,725,279	13,480,001	433,030,371	99.84	694,908	0.16
2000-01	378,375,194	73,652,420	452,027,614	432,592,562	95.70	(4,390,155)	447,637,459	13,730,605	446,323,167	99.71	1,314,292	0.29
2001-02	504,508,539	75,845,541	580,354,080	554,792,713	95.60	(6,610,896)	573,743,184	17,625,090	572,417,803	99.77	1,325,381	0.23
2002-03	508,874,943	74,889,899	583,764,842	557,508,632	95.50	(4,729,092)	579,035,750	19,358,877	576,867,509	99.63	2,168,241	0.37
2003-04	502,057,059	72,975,223	575,032,282	555,507,839	96.60	(855,158)	574,177,124	16,441,833	571,949,672	99.61	2,227,452	0.39
2004-05	507,538,957	76,092,355	583,631,312	565,446,465	96.88	(1,590,159)	582,041,153	14,633,997	580,080,462	99.66	1,960,691	0.34
2005-06 (1)	619,151,100	76,752,024	695,903,124	671,768,730	96.53	(6,627,276)	689,275,848	14,454,368	686,223,098	99.56	3,052,750	0.44
2006-07 (1)	633,541,786	79,714,977	713,256,763	705,244,782	98.88	(3,469,555)	709,787,208	-	705,244,782	99.36	4,542,426	0.64

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

Source: The Metropolitan Government CAFR as of June 30, 2007

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The following table shows the status of the property taxes remaining to be collected at June 30, 2007.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE – BY TYPE

June 30, 2007

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2006	$ 2,031,278	$ 1,874,974	$ 58,584	$ 3,964,836
	2005	1,055,107	1,241,919	326,118	2,623,144
	2004	531,975	948,803	169,216	1,649,994
	2003	461,198	1,167,413	280,695	1,909,306
	2002	361,009	1,083,152	391,605	1,835,766
	2001	357,241	639,299	133,439	1,129,979
	2000	72,987	799,836	244,502	1,117,325
	1999	53,549	526,225	13,083	592,857
	1998	45,347	582,624	42,021	669,992
	1997	69,323	465,097	21,208	555,628
	1996	7,044	862,876	55,856	925,776
Total General Services District		5,046,058	10,192,218	1,736,327	16,974,603
Urban Services District	2006	$ 284,691	$ 283,469	$ 9,430	577,590
	2005	184,437	189,710	55,459	429,606
	2004	95,816	177,428	37,453	310,697
	2003	67,404	194,143	56,599	318,146
	2002	51,150	202,040	79,285	332,475
	2001	55,557	112,829	27,016	195,402
	2000	6,206	141,259	49,502	196,967
	1999	7,853	91,549	2,649	102,051
	1998	6,796	102,093	8,508	117,397
	1997	10,043	81,611	4,294	95,948
	1996	578	151,637	11,307	163,522
Total Urban Services District		770,531	1,727,768	341,502	2,839,801
Total Delinquent Property Taxes Receivable [1]		$ 5,816,589	$ 11,919,986	$ 2,077,829	$ 19,814,404

[1] Excludes 2007 Property Tax Levy

Source: The Metropolitan Government CAFR for each fiscal year

Principal Taxpayers

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Unaudited

	December 31, 2006				December 31, 1997			
Taxpayer	2006 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	1997 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board [(1)]	$ N/A	$ 23,113,613	1	3.24 %	$ N/A	$ 12,347,963	1	3.01 %
Gaylord	238,419,877	11,169,885	2	1.56	367,228,384	9,701,260	2	2.36
Columbia/HCA	231,272,170	10,085,491	3	1.41	90,346,286	4,003,506	4	0.98
BellSouth	153,635,577	7,054,873	4	0.99	184,500,000	7,283,172	3	1.78
Piedmont Natural Gas Company	89,124,884	4,039,957	5	0.57	73,082,289	2,848,480	6	0.69
Opry Mills Co.	81,014,605	3,799,585	6	0.53	-	-		-
CBL & Associates	76,494,477	3,290,503	7	0.46	-	-		-
Vanderbilt	66,301,420	3,135,665	8	0.44	-	-		-
Davis Street Land	42,308,870	1,984,286	9	0.28	-	-		-
PREFCO XIV Ltd	34,438,376	1,944,712	10	0.28	57,755,005	2,379,506	7	0.58
Nashland Associates	-	-		-	91,155,440	3,356,244	5	0.82
E. I. Dupont	-	-		-	58,450,185	1,911,320	8	0.47
SunTrust Bank	-	-		-	38,714,915	1,814,630	9	0.44
Ford Motor Co.	-	-		-	41,586,192	1,709,514	10	0.42
	$ 1,013,010,256	$ 69,618,570		9.76 %	$ 1,002,818,696	$ 47,355,595		11.55 %

