**NEW ISSUE - Book-Entry-Only**

**Moody's: "Aa2"**
**(Negative Outlook)**
**S&P: "AA-"**
**(See "Ratings" herein)**

*In the opinion of Bass, Berry & Sims PLC, Bond Counsel, interest on the Series 2012 Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Series 2012 Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Series 2012 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).*

# $33,405,000
# THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

## $22,860,000
## TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2012A (STADIUM PROJECT)

## $10,545,000
## TAXABLE PUBLIC FACILITY REVENUE REFUNDING BONDS, SERIES 2012B (ARENA PROJECT)

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

The Sports Authority of The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Authority") is issuing its $22,860,000 Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds") and its $10,545,000 Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project) (the "Series 2012B Bonds"). The Series 2012A Bonds and the Series 2012B Bonds are collectively referred to herein as the "Series 2012 Bonds". The Series 2012 Bonds are being issued in fully registered form, without coupons, and when issued, the Series 2012 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2012 Bonds. Individual purchases of beneficial ownership interests in the Series 2012 Bonds will be made in book-entry form only, in denominations of $5,000 or multiples thereof through DTC Participants (as hereinafter defined). Interest on the Series 2012 Bonds will be payable semi-annually on January 1 and July 1 of each year, commencing on July 1, 2012, calculated on the basis of a 360-day year consisting of twelve 30-day months.

The proceeds of the Series 2012A Bonds will be used to pay (i) costs of renovating the professional football stadium facility currently known as L.P. Field; (ii) architectural, engineering, legal and consulting costs incident thereto and (iii) costs incident to the issuance and sale of the Series 2012A Bonds. The proceeds of the Series 2012B Bonds will be used to (i) refund all of the Authority's outstanding Taxable Public Facility Revenue Bonds, Series 1998 and (ii) pay costs incident to the issuance and sale of the Series 2012B Bonds. Payments of principal of, premium, if any, and interest on the Series 2012 Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Series 2012 Bonds purchased by them. See "DESCRIPTION OF THE SERIES 2012 BONDS-Book Entry Only System" herein. The Series 2012A Bonds are subject to redemption prior to their stated maturities as more fully set forth herein. The Series 2012B Bonds are not subject to redemption prior to their stated maturities as more fully set forth herein.

The principal of, premium, if any, and interest on the Series 2012A Bonds shall be payable solely out of the revenues and receipts derived from the following sources: (i) all PILOT Payments, (ii) Project Parking Revenues, (iii) Basic Rent, and (iv) to the extent the foregoing revenues are not sufficient therefor, from Non-Tax Revenues of the Metropolitan Government (all such terms as defined herein; see "SECURITY AND SOURCES OF PAYMENT"). The principal of, premium, if any, and interest on the Series 2012B Bonds shall be payable solely out of the revenues and receipts derived from the following sources: (i) all Ticket Surcharge Revenues and (ii) to the extent the foregoing revenues are not sufficient therefor, from Non-Tax Revenues of the Metropolitan Government (all such terms as defined herein; see "SECURITY AND SOURCES OF PAYMENT").

**The Series 2012 Bonds are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts pledged to the payment of such Series 2012 Bonds as provided above and more fully discussed herein. Neither the State of Tennessee (the "State") nor any political subdivision thereof, including the Authority and the Metropolitan Government (as defined herein), shall be obligated to pay the principal of or interest on the Series 2012 Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State or an political subdivision thereof, including the Authority and the Metropolitan Government, is pledged to the payment of the principal of or interest on the Series 2012 Bonds or other costs incident thereto. The Authority has no taxing power.**

The Series 2012 Bonds are offered for delivery when, as, and if issued, subject to the legal opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Certain legal matters will be passed on for the Authority and the Metropolitan Government by Wm. Michael Safley, Deputy Director of Law and for the Underwriters by their counsel, Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee. The Series 2012 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about January 19, 2012.

# MORGAN KEEGAN

**PIPER JAFFRAY& CO.** **RICE FINANCIAL PRODUCTS COMPANY** **TERMINUS SECURITIES, LLC**

This Official Statement is dated January 11, 2012

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

**MATURITY SCHEDULE**

**$22,860,000**
**TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2012A (STADIUM PROJECT)**

Serial Bonds:

| Maturity Date July 1 | Principal Amount | Interest Rate | Yield | Initial** CUSIP No. (1) |
|---|---|---|---|---|
| 2013 | $ 755,000 | 1.142% | 1.142% | 592090CJ1 |
| 2014 | 765,000 | 1.660 | 1.660 | 592090CK8 |
| 2015 | 780,000 | 2.060 | 2.060 | 592090CL6 |
| 2016 | 800,000 | 2.406 | 2.406 | 592090CM4 |
| 2017 | 820,000 | 2.656 | 2.656 | 592090CN2 |
| 2018 | 845,000 | 2.944 | 2.944 | 592090CP7 |
| 2019 | 870,000 | 3.244 | 3.244 | 592090CQ5 |
| 2020 | 900,000 | 3.570 | 3.570 | 592090CR3 |
| 2021 | 935,000 | 3.770 | 3.770 | 592090CS1 |
| 2022 | 975,000 | 3.970 | 3.970 | 592090CT9 |
| 2023 | 1,015,000 | 4.170 | 4.170 | 592090CU6 |
| 2024 | 1,060,000 | 4.370 | 4.370 | 592090CV4 |
| 2025 | 1,110,000 | 4.520 | 4.520 | 592090CW2 |
| 2026 | 1,160,000 | 4.670 | 4.670 | 592090CX0 |
| 2027 | 1,220,000 | 4.820 | 4.820 | 592090CY8 |

Term Bond:

| Maturity Date July 1 | Principal Amount | Interest Rate | Yield | Initial** CUSIP No. (1) |
|---|---|---|---|---|
| 2033 | $8,850,000 | 5.231% | 5.231% | 592090CZ5 |

**$10,545,000**
**TAXABLE PUBLIC FACILITY REVENUE REFUNDING BONDS, SERIES 2012B (ARENA PROJECT)**

| Maturity Date July 1 | Principal Amount | Interest Rate | Yield | Initial** CUSIP No. (1) |
|---|---|---|---|---|
| 2012 | $1,450,000 | 0.380% | 0.380% | 592090DA9 |
| 2013 | 1,450,000 | 1.142 | 1.142 | 592090DB7 |
| 2014 | 1,465,000 | 1.660 | 1.660 | 592090DC5 |
| 2015 | 1,490,000 | 2.060 | 2.060 | 592090DD3 |
| 2016 | 1,525,000 | 2.406 | 2.406 | 592090DE1 |
| 2017 | 1,560,000 | 2.656 | 2.656 | 592090DF8 |
| 2018 | 1,605,000 | 2.944 | 2.944 | 592090DG6 |

** The Authority is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard and Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, in connection with the offering of the Series 2012 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority, the Underwriters or their respective consultants and attorneys. This Official Statement does not constitute an offer or solicitation in any jurisdiction which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the Authority, the Metropolitan Government and other sources which are believed to be reliable, but is it not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the Underwriters.