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

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

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FUND HISTORIES
GENERAL FUND – FIVE YEAR SUMMARY

Five Year Summary of Revenues, Expenditures and Changes in Fund Balances

	Years Ended June 30				
	2007	2006	2005	2004	2003
REVENUES:					
Property taxes	$434,593,970	$444,304,982	$343,535,141	$338,782,911	$337,920,726
Local option sales tax	94,234,544	89,795,510	82,674,673	79,253,422	76,182,263
Other taxes, licenses and permits	100,085,098	99,976,969	83,687,713	76,705,938	75,176,573
Fines, forfeits and penalties	14,100,396	13,841,149	12,029,361	9,543,823	10,534,610
Revenue from use of money of property	2,770,783	1,317,882	1,014,952	80,783	1,123,885
Revenue from other governmental agencies	87,945,024	79,624,370	75,677,714	80,786,222	94,232,379
Commissions and fees	26,156,439	21,261,179	21,072,982	19,637,940	18,953,278
Charges for current services	27,264,419	23,794,003	24,790,131	22,286,175	21,730,596
Compensation for loss, sale or damage to property	611,348	634,143	550,470	1,625,906	5,493,793
Contributions and gifts	669,329	543,390	667,940	539,404	556,455
Miscellaneous	1,414,910	1,186,236	996,206	1,034,395	613,045
Total revenues	789,846,260	776,279,813	646,697,283	630,276,919	642,517,603
EXPENDITURES					
General government	23,583,082	21,470,893	21,673,982	37,309,809	32,549,058
Fiscal administration	15,777,516	14,578,459	14,180,153	21,008,051	20,323,270
Administration of justice	63,883,484	58,621,082	53,751,204	50,333,461	45,794,670
Law enforcement and care of prisoners	210,992,633	193,586,575	180,815,275	167,481,033	169,148,228
Fire prevention and control	112,717,674	100,684,959	95,045,746	93,266,180	86,043,913
Regulation and inspection	8,351,652	7,879,011	7,216,063	7,239,736	7,006,740
Conservation of natural resources	444,857	421,822	352,566	398,925	311,037
Public welfare	9,059,595	8,134,531	10,453,774	14,185,717	12,709,251
Pubic health and hospitals	85,715,255	129,089,250	58,920,291	74,714,817	72,191,199
Public library system	20,988,942	20,379,979	18,527,933	19,425,446	17,795,337
Public works, highway and street	36,583,000	31,099,675	30,517,816	29,901,517	27,117,716
Recreational and cultural	36,748,546	32,931,787	31,203,549	33,654,421	31,793,123
Employee benefits	59,012,395	56,369,642	55,012,329	54,892,819	51,520,203
Miscellaneous	51,967,639	46,968,961	34,130,499	35,774,040	34,573,313
Total expenditures	735,826,270	722,216,626	611,801,180	639,585,972	608,877,058
Excess (Deficiency) of revenues over expenditures	54,019,990	54,063,187	34,896,103	(9,309,053)	33,640,545
OTHER FINANCING SOURCES (USES)					
Transfers in	15,850,393	16,501,209	16,570,634	23,562,003	10,379,911
Transfers out	(56,218,467)	(60,907,145)	(50,375,689)	(57,172,423)	(74,403,443)
Total other financing sources (uses)	(40,368,074)	(44,405,936)	(33,805,055)	(33,610,420)	(64,023,532)
Net change in fund balance	13,651,916	9,657,251	1,091,048	(42,919,473)	(30,382,987)
FUND BALANCE, beginning of year	46,934,078	37,276,827	36,185,779	79,105,252	109,488,239
FUND BALANCE, end of year	$ 60,585,994	$ 46,934,078	$ 37,276,827	$ 36,185,779	$ 79,105,252

Source: The Metropolitan Government CAFR for each fiscal year

SPECIAL REVENUE FUNDS – FIVE YEAR SUMMARY
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				
	2007	2006	2005	2004	2003
REVENUES:					
Property taxes	$217,105,797	$207,366,885	$172,755,666	$171,021,821	$171,053,586
Local option sales tax	171,377,172	163,902,255	150,161,774	143,765,269	137,212,657
Other taxes, licenses and permits	30,091,185	26,849,863	23,854,084	22,618,663	18,564,004
Fines and costs	4,549,128	5,417,581	4,001,192	4,120,741	3,656,688
Revenue from the use of money or property	6,092,863	3,147,248	2,271,221	703,315	2,507,766
Revenue from other governmental agencies	321,504,080	305,216,003	296,683,076	267,129,790	246,032,628
Charges for current services	24,114,122	23,602,266	24,200,797	23,847,210	22,032,772
Compensation for loss, sale or damage to property	444,463	387,535	410,024	601,596	2,007,850
Grants, contributions and gifts	7,019,037	9,602,229	6,839,699	7,064,129	7,450,419
Miscellaneous	403,376	243,659	164,864	227,272	96,994
Total revenues	782,701,223	745,735,524	681,342,397	641,099,806	610,615,364
EXPENDITURES					
Personal services	568,039,061	546,774,235	537,304,627	505,501,472	458,369,374
Contractual services	112,283,440	104,534,079	100,734,913	104,221,751	86,071,527
Supplies	68,705,431	68,262,372	65,320,966	59,298,416	62,065,751
Other	17,844,543	16,605,676	15,562,060	15,159,703	11,064,983
Capital outlay	10,599,889	13,874,112	6,401,557	10,691,927	15,630,797
Total expenditures	777,472,364	750,050,474	725,324,123	694,873,269	633,202,432
Excess (deficiency) of revenues over expenditures	5,228,859	(4,314,950)	(43,981,726)	(53,773,463)	(22,587,068)
OTHER FINANCING SOURCES (USES)					
Transfers in	65,972,623	74,255,972	60,445,883	61,674,606	67,878,539
Transfers out	(43,602,031)	(44,735,640)	(36,541,428)	(24,125,875)	(29,405,040)
Total other financing sources (uses)	22,370,592	29,520,332	23,904,455	37,548,731	38,473,499
Net change in fund balance	27,599,451	25,205,382	(20,077,271)	(16,224,732)	15,886,431
FUND BALANCE, beginning of year	151,988,872	126,783,490	146,860,761	163,085,493	147,199,062
FUND BALANCE, end of year	$179,588,323	$151,988,872	$126,783,490	$146,860,761	$163,085,493

[1] Certain numbers have been re-classified for comparative purposes.

Source: The Metropolitan Government CAFR for each fiscal year

DEBT SERVICE FUNDS – FIVE YEAR SUMMARY

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEBT SERVICE FUNDS (1) (2)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30			
	2007	2006	2005	2004
REVENUES:				
Property taxes	$110,717,130	$ 68,148,594	$ 92,800,646	$ 92,020,658
Local option sales tax	19,646,782	17,613,670	16,865,519	16,760,780
Commissions and fees	604,993	475,020	249,637	-
Revenue from the use of money of property	2,999,181	-	2,613,062	724,096
Revenue from other governmental agencies	6,402,439	3,802,884	6,774,340	7,774,259
Compensation for loss, sale, or damage to property	-	6,130,888	-	-
Charges for current services	228,712			
Total Revenues	140,599,237	96,171,056	119,303,204	117,279,793
EXPENDITURES				
Principal retirement	95,569,567	99,000,000	86,315,000	79,775,000
Interest	72,522,916	65,621,896	57,783,124	59,120,668
Fiscal charges	2,818,981	1,245,498	1,524,597	731,613
Contractual services	-	1,534,381	1,300,950	1,317,708
Bond issue costs	587,900	1,600	-	-
Total Expenditures	171,499,364	167,403,375	146,923,671	140,944,989
Excess (deficiency) of revenues over expenditures	(30,900,127)	(71,232,319)	(27,620,467)	(23,665,196)
OTHER FINANCING SOURCES (USES)				
Proceeds of refunding bonds, net of discount	(198,934,669)	60,805,000	241,800,000	-
Payments to refunded bond escrow agent	186,890,000	(60,463,650)	(262,859,310)	-
Bond issue premium (discount)	12,632,569	-	21,881,527	-
Transfers in	17,912,077	25,883,513	20,151,664	18,540,151
Transfers out	(30)	(8,807,018)	(7,797,165)	(7,923,367)
Total Other Financing Sources (Uses)	18,499,947	17,417,845	13,176,716	10,616,784
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,400,180)	(53,814,474)	(14,443,751)	(13,048,412)
FUND BALANCE, beginning of year	85,017,350	138,831,824	153,275,575	166,323,987
FUND BALANCE, end of year	$ 72,617,170	$ 85,017,350	$138,831,824	$153,275,575

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

Source: The Metropolitan Government CAFR for each fiscal year

DEBT CALCULATIONS

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT

June 30, 2007

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	$ 524,432,336	
For General Purposes	850,604,708	
Urban Services District:		
For General Purposes	128,352,956	
Total Gross General Obligation Debt		$ 1,503,390,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	60,537,817	
For General Purposes	8,004,172	
Urban Services District:		
For General Purposes	2,427,452	
Total Amounts Available In Debt Service Funds [1]		70,969,441
Debt Payable From Other Sources		
Hotel Occupancy Tax [1]		
Convention Center Project:		
G. O. Multi-Purpose Improvement Bonds, Series 1997A	130,000	
Total Debt Payable From Other Sources		130,000
Net General Obligation Debt		$ 1,432,290,559

[1] Excludes the Correction Facility Revenue Bonds.

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2007

DEBT RATIOS

As of June 30, 2007

Total Debt		
Debt to Estimated Market Value		2.91%
Debt to Assessed Value		9.41%
Debt per Capita	$	2,597.88
Net Debt		
Debt to Estimated Market Value		2.77%
Debt to Assessed Value		8.97%
Debt per Capita	$	2,475.02

The above table is based upon:

Estimated Market Value	$	51,736,469,429
Assessed Value	$	15,968,079,067
Population		578,698

CALCULATION OF SELF-SUPPORTING DEBT

As of June 30, 2007

Hotel Occupancy Tax:		As of
Convention Center Project [1]		June 30, 2007
G.O. Multi-Purpose Improvement Bonds, Series 1997A		130,000
	$	130,000

[1] General improvement bonds represent outstanding general obligation bonds issued for the convention center, the debt service payments which are reimbursed from the hotel-motel room occupancy tax.

Source: The Metropolitan Government CAFR as of June 30, 2007

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

HISTORICAL DEBT RATIOS

Fiscal Year Ending June 30	Population [1]	Assessed Valuation (in thousands)	Gross Debt	Debt Service Monies Available	Debt Payable From Sources Other Than Property Taxes	Net Debt	Ratio of Net Debt to Assessed Valuation	Net Debt Per Capita
1997	565,004	8,192,587	792,420,000	70,552,736	36,978,998	684,888,266	8.36	1,212.18
1998	566,150	10,647,934	908,095,000	79,899,351	39,815,699	788,379,950	7.4	1,392.53
1999	567,251	10,895,718	1,038,960,000	103,509,799	35,728,961	899,721,240	8.26	1,586.11
2000	569,891	11,087,336	989,705,000	120,991,318	31,507,203	837,206,479	7.55	1,469.06
2001	571,312	11,390,200	1,196,320,000	156,401,726	26,938,984	1,012,979,290	8.89	1,773.08
2002	569,174	13,373,373	1,187,245,000	162,065,583	22,359,946	1,002,819,471	7.5	1,761.89
2003	570,136	13,463,419	1,114,990,000	163,736,722	17,562,681	933,690,597	6.94	1,637.66
2004	572,475	13,280,464	1,158,710,000	151,389,536	12,519,184	994,801,280	7.49	1,737.72
2005	580,455	13,432,024	1,279,935,000	136,955,015	7,219,970	1,135,760,015	8.46	1,956.67
2006	576,382	15,533,719	1,600,695,000	83,595,562	1,655,405	1,515,444,033	9.76	2,629.24
2007	578,698	15,968,079	1,503,390,000	70,969,000	130,000	1,432,291,000	8.97	2,475.02