This Official Statement is not to be construed as a contract with the purchaser of the Series 2012 Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2012 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and Refunding Indenture (as defined herein), and the provisions with respect thereto included in the aforementioned documents and agreements.

Due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2012 Bonds, could be adversely affected as described in the following sentence. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and liquidity, and market value of outstanding debt obligations, such as the Series 2012 Bonds.

**THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS INDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2012 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.**

**THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE AUTHORITY, THE METROPOLITAN GOVERNMENT, THE SERIES 2012 BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE AUTHORITY AND THE METROPOLITAN GOVERNMENT TO ADVISE THEM WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE SERIES 2012 BONDS. THE FINANCIAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE HOLDERS OF THE SERIES 2012 BONDS.**

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

For additional information regarding the following, please contact:


Sports Authority

J. D. Elliott, Chair
730 2nd Avenue South
Suite 103
Nashville, TN 37210
(615) 880-1021

Emmett Edwards, Executive Director
730 2nd Avenue South
Suite 103
Nashville, TN 37210
(615) 880-1021

Metropolitan Government

Mr. Richard M. Riebeling
Director of Finance for the
Metropolitan Government
Metropolitan Courthouse
1 Public Square
Suite 106
Nashville, TN 37201
(615) 862-6151

Official Statement

Mr. Lannie Holland
Treasurer for the
Metropolitan Government
700 2nd Avenue
Suite 205
Nashville, TN 37210
(615) 862-6112

## TABLE OF CONTENTS

SUMMARY OF THE OFFERING .......... vi
INTRODUCTORY STATEMENT .......... 1
DESCRIPTION OF THE SERIES 2012 BONDS .......... 1
    Purpose of the Series 2012A Bonds .......... 1
    Purpose of the Series 2012B Bonds .......... 2
    Book-Entry-Only System .......... 2
REDEMPTION OF SERIES 2012 BONDS .......... 4
    General Provisions Regarding Redemption .......... 4
    Optional Redemption .......... 4
    Mandatory Sinking Fund Redemption .......... 4
    Notice of Redemption .......... 5
SECURITY AND SOURCE OF PAYMENT .......... 5
SERIES 2012A BONDS .......... 8
SERIES 2012B BONDS .......... 11
THE AUTHORITY .......... 14
THE METROPOLITAN GOVERNMENT .......... 15
PLAN OF FINANCE .......... 15
    Series 2012A Bonds .......... 15
    Series 2012B Bonds .......... 15
SOURCES AND USES OF FUNDS .......... 16
INVESTMENT CONSIDERATIONS .......... 16
    General .......... 16
    Ratings .......... 17
    Secondary Market Prices .......... 17
LITIGATION AND OTHER PROCEEDINGS .......... 17
    The Authority .......... 17
    The Metropolitan Government .......... 17
CONTINUING DISCLOSURE .......... 17
CERTAIN LEGAL MATTERS .......... 18
TAX MATTERS .......... 18
    Tennessee State Tax Exemption .......... 18
    Federal Tax Matters .......... 18
RATINGS .......... 20
UNDERWRITING .......... 21
FINANCIAL ADVISOR .......... 21
INDEPENDENT AUDITORS .......... 22
FORWARD-LOOKING STATEMENTS .......... 22
MISCELLANEOUS INFORMATION .......... 22

**APPENDICES**

APPENDIX A: General Purpose Financial Statements of the Metropolitan Government .......... A-1
APPENDIX B: Financial and Demographic Information Related to the Metropolitan Government .......... B-1
APPENDIX C: Forms of Opinions of Bond Counsel .......... C-1
APPENDIX D: Information Related to Depository Trust Company .......... D-1
APPENDIX E: Continuing Disclosure Certificate .......... E-1
APPENDIX F: Summary of Certain Provisions of the Indenture .......... F-1
APPENDIX G: Summary of Certain Provisions of the Refunding Indenture .......... G-1

**THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

J.D. ELLIOTT, Chair

RALPH PERREY, Vice-Chair

CATHY BENDER, Secretary/Treasurer

EMMETT EDWARDS, Executive Director

| | |
|---|---|
| KIM ADKINS | JULIUS MERIWETHER |
| ALFONZO D. ALEXANDER | STEVE NORTH |
| MARGARET BEHM | EDWARD S. TEMPLE |
| LAUREN BRISKY | NANCY VINCENT |
| RUSTY LAWRENCE | HELEN WALKER |

---

**Metropolitan Mayor**

THE HONORABLE KARL F. DEAN

---

**Vice Mayor, President of the Metropolitan County Council**

DIANE NEIGHBORS

**Director of Finance**

RICHARD M. RIEBELING

**Deputy Director of Law**

WM. MICHAEL SAFLEY

---

**Chief Accountant**

KIM MCDONIEL

**Metropolitan Treasurer**

LANNIE B. HOLLAND

**Metropolitan Clerk**

ANA L. ESCOBAR

**Consultants and Advisors**

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

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

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

**This Summary Statement is not intended to be complete. Before purchasing the Series 2012 Bonds, the purchaser should refer to the Official Statement in its entirety.**

## SUMMARY OF THE OFFERING

| | |
|---|---|
| THE SERIES 2012 BONDS…………………... | The Sports Authority of The Metropolitan Government of Nashville and Davidson County (Tennessee), $22,860,000 Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) and $10,545,000 Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project). |
| BOOK ENTRY SYSTEM…………………….. | The Series 2012 Bonds will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments on the Series 2012 Bonds will be made. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 or any integral multiple thereof. Beneficial owners of the Series 2012 Bonds will not receive physical delivery of bond certificates, but each beneficial owner will receive a credit balance on the books of the Participant (as defined herein) from whom the beneficial owner purchased the Series 2012 Bonds. The credit balance will be confirmed by an initial transaction statement stating the details of the Series 2012 Bonds purchased. |
| DENOMINATION……………………………. | Fully registered bonds, $5,000 or any integral multiple thereof. |
| DATE OF ISSUE; DELIVERY ……………… | The Series 2012 Bonds will be delivered on or about January 19, 2012 and will be dated the delivery date. |
| INTEREST PAYMENTS…......................... ... | Interest is payable on January 1 and July 1, commencing on July 1, 2012. |
| OPTIONAL REDEMPTION ………………… | The Series 2012A Bonds maturing on or after July 1, 2023, are subject to redemption by the Authority prior to maturity on or after July 1, 2022, in whole or in part at any time, from any moneys that may be available for such purpose, upon payment of the price of par, plus interest accrued to the redemption date.<br><br>The Series 2012B Bonds are not subject to redemption prior to maturity. |
| PURPOSE ...................................................... .. | The Series 2012A Bonds will be issued to pay (i) costs of renovating the professional football stadium facility currently known as L.P. Field, including, but not limited to, installing high definition scoreboards, new LED ribbon boards, control room upgrades, distributed sound system, upper concourse elevators, and fan event space/improvements, (ii) architectural, engineering, legal and consulting costs incident thereto and (iii) costs incident to the issuance and sale of the Series 2012A Bonds.<br><br>The Series 2012B Bonds will be used to (i) refund all of the Authority's outstanding Taxable Public Facility Revenue Bonds, Series 1998 and (ii) pay costs incident to the issuance and sale of the Series 2012B Bonds. |

| | |
|---|---|
| AUTHORITY……………………………….. | The Series 2012A Bonds are being issued pursuant to a Trust Indenture dated as of July 1, 1996, as amended and supplemented by a First Supplemental Trust Indenture dated as of October 27, 2004 and a Second Supplemental Trust Indenture dated as of January 19, 2012 and (collectively, the "Indenture").<br><br>The Series 2012B Bonds are being issued pursuant to a Trust Indenture dated as of June 1, 1998 and a First Supplemental Trust Indenture dated as of January 19, 2012 (collectively, the "Refunding Indenture"). |
| SECURITY …………………………………. | The Series 2012A Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations payable solely from (i) PILOT Payments, (ii) Project Parking Revenues, (iii) Basic Rent, and (iv) to the extent the foregoing revenues are not sufficient therefor, from Non-Tax Revenues of the Metropolitan Government (all such terms as defined herein; see "SECURITY AND SOURCES OF PAYMENT'"), on parity with the Authority's remaining outstanding Bonds issued pursuant to the Indenture, as more fully discussed herein.<br><br>The Series 2012B Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations payable solely from (i) Ticket Surcharge Revenues and (ii) to the extent the foregoing revenues are not sufficient therefor, from Non-Tax Revenues of the Metropolitan Government (all such terms as defined herein; see "SECURITY AND SOURCES OF PAYMENT'"). |
| BOND COUNSEL ……………………………. | Bass, Berry & Sims PLC, Nashville, Tennessee |
| TAX STATUS ………………………………… | In the opinion of Bond Counsel, interest on the Series 2012 Bonds is not excluded from gross income of the owners thereof for federal income tax purposes. For an explanation of certain tax consequences under federal law that may result from the ownership of the Series 2012 Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Series 2012 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "TAX MATTERS" herein). |
| FINANCIAL ADVISOR……………………… | First Southwest Company, Dallas, Texas |
| TRUSTEE, ESCROW/PAYING/ REGISTRATION AGENT ………………….. | Regions Bank will serve as trustee, paying agent and registration agent for the Series 2012A Bonds. U.S. Bank National Association will serve as trustee, escrow agent and paying and registration agent for the Series 2012B Bonds. |

# OFFICIAL STATEMENT
# RELATING TO

# $33,405,000
# THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

| $22,860,000<br>TAXABLE PUBLIC IMPROVEMENT REVENUE BONDS,<br>SERIES 2012A (STADIUM PROJECT) | $10,545,000<br>TAXABLE PUBLIC FACILITY REVENUE REFUNDING BONDS,<br>SERIES 2012B (ARENA PROJECT) |
|---|---|

## INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the financial information contained in the Appendices attached hereto, is to furnish information in connection with the sale by The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority") of its $22,860,000 Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds") and its $10,545,000 Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project) (the "Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Series 2012 Bonds").

The Series 2012 Bonds are to be issued under and subject to the Constitution and the laws of the State of Tennessee (the "State"), including particularly, Title 7, Chapter 67, Tennessee Code Annotated, as amended, and the applicable provisions of Title 9, Chapter 21, Tennessee Code Annotated, as amended.

The Series 2012A Bonds shall be issued pursuant to a Trust Indenture, dated as of July 1, 1996, by and among the Authority, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") and Regions Bank, as trustee (the "Indenture Trustee"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of October 27, 2004, and a Second Supplemental Trust Indenture dated as of January 19, 2012 (collectively, the "Indenture"). Regions Bank shall also serve as paying and registration agent for the Series 2012A Bonds. The Series 2012B Bonds shall be issued pursuant to a Trust Indenture, dated as of June 1, 1998, by and among the Authority, the Metropolitan Government and U.S. Bank National Association, as trustee (the "Refunding Trustee"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of January 19, 2012 (collectively, the "Refunding Indenture"). U.S. Bank National Association shall also serve as paying and registration agent for the Series 2012B Bonds.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents. Terms used in this Official Statement in connection with the Series 2012A Bonds or Series 2012B Bonds and not otherwise defined herein shall have the same meanings as given to them in the Indenture or Refunding Indenture, respectively. (See APPENDIX F —"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and APPENDIX G- "SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING INDENTURE").

## DESCRIPTION OF THE SERIES 2012 BONDS

### Purpose of the Series 2012A Bonds

The Series 2012A Bonds are being offered to fund (i) costs of renovating the professional football stadium facility currently known as L.P. Field, including, but not limited to, installing high definition scoreboards, new LED ribbon boards, control room upgrades, distributed sound system, upper concourse elevators, and fan event space/improvements (ii) architectural, engineering, legal and consulting costs incident thereto and (iii) costs incident to the issuance and sale of the Series 2012A Bonds. L.P. Field is currently the home of the National Football League's Tennessee Titans, and serves as the home football field for Tennessee State University.