[1] Source: U.S. Department of Commerce, Bureau of the Census and Labor

Source: The Metropolitan Government CAFR as of June 30, 2007

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

TOTAL DEBT SERVICE
As of June 30, 2007
Secured by Ad Valorem Taxes

Year Ending	GSD School Purposes	GSD General Purposes	USD General Purposes	Total GSD and USD
2008	$ 57,691,124	$ 88,923,308	$ 19,647,565	$ 166,261,997
2009	53,761,059	83,341,794	15,364,037	152,466,890
2010	51,390,358	81,736,845	15,349,571	148,476,774
2011	50,208,048	80,122,038	14,764,930	145,095,016
2012	48,405,223	73,768,616	13,947,479	136,121,318
2013	47,512,018	72,080,420	13,254,247	132,846,685
2014	46,054,876	71,802,777	11,509,010	129,366,663
2015	45,061,874	71,769,708	11,265,263	128,096,845
2016	45,367,085	79,178,205	7,042,767	131,588,057
2017	41,537,516	74,967,421	7,834,583	124,339,520
2018	34,791,321	61,696,967	7,765,438	104,253,726
2019	35,716,730	58,956,200	6,603,468	101,276,398
2020	27,203,395	50,900,567	6,033,420	84,137,382
2021	30,604,539	54,602,331	7,193,405	92,400,275
2022	30,887,489	54,296,359	7,340,592	92,524,440
2023	30,900,372	54,316,372	7,340,159	92,556,903
2024	30,442,689	53,661,144	7,111,368	91,215,201
2025	25,385,883	46,678,889	5,167,419	77,232,191
2026	11,969,567	32,454,838	3,306,005	47,730,410
2027	8,479,614	15,187,927	1,715,575	25,383,116
2028	3,096,151	6,329,261	130,937	9,556,349
2029	1,393,409	3,970,181	74,511	5,438,101
2030	1,391,949	3,967,602	74,452	5,434,003
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
	$ 759,252,289	$ 1,274,709,770	$ 189,836,201	$ 2,223,798,260

Source: The Metropolitan Government CAFR as of June 30, 2007

INVESTMENT POLICY

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

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

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

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

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

MASS TRANSIT EXPENDITURES

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2007, approximately $17,829 million and $3.607 million respectively, to pay approximately 57% 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 Government, and the State and Federal Governments, through grants have spent approximately $117,785,361 to date on improvements of the transit system since 1973.

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DISTRICT ENERGY SYSTEM OVERVIEW

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

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

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

Fiscal Year	Amount
2004	$2,000,000
2005	1,698,900
2006	2,173,100
2007	2,291,300
2008	2,421,300*

*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 and 1998 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 for the National Football League's Tennessee Titans and Tennessee State University, while 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. 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 and a ticket surcharge at the Sommet Center). However, a portion of the debt service as well as any deficiencies from the other pledged revenue streams are backed by a pledge of certain of the Metropolitan Government's non-tax General Fund revenues. In 2004 a portion of the Series 1996 Bonds were advance refunded for debt service savings. In total, the annual debt service for these bond issues is approximately $6.7 million 2008 through 2019 and $4.8 million thereafter until 2027.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

There are currently eight pension plans covering employees of the Metropolitan Government and the Metropolitan Board of Education ("MBE"). Two of these plans, the Metropolitan Employee Benefit System and the Metropolitan Board of Education Teacher Retirement Plan, were created upon the adoption of the metropolitan form of government on April 1, 1963 (the "Metropolitan Plans"). All certified employees of the MBE hired since July 1, 1969, are covered under the Tennessee Consolidated Retirement System.

Under the Charter, the Metropolitan Plans are required to be actuarially sound. The Metropolitan Plans were originally funded by annual contributions of employees and employers under the Metropolitan Plans. In 1987 employees ceased making contributions to the Metropolitan Government plans, and both Division A and B are funded by contributions by the Metropolitan Government. Employees continue to contribute to the medical insurance plans. The contributions of the Metropolitan Government to the Metropolitan Employee Benefit System are determined as a percentage of the aggregate payroll of the participating employees. The Metropolitan Government has no liability for any benefits under the Tennessee Consolidated Retirement System, which is funded solely by employees and State contributions.

On January 1, 1996, Government employees in the Metropolitan Government plan had the option to participate in a modified version of the currently effective retirement and disability programs. Of the approximately 11,300 Metropolitan Government employees, 5% elected to stay with the old pension plan (Division A) and 95% elected to enroll in the new pension plan (Division B). All pension benefits are being funded actuarially according to generally accepted accounting principles.

Contributions to the Metropolitan Board of Education Teacher Retirement Plan, a closed plan of the Metropolitan Government, are made by the MBE and the employees. To meet its obligations to fund future benefits of this plan in excess of plan assets, the MBE contributes a percentage of payroll determined by an annual actuarial valuation.

The remaining five pension plans were formerly administered by the City of Nashville and by Davidson County and were closed to participation on April 1, 1963 (the "Closed Plans"). The Closed Plans include the Civil Service Employee's Pension Fund, The Police and Firemen Pension Fund, The Teachers' Civil Service and Pension Fund, The Davidson County Employees' Retirement Fund, and The Employees Pension and Insurance Fund. Prior to July 1, 2000, the Closed Plans were funded on a pay-as-you-go basis. The difference between the revenue of these funds and benefit expenditures was paid by the Metropolitan Government out of operating budgets of the USD for the former City of Nashville plans and/or the GSD for the former Davidson County plans.

In August 2000, the Government adopted a Guaranteed Payment Plan (GPP) to fund the obligations of the Closed Plans ("superseded systems") on an actuarially sound basis. Under the GPP the unfunded accrued liabilities and other funding obligations of the Closed Plans, including any benefit improvements granted by the superseded systems, are determined in a manner so as to amortize the same over a period not to exceed thirty (30) years from July 1, 2000. Appropriations made by the Metropolitan Council to fund the obligations of the superseded systems shall not be reduced for any year until all of the pension obligations of the superseded systems are fully amortized.

The Metropolitan Board of Education is also required to fund in its annual budget the actuarial contribution attributable to the aggregate benefits of all teachers covered under its superseded systems. The amounts required to fund such actuarial contributions shall be set forth in the annual budget adopted by the Metropolitan Council.

All funds appropriated for funding obligations of the superseded systems are directly transferred to the GPP. From the GPP the Government transfers such amounts as needed to each respective superseded system in such amounts required to ensure full amortization of all liabilities.

In prior years, cost-of-living benefits under the Metropolitan Plans were funded on a pay-as-you-go basis, which resulted in lower contributions to the plans than were called for under generally accepted accounting principles. To reflect this shortfall and the fact that the Closed Plans were being funded on a pay-as-you-go basis, a liability was set up in the government-wide financial statements. Now that the Metropolitan Plans are being funded actuarially (taking into account prior shortfalls), and as the Closed Plans are declining in importance, the liability established in prior years is rapidly declining.

The following summary states (in thousands) the unfunded pension benefit obligation (as defined in Statement No. 27 of the Government Accounting Standards Board) for all of the following plans as of the most recent actuarial valuations.

Net Pension Asset shown in parentheses

City County Plans (as of June 30, 2007)		
The Metropolitan Employee Benefit System	$	10,378
The Davidson County Employees' Retirement Fund	$	(9,314)
The Civil Service Employees' Pension and Police and Firemen Pension Funds	$	(15,910)
City County Plans reported as shown in CAFR at June 30, 2007.		
Board of Education Plans (as of June 30, 2007)		
The Teachers' Civil Service and Pension Fund (Nashville City Teachers)	$	(8,178)
The Employees' Pension and Insurance Fund (Davidson County)	$	(4,532)
The Metropolitan Board of Education Teacher Retirement Plan	$	65,673
Board of Education reported as shown in CAFR at June 30, 2007.		

It is expected that the aggregate contributions required for the pension plans, as a percentage of the total covered payroll, will remain relatively level. Information on the actuarial valuations for each pension plan is given in the required supplementary information to the notes in the Basic Financial Statements of the CAFR.

The Governmental Accounting Standards Board has issued Statement No. 45 which revises the accounting for all other post-employment benefits ("OPEB"). This Statement applies accounting methodology similar to that used for pension liabilities (Statement No. 27) to OPEB and attempts to more fully report the costs of employment by requiring governments to include future OPEB costs on their financial statements. While Statement No. 45 requires reporting and disclosure of the unfunded OPEB liability, it does not require that it be funded. Statement No. 45 is effective in fiscal 2007-2008.

The Metropolitan Government currently provides various post-employment benefits 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 hospitalization insurance program, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. 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, 2007, 6,757 Metro participants were eligible to receive post-employment benefits, and the benefits paid totaled $25,614,667.

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, 2007, 2,879 School participants were eligible to receive post-employment benefits, and the benefits paid totaled $11,698,647.

The Metropolitan Government plans to adopt GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, required for fiscal periods beginning after December 15, 2006, in fiscal 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. Preliminary independent actuarial estimates for the unfunded accrued liability are $1.5 billion for the general government and $473 million for teachers. Estimated annual required contributions over a 30 year period are $116 million and $25 million for the general government and teachers, respectively. These estimates are based on a 4.5% discount rate assumption.

The key assumptions used in developing these estimates include:

- Current level of benefits provided
- July 1, 2006 valuation date and census data
- Actual dependent coverage information
- 4.5% discount rate
- Blended per capita claims cost

- Health care cost trend rate: 9% graded to 5% for other medical expenses, 12% graded to 5% for prescription drugs, 4% for dental expenses

- Impact of Medicare Part D subsidy was not included

The results of the calculations for OPEB for Metro retirees were:

- Present value of future benefits = $2.6 billion (general government) and $708 million (teachers)

- Unfunded accrued liability = $1.5 billion (general government) and $473 million (teachers)

- Annual required contribution = $116 million (general government) and $25 million (teachers) for 30 years

PUBLIC EMPLOYEES' REPRESENTATION

As of June 30, 2007, the Metropolitan Government and Metropolitan Board of Education employed approximately 18,376 persons of whom approximately 9,118 worked full-time for the MBE and 9,258 worked full time for the Metropolitan Government. Appropriately 97% of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,771 active employees, of which 1,260 are sworn personnel. Approximately 905 sworn officers (or 51%) 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 56% of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 37% of the remaining non-teaching employees are members of the Service Employees International Union; and 9% are in the Steel Workers Union.

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

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

ECONOMIC AND DEMOGRAPHIC PROFILE OF NASHVILLE AND DAVIDSON COUNTY

Introduction

The Metropolitan Government of Nashville and Davidson County ("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 Nashville. 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	1990	2000	% Change 1990-2000	Estimated 2007	% Change 2000-2007
Nashville/Davidson [1]	510,786	569,691	11.5 %	578,698	1.6 %
MSA [1]	985,026	1,311,789	33.2	1,455,097	10.9
State [2]	4,890,640	5,689,283	16.3	6,156,719	8.2
United States [2]	248,709,925	281,421,906	13.2	301,621,157	7.2

Source: Population is from the U. S. Department of Commerce, Bureau of the Census except for "Estimated 2007" which are from the following sources:

(1) Bureau of the Census provides Population estimates as of July 1, 2006.

(2) Bureau of the Census provides Population estimates as of July 1, 2007.

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Nashville MSA	24,432	25,076	25,946	27,621	28,928	30,601	31,440	32,180	33,354	34,904	36,665
Davidson County	26,419	27,062	27,672	30,005	31,494	33,388	35,191	36,768	38,297	40,393	42,192
Tennessee	21,174	21,854	22,676	23,989	24,898	26,097	26,870	27,490	28,440	29,844	30,969
United States	23,076	24,175	25,334	26,883	27,939	29,845	30,574	30,810	31,484	33,050	34,471

Source: Bureau of Economic Analysis website - www.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.

Employment

The following table shows the labor force segments of the eight county Nashville Metropolitan Statistical Area for calendar years 2003 through June 2007.

NASHVILLE MSA
EMPLOYMENT BY INDUSTRY [1]

Industry	Ann 2003	Ann 2004	Ann 2005	Ann 2006	Ann 2007
Total, all industries	791.8	811.2	832.3	849.8	859.3
Goods-Producing	116.2	118.0	120.5	123.7	124.4
Natural Resources, Mining and Construction	34.4	34.4	36.0	39.3	41.8
Manufacturing	81.8	83.6	84.5	84.4	82.6
Service-Providing	581.4	597.3	614.9	628.1	635.8
Trade, Transportation and Utilities	141.8	146.0	150.7	154.4	155.6
Information	18.6	19.4	19.7	19.7	19.7
Financial Activities	44.7	44.5	45.2	46.0	46.3
Professional and Business Services	84.1	91.5	96.7	98.7	99.2
Education and Health Services	94.9	98.4	101.4	104.1	105.4
Leisure and Hospitality	71.7	72.0	74.6	76.7	78.3
Other Services	30.2	29.7	29.7	30.6	31.5
Unclassified	95.4	95.8	96.9	97.9	99.9
Government	94.2	95.9	96.9	98.0	99.1

(1) Employment numbers in thousands.