**Purpose of the Series 2012B Bonds**

The Series 2012B Bonds are being offered to (i) current refund the Authority's outstanding Taxable Public Facility Revenue Bonds, Series 1998, dated June 1, 1998 (the "Series 1998 Bonds"), maturing July 1, 2012 through July 1, 2018 (the "Refunded Bonds") and (ii) pay costs incident to the issuance and sale of the Series 2012B Bonds. The proceeds of the Series 1998 Bonds were used to pay the National Hockey League the fee required to relocate a professional hockey team (the Nashville Predators) to Nashville, Tennessee.

A portion of the proceeds of the sale of the Series 2012B Bonds will be deposited in an escrow fund (the "Escrow Fund") to be created pursuant to an escrow agreement to be dated as of January 19, 2012 (the "Escrow Agreement"), between the Authority and U.S. Bank National Association, as escrow agent thereunder (the "Escrow Agent"), to be used to pay in full and retire the Refunded Bonds. The Escrow Agent shall hold such monies in cash, and such amount shall be sufficient to provide for the payment of the principal of and interest on the Refunded Bonds. No monies in the Escrow Fund will be available for the payment of the Series 2012B Bonds offered hereby. Upon deposit of the monies in the Escrow Fund and in compliance with provisions of the Refunding Indenture pursuant to which the Refunded Bonds were issued, the Refunded Bonds will be deemed paid and will cease to be entitled to any lien, benefit or security under the Refunding Indenture, and all covenants, agreements and obligations of the Authority to the holders of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied. The Authority will irrevocably instruct the Escrow Agent to redeem the Refunded Bonds on February 21, 2012.

**Book-Entry-Only System**

*This section describes how ownership of the Series 2012 Bonds is to be transferred and how the principal and interest on the Series 2012 Bonds is to be paid to and credited by DTC while the Series 2012 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

*DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC. Additional information in reference to DTC is included herein as Appendix D.*

The Series 2012 Bonds shall be issued and registered pursuant to a Book-Entry System as follows.

Except as otherwise provided in this subsection, the Series 2012 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2012 Bonds. References in this Section to a Series 2012 Bond or the Series 2012 Bonds shall be construed to mean the Series 2012 Bond or the Series 2012 Bonds that are held under the Book-Entry System. One Series 2012 Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2012 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2012 Bonds. Beneficial ownership interests in the Series 2012 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2012 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the

DTC Participant from which such Beneficial Owner purchased its Series 2012 Bonds. Transfers of ownership interests in the Series 2012 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2012 BONDS, THE TRUSTEE SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2012 BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE OR REFUNDING TRUSTEE, AS APPLICABLE, TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2012 Bonds, so long as DTC is the only owner of the Series 2012 Bonds, shall be paid by the Trustee or Refunding Trustee, as applicable, directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series 2012 Bonds from the Authority and the Trustee or Refunding Trustee, as applicable, to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Authority and the Trustee or Refunding Trustee, as applicable, shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Series 2012 Bonds or (2) the Authority determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2012 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2012 Bonds, the Authority shall discontinue the Book-Entry System with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the Trustee or Refunding Trustee, as applicable, to authenticate and deliver replacement Series 2012 Bonds in the form of fully registered Series 2012 Bonds to each Beneficial Owner.

THE AUTHORITY AND THE TRUSTEE OR REFUNDING TRUSTEE, AS APPLICABLE, SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2012 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2012 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

In the event that a Book-Entry System of evidence and transfer of ownership of the Series 2012 Bonds is discontinued pursuant to the provisions of this Section, the Series 2012 Bonds shall be delivered solely as fully registered Series 2012 Bonds without coupons in the authorized denominations, shall be lettered with the prefix letter identifying the Series of which such Series 2012 Bond is a part, and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions hereof.

The Authority shall not be limited to utilizing a Book-Entry System maintained by DTC but may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Trustee or Refunding Trustee, as applicable, serving in the capacity of custodian) to provide for a book-entry or similar method for the registration and registration of transfer of all or a portion of the Series 2012 Bonds.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE SERIES 2012 BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL SERIES 2012 BOND CERTIFICATES SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED AS TO GIVE FULL EFFECT TO

SUCH BOOK-ENTRY SYSTEM. THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL SUPERSEDE THIS INDENTURE IN THE EVENT OF A CONFLICT.

## REDEMPTION OF SERIES 2012 BONDS

### General Provisions Regarding Redemption

The Series 2012A Bonds shall be redeemable pursuant to the terms of the Indenture, and the Series 2012B Bonds shall be redeemable pursuant to the terms of the Refunding Indenture. (See APPENDIX F- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and APPENDIX G-"SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING INDENTURE"). The Authority covenants that any and all such moneys received by it which are to be used to redeem the Series 2012 Bonds shall be paid to the Trustee or Refunding Trustee, as applicable under the Indenture or Refunding Indenture, as applicable, and, in such event, the Trustee or the Refunding Trustee, as applicable, shall use any and all such moneys to redeem the Series 2012 Bonds when and as the Series 2012 Bonds shall in accordance with their terms be redeemable.

### Optional Redemption

The Series 2012A Bonds maturing on or before July 1, 2022, are not subject to redemption prior to maturity. The Series 2012A Bonds maturing on or after July 1, 2023, are subject to redemption by the Authority on or after July 1, 2022, in whole or in part at any time, from any moneys that may be available for such purpose, upon payment of the price of par, plus interest accrued to the redemption date. The Series 2012B Bonds are not subject to optional redemption.

### Mandatory Sinking Fund Redemption

The Series 2012A Term Bond maturing on July 1, 2033 is subject to scheduled mandatory redemption prior to maturity in part (as selected by DTC or its successor) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the July 1, 2033 date being a maturity date rather than a redemption date):

| Redemption Date (July 1) | Principal Amount |
|---|---|
| 2028 | $1,285,000 |
| 2029 | 1,355,000 |
| 2030 | 1,430,000 |
| 2031 | 1,510,000 |
| 2032 | 1,590,000 |
| 2033 (maturity date) | 1,680,000 |

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Authority may (i) deliver to the Indenture Trustee, for cancellation Series 2012A Bonds of the maturities to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its mandatory redemption obligation for any Series 2012A Bond of the maturities to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and cancelled by the Indenture Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each Series 2012A Bond so delivered or previously purchased or redeemed shall be credited by the Indenture Trustee, at 100% of the principal amount thereof on the obligation of the Authority on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2012A Bonds to be redeemed by operation of mandatory redemption shall be accordingly reduced. The Authority shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Indenture Trustee, with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

**Notice of Redemption**

Notice of redemption, whether optional or mandatory, shall be given by the Indenture Trustee, by first-class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the registered owner of each Series 2012A Bond designated for redemption. Interest on the Series 2012A Bonds, or portions of Series 2012A Bonds, shall cease to accrue from and after such redemption date and on said date there will become due and payable on the Series 2012A Bonds, the principal amount thereof to be redeemed, premium, if any, and interest accrued thereon to the redemption date. Any notice of redemption which is mailed in the manner provided in the Indenture, shall be conclusively presumed to have been duly-given whether or not the owner receives the notice. Failure to give notice by mail or any defect in the notice to the owner of the Series 2012A Bonds designated for redemption shall not affect the validity of the proceedings for redemption. Failure by the Indenture Trustee, to send notices shall not affect the validity of the proceedings for redemption.

## SECURITY AND SOURCE OF PAYMENT

The principal of, premium, if any, and interest on the Series 2012A Bonds are payable from and secured by a pledge of: (i) all PILOT Payments, (ii) all Project Parking Revenues, (iii) Basic Rent, and (iv) to the extent the foregoing revenues are not sufficient to pay principal of, premium, if any, and interest on, the Series 2012A Bonds, then to the extent of such deficiency, the Non-Tax Revenues of the Metropolitan Government (all such terms as herein defined), all on a parity of lien with the Authority's remaining outstanding Public Improvement Revenue Bonds, Series 2004 under the Indenture (the "Series 2004 Bonds") and any other parity bonds hereafter issued under the Indenture and, in the case of Non-Tax Revenues only, on a parity of lien with the Authority's outstanding bonds under the Refunding Indenture. The Metropolitan Government has also directed, but not pledged, certain stadium-related ticket tax collections and other revenues to the payment of the Series 2004 Bonds and the Series 2012 Bonds.

The principal of, premium, if any, and interest on the Series 2012B Bonds shall be payable solely out of the revenues and receipts derived from the following sources: (i) all Ticket Surcharge Revenues and (ii) to the extent the foregoing revenues are not sufficient to pay the principal of, premium, if any, and interest on the Series 2012B Bonds, to the extent of such deficiency, the Non-Tax Revenues of the Metropolitan Government (all such terms as herein defined), all on a parity of lien with any parity bonds hereafter issued under the Refunding Indenture and in the case of Non-Tax Revenues only, with the Authority's outstanding bonds under the Indenture.

The Series 2012 Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations payable solely from the revenues and receipts pledged to such Series 2012 Bonds as provided above. Neither the State nor any political subdivision thereof, including the Authority and the Metropolitan Government, shall be obligated to pay the principal of or interest on the Series 2012 Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Authority and the Metropolitan Government, is pledged to the payment of the principal of or interest on the Series 2012 Bonds or other costs incident thereto. The Authority has no taxing power.

The following charts describe the Metropolitan Government's historic and budgeted Non-Tax Revenue collections and illustrate debt service coverage for the Series 2012 Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF HISTORIC AND PROJECTED NON-TAX REVENUES (1)(2)

| | Budgeted 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Other Payments in Lieu of Taxes (3) | $21,500,000 | $19,757,280 | $18,951,957 | $ 20,070,740 | $18,747,718 | $ 18,151,386 |
| Licenses | 23,495,600 | 23,129,546 | 23,542,853 | 22,666,427 | 23,661,587 | 22,978,828 |
| Permits | 13,267,200 | 13,288,462 | 12,348,783 | 11,157,194 | 15,112,631 | 16,086,649 |
| Franchise Fees | 19,015,900 | 17,362,571 | 16,998,400 | 18,771,172 | 19,517,881 | 17,484,931 |
| Fines, Forfeitures, and Penalties | 12,519,500 | 13,245,652 | 14,945,708 | 13,325,113 | 13,323,712 | 14,100,396 |
| Revenue from the Use of Money or Property | - | 14,367 | 49,950 | 908,832 | 1,869,085 | 2,168,780 |
| Commission and Fees (2) | 13,515,400 | 15,177,986 | 13,991,938 | 16,599,245 | 20,783,724 | 17,593,755 |
| Charges for Current Services | 26,264,700 | 27,683,764 | 20,714,997 | 28,273,342 | 28,727,071 | 26,363,024 |
| Compensation from Property | 355,900 | 502,104 | 770,528 | 314,660 | 377,878 | 611,348 |
| Contributions and Gifts | 388,000 | 533,958 | 598,824 | 604,355 | 690,744 | 669,329 |
| Miscellaneous Revenue | 1,552,300 | 1,770,866 | 2,148,142 | 1,615,211 | 1,520,969 | 1,414,910 |
| TOTAL | $131,874,500 | $132,466,554 | $125,062,080 | $134,306,291 | $144,333,000 | $136,623,336 |

(1) Includes only collections within the General Services District General Fund of the Metropolitan Government.

(2) Adjusted to reflect the elimination of non-cash revenue reported only for financial statement presentation.

(3) Does not include the Water and Sewerage Department PILOT Payments.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT SERVICE COVERAGE BY NON-TAX REVENUES

| | Budgeted 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Non-Tax Revenues (1) | 131,874,500 | 132,466,554 | 125,062,080 | 134,306,291 | 144,333,000 | 136,623,336 |
| Maximum Annual Debt Service | | | | | | |
| Series 2004 Bonds (2) | 4,821,578 | 4,821,578 | 4,821,578 | 4,821,578 | 4,821,578 | 4,821,578 |
| Series 2012A Bonds(3) | 1,727,272 | 1,727,272 | 1,727,272 | 1,727,272 | 1,727,272 | 1,727,272 |
| Series 2012B Bonds(3) | 1,680,874 | 1,680,874 | 1,680,874 | 1,680,874 | 1,680,874 | 1,680,874 |
| Debt Service Coverage | 16.02 | 16.10 | 15.20 | 16.32 | 17.54 | 16.60 |

(1) Calculated as set forth in table above.
(2) As of Fiscal Year 2012.
(3) Preliminary and subject to change.

**Series 2012A Bonds (Stadium Project)**

The Series 2012A Bonds and the Series 2004 Bonds are payable from the following sources of funds.