Source: The Bureau of Labor Statistics

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

	Nashville MSA					Tennessee					United States				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
Total, All Industries [1]	859.3	849.8	832.3	811.2	791.8	2,854.4	2,831.8	2,792.3	2,756.2	2,713.9	160,221.0	158,165.0	155,507.0	153,056.0	151,581.0
In Percentages:															
Construction & Mining	4.9%	4.6%	4.3%	4.2%	4.3%	5.0%	4.8%	4.5%	4.4%	4.4%	5.2%	5.3%	5.1%	4.9%	4.8%
Manufacturing	9.6%	9.9%	10.2%	10.3%	10.3%	13.7%	14.1%	14.6%	14.9%	15.2%	8.8%	9.0%	9.1%	9.4%	9.6%
Trade, Transportation & Utilities	18.1%	18.2%	18.1%	73.6%	17.9%	21.5%	21.5%	21.4%	21.3%	21.3%	16.5%	16.6%	16.7%	16.7%	16.7%
Information	2.3%	2.3%	2.4%	18.0%	2.3%	1.8%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%
Financial Activities	5.4%	5.4%	5.4%	2.4%	5.6%	5.1%	5.1%	5.1%	5.1%	5.2%	5.3%	5.3%	5.2%	5.2%	5.3%
Professional & Business Services	11.5%	11.6%	11.6%	5.5%	10.6%	11.2%	11.3%	11.2%	11.0%	10.6%	11.2%	11.1%	10.9%	10.7%	10.5%
Education & Health Services	12.3%	12.2%	12.2%	11.3%	12.0%	12.1%	12.0%	11.8%	11.6%	11.5%	11.5%	11.3%	11.2%	11.1%	10.9%
Leisure & Hospitality	9.1%	9.0%	9.0%	12.1%	9.1%	9.8%	9.5%	9.4%	9.2%	9.1%	8.5%	8.3%	8.2%	8.2%	8.0%
Other Services	3.7%	3.6%	3.6%	8.9%	3.8%	3.6%	3.6%	3.6%	3.7%	3.8%	3.4%	3.4%	3.5%	3.5%	3.6%
Government	11.5%	11.5%	11.6%	3.7%	11.9%	1.7%	1.7%	1.8%	1.8%	1.9%	13.9%	13.9%	14.0%	14.1%	14.2%
Unclassified	11.62%	11.52%	11.6%	11.8%	12.0%	14.6%	14.7%	14.8%	15.1%	15.1%	13.9%	13.9%	14.0%	14.1%	14.2%

(1) Total Employment in thousands of persons

Source: The Bureau of Labor Statistics

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
TEN LARGEST EMPLOYERS IN THE NASHVILLE MSA
(Including Government Agencies)

	Unaudited June 30, 2007			June 30, 1998		
Employer	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
State of Tennessee	20,029	1	2.51 %	24,400	1	3.76 %
Metro Nashville-Davidson Co. Government and Public Schools	19,188	2	2.40	18,990	2	2.93
Vanderbilt University and Medical Center	18,252	3	2.29	11,700	3	1.80
U.S. Government	11,216	4	1.40	11,000	4 (2)	1.70
HCA (including Tri-Star Health System)	9,649	5	1.21	8,100	6	1.25
St. Thomas Health Services	8,200	6	1.03	-		-
Nissan North America Inc.	8,100	7	1.01	6,000	7	0.92
Bridgestone Americas Holding Inc. (1)	4,900	8	0.61	-		-
Gaylord Entertainment Co. (1)	4,519	9	0.57	11,000	4 (2)	1.70
Wal-Mart Stores Inc.	4,500	10	0.56	-		-
Saturn Corporation	-		-	8,350	5	1.29
Kroger Company	-		-	5,750	8	0.89
United Parcel Service	-			4,500	9	0.69
First American National Bank	-		-	4,200	10	0.65
	108,553		13.59 %	113,990		17.57 %

Sources:
Principal Employers and Number of Employees - Nashville Area Chamber of Commerce, Nashville Business Journal
Total Employment - US Department of Labor Bureau of Labor Statistics

(1) National, State or Corporate Headquarters.

(2) Tie ranking.

Unemployment Rates

The following table sets forth the unemployment percentage rates in Nashville, the MSA, the State and the United States for the calendar years 1998-2007.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Davidson County	2.80%	2.90%	3.20%	3.60%	4.50%	4.80%	4.60%	4.60%	4.30%	4.60%
Nashville MSA	3.10	2.90	3.20	3.80	4.40	4.70	4.30	4.40	4.20	3.70
TN	4.50	4.10	4.00	4.70	5.30	5.70	5.50	5.60	5.20	4.80
US	4.50	4.20	4.00	4.70	5.80	6.00	5.50	5.10	4.60	4.70