***PILOT Payments.*** On February 29, 1996, the Metropolitan County Council (the "Metropolitan Council") adopted Substitute Resolution No. R96-177, which requires the Department of Water and Sewerage Services of the Metropolitan Government to make an annual payment to the Metropolitan Government of $4,000,000, representing a payment in-lieu-of ad valorem taxes. Pursuant to the Indenture, the Metropolitan Government has pledged all such in-lieu-of ad valorem tax payments (the "PILOT Payments") for the payment of principal of and premium, if any, and interest on the Series 2012A Bonds, Series 2004 Bonds and any other parity bonds hereafter issued under the Indenture. PILOT Payments are required to be paid to the Metropolitan Government by the Water and Sewerage Department in equal monthly installments. Upon receipt by the Metropolitan Government of any of the PILOT Payments, the Metropolitan Government shall immediately deposit said funds to the Revenue Fund to be transferred to the Bond Fund as set forth in the Indenture.

***Project Parking Revenues.*** Pursuant to the Indenture, the Authority and the Metropolitan Government have pledged for the payment of principal of and premium, if any, and interest on the Series 2012A Bonds, Series 2004 Bonds and any other parity bonds hereafter issued under the Indenture, all parking revenues of the Authority and the Metropolitan Government derived from any and all parking lots and facilities of the Authority or the Metropolitan Government located in or surrounding the Project, whether managed by the Authority or the Metropolitan Government or any agency or instrumentality thereof or any other person, including any parking lot or facility leased to or from any other person (the "Project Parking Revenues"). The Metropolitan Government and the Authority have agreed under a Redevelopment Agreement relating to the Project that the Metropolitan Government will act as the agent for the management and administration of all parking facilities of the Project and collection of all Project Parking Revenues in connection with the Project. All revenues received by the Metropolitan Government from the operation of said parking facilities shall be immediately deposited in the Revenue Fund to be transferred to the Bond Fund and applied as set forth in the Indenture.

***Basic Rent.*** The stadium is leased to the Board of Regents of the State University and Community College System of the State of Tennessee (the "Board of Regents") pursuant to a Lease dated May 27, 1997 (the "Lease"), which permits Tennessee State University ("TSU") to play its home football games in the stadium in exchange for annual rental payments to the Authority in the amount of $131,522. All such receipts and revenues delivered by TSU under the Lease (the "Basic Rent") are pledged pursuant to the Indenture for payment of principal of, premium, if any, and interest on the Series 2012A Bonds, Series 2004 Bonds and any other parity bonds hereafter issued under the Indenture and shall be deposited by the Authority into the Revenue Fund to be transferred to the Bond Fund as set forth in the Indenture.

***Ticket Tax Levy.*** Pursuant to Ordinance BL2009-545 approved on November 19, 2009 (the "2009 Ordinance"), the Metropolitan Council approved the levy of a ticket tax upon patrons at the stadium in the amount of $2.00 per ticket. The $2.00 ticket tax levy expires, pursuant to the terms of the 2009 Ordinance, in 2021. Pursuant to Ordinance BL2011-40 adopted on December 6, 2011 (the "2011 Ordinance"), the Metropolitan Council approved (a) the extension of the existing $2.00 ticket tax and (b) the levy of an additional ticket tax upon patrons at the stadium in the amount of $1.00 per ticket, commencing in 2013 (the extension, together with the additional levy, the "2011 Ticket Tax Levy").

The ticket tax proceeds are not pledged as part of the Trust Estate for the Series 2012A Bonds. However, pursuant to Resolution RS2011-95 adopted on December 6, 2011, the Metropolitan Council has directed that the $2.00 ticket tax levied by the 2009 Ordinance and extended by the 2011 Ordinance be reserved solely for and applied solely to the payment of debt service on the Series 2012A Bonds, if and as needed, so as to avoid requiring any appropriation of Non-Tax Revenues thereto. The Metropolitan Council has further directed by such resolution that the $1.00 ticket tax levied by the 2011 Ordinance be held and applied to future capital expenditures at the stadium; provided that, prior to such application, such $1.00 levy shall be used to pay debt service on the Series 2012A Bonds prior to any appropriation of Non-Tax Revenues thereto.

Ticket tax collections depend significantly on the continued presence in Nashville of the National Football League's Tennessee Titans. The Titans currently operate under a lease with the Authority that obligates the Titans to continue football operations at the stadium in Nashville through 2028.

***Other Stadium Revenues.*** The Metropolitan Government applies other miscellaneous revenue derived from the operation of the stadium to the payment of bonds of the Authority issued to fund stadium improvements. These miscellaneous revenues are not pledged to the payment of the Series 2004 Bonds or the Series 2012 Bonds.

**Summary of Stadium-Related Revenues**
**Pledged or Directed to the Payment of Stadium Bonds**

| Stadium Revenue Sources | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| PILOT Payments | $4,000,000 | $4,000,000 | $4,000,000 | $4,000,000 | $4,000,000 |
| Parking Revenues | 146,463 | 111,955 | 116,509 | 109,168 | 97,117 |
| TSU Rent | 131,522 | 131,522 | 131,522 | 131,522 | 131,522 |
| Ticket Tax Levy(1) | 1,603,090 | 1,100,720 | | | |
| Other Revenues(1) | 658,577 | 604,414 | 379,862 | 407,403 | 428,931 |
| **Total** | **$6,539,652** | **$5,948,611** | **$4,627,893** | **$4,648,093** | **$4,657,570** |

(1) Directed but not pledged to payment of debt service on Series 2004 and Series 2012 Bonds

***Non-Tax Revenues.*** The Metropolitan Government has also pledged its Non-Tax Revenues to pay that portion of principal, premium, if any, and interest on the Series 2012A Bonds and any other parity bonds hereafter issued under the Indenture that is not covered by the PILOT Payments, the Project Parking Revenues, the Basic Rent and other funds on deposit in the Bond Fund, with such pledge of Non-Tax Revenues being on a parity and equality of lien with the holders of all bonds outstanding under the Refunding Indenture. "Non-Tax Revenues" shall mean all income and revenues of the Metropolitan Government which, according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of the General Fund of the Metropolitan Government derived from any source other than income and revenues derived from the exercise by the Metropolitan Government of its powers to levy and collect taxes of any kind. The term "Non-Tax Revenues" does not include State-shared taxes, revenues of any agency or instrumentality of the Metropolitan Government, revenues which, according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of any proprietary fund or enterprise fund of the Metropolitan Government, or lease payments or any other payments payable by the Lessee under the Lease. The term "Non-Tax Revenues", when used in connection with bonds issued under the Indenture includes the PILOT Payments and the Project Parking Revenues. The term "General Fund" means the General Fund of the General Services District of the Metropolitan Government used to account for all governmental financial resources, transactions and activity relating to the general operations of the General Services District of the Metropolitan Government which are not required to be accounted for in another fund.

***Deposit and Application of PILOT Payments, Project Parking Revenues, Basic Rent and Non-Tax Revenues.*** PILOT Payments, Project Parking Revenues, and payments of Basic Rent shall be deposited as received to the Revenue Fund to be held by the Metropolitan Government. On the 20th day of each month, or if such day is not a Business Day, on the next Business Day, the Trustee or Refunding Trustee, as applicable, shall give notice to the Director of Finance of the Metropolitan Government or his designee, of the amount necessary to be transferred from the Revenue Fund to the Bond Fund to comply with the requirements of the Indenture. The Indenture requires that an amount equal to 1 / 12th of the principal due on the next principal payment date and 1/6th of the interest due on the next interest payment date be deposited to the Bond Fund from the Revenue Fund or from reclassified Non-Tax Revenues monthly on the 25th day of each month; provided, however, such deposit shall be reduced to the extent that: (i) payment of interest on the Series 2004 Bonds and the Series 2012A Bonds has been provided from proceeds of such bonds; (ii) any other funds are on deposit in the Bond Fund and available for the payment of principal of and interest thereon, including any investment income; and (iii) funds, other than PILOT Payments, Project Parking Revenues and Basic Rent, legally and properly appropriated to the payment of the Series 2004 Bonds or the Series 2012A Bonds and deposited in the Bond Fund on or before the 25th day of the month. (See APPENDIX F –"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE").

To the extent the PILOT Payments, the Project Parking Revenues, the Basic Rent and other funds on deposit in the Bond Fund are insufficient to make the aforementioned payments, the Director of Finance of the Metropolitan Government, or his designee, will cause Non-Tax Revenues to be reclassified from the General Fund of the Metropolitan Government to the Revenue Fund on or before the 25th of each month in an amount necessary to make the aforementioned payments. Prior to making such transfer of the Non-Tax Revenues in each month, the Metropolitan Government will not make any expenditures or other disposition of the monies from the Non-Tax Revenues which would cause such amounts to be insufficient to make such transfer.

Under the Indenture, monies on deposit in the Revenue Fund, including investment income thereon, shall be applied first, on or before the 25th day of each month to the Bond Fund for the purpose of payment of debt service on the Series 2004 Bonds and the Series 2012A Bonds as provided in the Indenture. Any remaining funds shall then be deposited into the Rebate Fund in such amounts as are required by Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"). Any remaining monies may thereafter be withdrawn and used by the Authority (i) to pay certain fees and expenses of the Trustee or Refunding Trustee, as applicable, Rating Agencies, and the costs of administration related to the Series 2004 Bonds and the Series 2012A Bonds, (ii) to reimburse the Metropolitan Government any amounts paid from Non-Tax Revenues previously reclassified by the Metropolitan Government from its General Fund to the Revenue Fund to fund any deficiency in the Revenue Fund as provided in the Indenture, and (iii) third, for any lawful purpose of the Authority, including the establishment and funding of any reserves for the Project.

***Maintenance of PILOT Payments, Project Parking Revenues and Non-Tax Revenues.*** The Metropolitan Government has covenanted under the Indenture to continue to collect and receive the PILOT Payments, the Project Parking Revenues, and the Non-Tax Revenues and not take any action which would cause the PILOT Payments or Project Parking Revenues to be reduced in amount or applied to any purpose other than the payment of debt service on the Series 2004 Bonds, the Series 2012A Bonds or other parity bonds hereafter issued under the Indenture. The Metropolitan Government also shall not repeal nor amend or modify Substitute Bill No. 096-222 (relating to the pledge of PILOT Payments, Project Parking Revenues, to the extent of its interest therein, and Non-Tax Revenues), Substitute Resolution No. R96-180, Substitute Resolution No. R96-313 and Substitute Bill No. 096-378 (relating to the approval of the issuance of the Series 1996 Bonds), Resolution No. R96-177 (relating to the authorization to make PILOT Payments), Resolution No. R2004-479 (relating to the approval of the issuance of the Series 2004 Bonds), or Resolution No. RS 2011-95 (relating to the approval of the Series 2012A Bonds) in any manner so as to adversely affect the security for the Series 2004 Bonds or the Series 2012A Bonds.

The Metropolitan Government has covenanted that, so long as any Bonds are Outstanding under the Indenture, it will maintain the Non-Tax Revenues, including the PILOT Payments and the Project Parking Revenues, in an amount which equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Series 2004 Bonds, the Series 2012A Bonds, any parity bonds issued under the Indenture and any Additional Secured Indebtedness (as described below).

Furthermore, the Metropolitan Government has covenanted to take, or cause to be taken, all actions necessary to maintain its eligibility to levy, collect and receive, as applicable, each of the PILOT Payments, Project Parking Revenues and Non-Tax Revenues.

***Additional Bonds.*** The Series 2004 Bonds and the Series 2012A Bonds share a parity lien on the revenues pledged by the Indenture. The Authority covenants under the Indenture that no additional series of bonds shall be issued under the Indenture except in accordance with the terms and conditions of the Indenture. The proceeds of any Additional Bonds may only be used for the purposes described in subparagraph 3 below. Additional Bonds may be issued on a parity and equality of lien on the Trust Estate with the Series 2012A Bonds and Series 2004 Bonds if all the following conditions are met:

1. All of the payments into the respective funds and accounts provided for under the Indenture shall have been made in full to the date of issuance of said Additional Bonds;

2. The Authority and the Metropolitan Government shall be in substantial compliance with all the covenants, agreements, and terms of the Indenture;

3. The Additional Bonds shall be issued only for the purpose of providing funds to (i) pay the costs of construction of the Project, or (ii) refund any or all of the Outstanding Bonds; and

4. Following the issuance of the Additional Bonds, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds under the Indenture and any Additional Secured Indebtedness.

**Series 2012B Bonds (Arena Project)**

The Series 2012B Bonds are payable from and secured by the following sources of funds.