Investment and Job Creation

In the year 2007, the Nashville Area Chamber of Commerce announced some 53 business relocations or expansions into the Nashville MSA, collectively bringing 3,544 new jobs to the Metro area. The capital investment for these projects totaled $335 million. 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 four years, many sizable headquarters have relocated to Nashville. Asurion, which provides enhanced services to the wireless telecommunications industry, relocated from Silicon Valley in May 2003, adding 600 jobs to Nashville's employment base. CareMark Rx, a Fortune 100 pharmaceuticals company, moved its headquarters from Birmingham, AL to downtown Nashville, bringing 50 executive jobs with the relocation. Quanta is the world's largest manufacturer of notebook computers and brought 500 new jobs with their initial move. Louisiana-Pacific Corporation, which manufactures building products, relocated its headquarters to downtown Nashville after 30 years in Portland, OR. The move created 225-plus jobs. Clarcor, Inc., a manufacturer of filtration products with a market cap of $1.1 billion, relocated its corporate headquarters to the Nashville area from Rockford, Ill, creating up to 75 executive positions. Actus Lend Lease moved its military housing operations company from Napa Valley to Nashville in January 2005. Great American Country also relocated in 2005, bringing their headquarters from Denver to Music Row. The Fraternal Order of Police constructed a new 20,000 square-foot facility in Nashville's Century City to house headquarter operations. Nissan North America relocated corporate operations to Middle Tennessee in June 2006, temporarily moving into downtown Nashville before settling into a new campus in Cool Springs in 2008. The Barbershop Harmony Society, founded in 1938, is the largest all-male singing organization with 30,000 members. Preparations have begun for the renovation of a 36,000 square foot building to house the nonprofit association's international headquarters.

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 current 2007-2008 school year, Nashville has 136 public schools, with 75,000+ students and 5,786 teachers. In addition, there are 75 independent schools, which are attended by over 27,800 students from pre-kindergarten through 12th grade.

The Metropolitan Board of Education, consisting of 9 members, administers the school system.. Davidson County 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 Board of Education holds regular meetings on the second and fourth Tuesday of each month. These meetings are open to the public.

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

The Metropolitan Board of Public Education

2007-2008

Member	Office	Date Term Expires
Marsha Warden	Chairman	2008
Edward T. Kindall	Vice-Chairman	2008
Jo Ann Brannon	Member	2010
David A. Fox	Member	2010
Mark North	Member	2008
Steve Glover	Member	2010
Karen Y. Johnson	Member	2010
Gracie Porter	Member	2008
George H. Thompson, III	Member	2008

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

SCHOOL SYSTEM
Public Education Facilities
2007-2008

Educational Level	Number of Schools	2007-08 School Year Enrollment
Elementary	74 [1]	32,426 (PK-4)
Middle	35 [2]	20,463 (5-8)
High	17 [3]	19,586 (9-12)
Special Education	4	2,009
Charter	3	444
Alternative Schools	3	-
Adult Center	1	-
Total	137	74,928

[1] Includes three magnet schools.

[2] Includes fie magnet schools.

[3] Includes four magnet schools and two non-traditional schools

SCHOOL SYSTEM
Public Schools Enrollment and Attendance

School Year	Enrollment (1)	Average Attendance
1996-1997	71,341	67,702
1997-1998	71,000	67,450
1998-1999	69,878	63,896
1999-2000	69,723	66,118
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	73,144	68,827
2007-2008	74,733	70,231

(1) Official enrollment as reported to the State Board of Education in October of each school year.

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.

Several commercial and vocational schools are located in Nashville. In addition, the Adult Education Program operated by MNPS served 3,610 adult learners in 2006-07. This program enabled 362 adult learners to successfully pass the GED exam, provided 58,855 hours of English as a Second Language instruction and 55,654 hours of adult basic education instruction. Community Education classes offered by MNPS and the Community Education Alliance of Metro Government, provided additional learning opportunities to more than 20,500 participants in 200 different classes each semester.

Manufacturing

As of June 2006, an average of 83,800 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.

Currently, the Nashville MSA's largest manufacturing employer is Nissan Motor Manufacturing Corp. U.S.A., which has some 8,100 employees and is situated 30 miles to the south of Nashville, on the edge of the MSA. Saturn Corporation employs 5,800 in its facilities in Spring Hill, TN and is the second largest manufacturing employer. Dell is third with 1,500 employees.

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 retail sales of over $27.0 billion. Major regional shopping centers register more than $3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. Outside the Nashville downtown area there are five major shopping centers, four of which are enclosed malls, and 60 smaller shopping complexes.

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 Custom 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 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.

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. It is serviced by sixteen scheduled airlines. According to the Authority, approximately 8.7 million passengers used the airport in 2006. As of August, 2006, the Airport served 89 markets with an average of 400 arriving and departing flights per day. The 820,000 square foot Airport terminal has 61 air carrier gates and up to 78 commuter aircraft parking positions. The Airport has four runways of up to 11,000 feet, including parallels for simultaneous landings and takeoffs.

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.

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

Construction

Construction in Nashville is illustrated by the following table describing the number and value of building permits issued by the Department of Codes Administration of the Metropolitan Government. Construction has grown through most of the 1990’s. In 2007, the Metropolitan Government saw a total dollar volume of permit activity at $1.75 billion.

Calendar Year	Residential Construction Number of Permits	Residential Construction Value	Non-Residential Construction Number of Permits	Non-Residential Construction Value	Repairs, Alterations and Installations Number of Permits	Repairs, Alterations and Installations Value	Other (1) Number of Permits	Other (1) Value	Total Permit Value	Bank Deposits (2) (In Thousands)
1997	2,240	376,003,886	1,036	492,917,275	5,307	271,749,797	1,504	10,417,506	1,151,088,464	16,839,875
1998	2,487	397,690,382	1,040	498,439,904	5,805	357,775,227	1,466	14,520,549	1,268,426,062	18,182,241
1999	2,686	508,776,654	1,206	697,396,351	4,740	397,754,933	1,455	18,187,549	1,622,115,487	3,285,759
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778	1,272	11,960,044	1,322,948,024	588,854
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779	1,179	14,962,413	1,227,397,114	511,238
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860	1,433	20,029,867	1,076,007,515	1,108,038
2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647	1,222	20,013,372	1,193,138,429	1,274,240
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279	1,291	23,195,687	1,429,128,397	1,649,657
2005	3,794	747,525,151	865	428,627,829	4,431	462,950,966	1,434	24,073,860	1,663,177,806	1,649,657
2006	3,801	758,964,847	620	503,077,069	5,094	553,177,902	1,422	15,722,367	1,830,942,185	1,649,657
2007	5,965	851,544,710	1,453	619,951,806	2,754	267,721,486	1,469	17,293,882	1,756,511,884	1,649,657

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

Source: Metropolitan Government Department of Codes Administration

Of the seven major areas of office development in Nashville, the Central Business District ("CBD") is by far the largest, with approximately 7 million square feet of leasable space. The CBD saw a year-to-date net absorption of 49,000 square feet of space as of the third quarter of 2007. Office vacancy in the CBD at the end of the third quarter of 2007 was 10.8%, about the same level as the previous year. The CBD has a great deal of office construction both scheduled and underway. SunTrust Plaza, a new 338,000 square foot office building adjacent to the Ryman Auditorium, was 85% leased in December 2007. The Pinnacle at Symphony Place (28-stories, 530,000 square feet) has broken ground in SoBro and is scheduled for completion in 2009. The building will be anchored by the Bass, Berry & Sims law firm and more than half is already leased.

Tourism

Tourism is a major industry in Nashville. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville in 2006 and they spent approximately $3.8 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the cities success.

2006 saw the opening of the Schermerhorn Symphony Hall in downtown Nashville. The $123 million concert hall is an acoustic masterpiece that impressed national and international music critics and journalists beginning with the opening concert and adds one more attraction to a city known world-wide as Music City.

The new Country Music Hall of Fame opened in downtown Nashville in May, 2001. The $37 million facility is a striking architectural statement featuring music related icons both outside and inside the building. From a distance, the front façade of the building looks like a piano keyboard. The shape of the building is that of the musical notation for a bass cleft. The conservatory entrance is available for after-hour events and spaces of varying sizes offer attractive event spaces. The new Hall of Fame features live entertainment daily with musical instruments demonstrations, songwriting sessions, and performances each day at lunch.

Each year, the Country Music Association coordinates a music festival known as CMA Music Fest. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased each year since then, with average estimates at 124,000 attendees annually.

Opry Mills is 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a multi-theater complex, an IMAX theater and Gibson Guitars Bluegrass instrument factory where visitors can see luthiers hand-crafting mandolins. The mall hosts more than 12 million visits annually.

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

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

The Sommet Entertainment Center, formerly The Nashville Arena, is now in its eleventh year of operation as a premier entertainment facility. The Center is home of the Nashville Predators, an NHL team in its tenth season in Nashville.

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

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, President Andrew Jackson’s Home: The Hermitage, Belmont Mansion, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City. The Tennessee Performing Arts Center, a State facility in Downtown Nashville, contains a 2,442-seat concert hall, a 1,054 seat theater and a 300 seat flexible theater.

The Adventure Science Center and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Adventure Science Center is undergoing an expansion of the building which will feature a state-of-the-art Planetarium opening in 2008. The current Center features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of reptiles, amphibians and birds from throughout the world.

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

The Nashville MSA has more than 280 hotels and motels that offer more than 33,000 rooms. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,884 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. The hotel recently announced plans to build an additional 400 rooms and 450,000 square feet of exhibit and meeting space.

Below is a history of hotel/motel rooms in Nashville MSA and percentage of occupancy from 1997 through 2006:

HOTEL AND MOTEL ROOMS

Calendar Year	Rooms Available	Occupancy Rate
1996	27,041	67.2 %
1997	28,684	66.4
1998	30,122	61.9
1999	31,106	61.0
2000	32,385	59.9
2001	33,316	56.5
2002	33,474	56.9
2003	32,661	58.5
2004	32,727	60.7
2005	32,983	62.3
2006	33,052	66.2
2007	33056	66.9

Source: Nashville Conventions and Visitors Bureau

Medical and Cultural Facilities

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

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

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

The highly anticipated Schermerhorn Symphony Center, named in honor of the late Maestro Kenneth Schermerhorn who led the Nashville Symphony for 22 years, opened in September 2006. Home to the critically acclaimed Nashville Symphony, the Schermerhorn Symphony Center plays host to more than 100 classical, pops, and special concert events each season. In addition, the Nashville Symphony presents recitals, choral concerts, cabaret, jazz, and world music events. With the Schermerhorn Symphony Center's debut, the Tennessee Performing Arts Center, a State cultural facility in Downtown Nashville which contains a 2,442-seat concert hall, a 1,054 seat legitimate theater and a 300 seat flexible theater, is now able to feature a multitude of additional cultural events each year.

The Frist Center for the Visual Arts opened in the spring of 2001 in Nashville's historic downtown post office building. A public-private partnership between the Metropolitan Government, the Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the 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 intend to build a permanent art collection but will instead place special emphasis on education, arts-related programs for the school children of Nashville, and community outreach. The Center will give Nashville the ability to host significant art shows that have not exhibited here in the past.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City.

The Parthenon is a full-scale replica of the original in Athens Greece. The reproduction was built to honor Nashville's reputation for education and has attracted visitors since 1897. The recently restored building features a 41' tall gilded statue of Athena. The Adventure Science Center and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Adventure Science Center is undergoing expansion of the building which will feature a state-of-the-art

Planetarium. The current Center features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of animals from throughout the world.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the holders thereof.

The information contained in this Yearly Information Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Yearly Information Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Yearly Information Statement nor any sale of securities made using this Yearly Information Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government since the date hereof.

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APPENDIX A

General Purpose Financial Statement for the Year Ended June 30, 2007

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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, 2007, together with the independent auditors' report from KPMG LLP, are available through the website of the Metropolitan Government's Department of Finance at www.nashville.gov/finance/investor_relations.asp 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.

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APPENDIX B

Form of Opinion of Bond Counsel

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APPENDIX B

Opinion of Bond Counsel

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

(Date of Closing)

We have acted as bond counsel to the Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Issuer") in connection with the issuance of $308,000,000 General Obligation Bonds, Series 2008, 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. RS2008-141 (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, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit and unlimited taxing power, and the full faith and credit of the Issuer is pledged to the payment thereof.

4. 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 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

APPENDIX C

Continuing Disclosure Undertaking

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, 2008 (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.

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