***Ticket Surcharge Revenues.*** Pursuant to the Intergovernmental Project Agreement (Arena Project), dated September 17, 1996, as amended by Amendment One to Intergovernmental Project Agreement (Arena Project), dated January 21, 1998, by and between the Authority and the Metropolitan Government (the "Project Agreement"), the Authority has agreed to charge and collect a surcharge on the sale of tickets for events at the arena facility in Davidson County, Tennessee, currently known as the Bridgestone Arena (the "Arena"), in the amount of 5% of the ticket sales price up to a maximum of $1.75 per ticket, as more fully described in that certain resolution authorizing the surcharge and adopted by the Board of the Authority on August 16, 1996, as amended on June 24, 1997 (the "Ticket Surcharge" and the revenues from which, the "Ticket Surcharge Revenues"). Pursuant to the Refunding Indenture, the Authority has pledged the Ticket Surcharge Revenues for the payment of principal of, premium, if any, and interest on the Series 2012B Bonds and any other parity bonds hereafter issued under the Refunding Indenture. The Ticket Surcharge on tickets to the home games of the National Hockey League team that plays at the Arena may be adjusted from time to time for inflation, at the option of the Authority, based on the Consumer Price Index. Upon receipt by the Metropolitan Government of any of the Ticket Surcharge Revenues, the Metropolitan Government shall immediately deposit said funds to the Revenue Fund to be transferred to the Bond Fund as set forth in the Refunding Indenture.

Ticket surcharge revenues depend significantly on the continued presence in Nashville of the National Hockey League's Nashville Predators. The Predators currently operate under a lease with the Authority that obligates the Predators to continue hockey operations at the arena in Nashville through 2028.

**Historical Ticket Surcharge Revenues**
**Pledged to the Payment of Series 2012B Bonds**

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Ticket Surcharge Revenues | $1,669,409 | $1,456,913 | $1,438,991 | $1,467,389 | $1,635,396 |

***Non-Tax Revenues.*** The Metropolitan Government has also pledged its Non-Tax Revenues to pay that portion of principal of and premium, if any, and interest on the Series 2012B Bonds and any other parity bonds hereafter issued under the Refunding Indenture to the extent the Ticket Surcharge Revenues and other funds on deposit in the Bond Fund are insufficient to pay principal of, premium, if any, and interest thereon, with such pledge of Non-Tax Revenues being on a parity and equality of lien with the holders of all bonds outstanding under the Indenture. The term "Non-Tax Revenues", when used in connection with bonds issued under the Refunding Indenture, does not include PILOT Payments.

***Deposit and Application of Ticket Surcharge Revenues and Non-Tax Revenues.*** Ticket Surcharge Revenues shall be deposited as received in the Revenue Fund to be held by the Metropolitan Government. On the 20th day of each month, or if such day is not a Business Day, on the next Business Day, the Trustee or Refunding Trustee, as applicable shall give notice to the Director of Finance of the Metropolitan Government, or his designee, of the amount necessary to be transferred from the Revenue Fund to the Bond Fund to comply with the requirements of the Refunding Indenture. The Refunding Indenture requires that an amount equal to 1/12th of the principal due on the next principal payment date and 1/6th of the interest due on the next interest payment date be deposited in the Bond Fund from the Revenue Fund or from reclassified Non-Tax Revenues monthly on the 25th day of each month; provided, however, such deposit shall be reduced to the extent that: (i) payment of interest on the Series 2012B Bonds has been provided from proceeds of the Series 2012B Bonds; (ii) any other funds are on deposit in the Bond Fund and available for the payment of principal of and interest on the Series 2012B Bonds, including any investment income; and (iii) funds, other than Ticket Surcharge Revenues, are legally and properly appropriated to the payment of the Series 2012B Bonds and deposited in the Bond Fund on or before the 25th day of the month. (See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING INDENTURE").

To the extent the Ticket Surcharge Revenues and other funds on deposit in the Bond Fund are insufficient to make the aforementioned payments, the Director of Finance of the Metropolitan Government, or his designee, will cause Non-Tax Revenues to be reclassified from the General Fund of the Metropolitan Government to the Revenue Fund on or before the 25th of each month in an amount necessary to make up any deficiency. Prior to making such transfer of the Non-Tax Revenues in each month, the Metropolitan Government will not make any expenditures or other disposition of the monies from the Non-Tax Revenues which would cause such amounts to be insufficient to make such transfer.

Under the Refunding Indenture, monies on deposit in the Revenue Fund, including investment income thereon, shall be applied first, on or before the 25th day of each month to the Bond Fund for the purpose of payment of debt service on the Series 2012B Bonds as provided in the Refunding Indenture. Any remaining monies may thereafter be withdrawn and used by the Authority (i) first, to pay ongoing fees and expenses of the Refunding Trustee and any other costs of administration related to the Series 2012B Bonds, (ii) second, to reimburse the Metropolitan Government for Non-Tax Revenues previously reclassified from its General Fund and paid by the Metropolitan Government to the Revenue Fund pursuant to the Refunding Indenture, (iii) third, to pay expenses of operating and maintaining the Arena and (iv) fourth, for any lawful purpose of the Authority (subject to the written approval of the Metropolitan Mayor or the Director of Finance).

***Maintenance of Ticket Surcharge Revenues and Non-Tax Revenues.*** The Authority and the Metropolitan Government have covenanted under the Refunding Indenture that either the Authority or the Metropolitan Government will collect and receive the Ticket Surcharge Revenues and neither will take any action which would cause the Ticket Surcharge Revenues to be reduced in amount or, except as otherwise provided in the Refunding Indenture, applied to any purpose other than the payment of debt service on the Series 2012B Bonds or other parity bonds hereafter issued under the Refunding Indenture.

The Metropolitan Government has covenanted that from and after the delivery of the Series 2012B Bonds and continuing so long as any bonds are outstanding under the Refunding Indenture, the Metropolitan Government will maintain the Non-Tax Revenues in an amount which equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds under the Indenture and any Additional Secured Indebtedness.

The Authority covenants and agrees that so long as any Bonds are outstanding under the Refunding Indenture, it will not issue or incur any indebtedness payable from or secured by a pledge of or lien on the Ticket Surcharge Revenues, nor will it pledge the Ticket Surcharge Revenues or create a lien on or security interest in the Ticket Surcharge Revenues to secure any indebtedness or obligation of the Metropolitan Government, the Authority or any other Person.

The Metropolitan Government covenants and agrees that so long as any Bonds are Outstanding under the Indenture, it will not issue or incur any indebtedness payable from or secured by a pledge of or lien on the PILOT Payments, nor will it pledge the PILOT Payments or create a lien or security interest in the PILOT Payments to secure any indebtedness or obligation of the Metropolitan Government, the Authority, or any other person.

Furthermore, the Metropolitan Government and the Authority have covenanted to take, or cause to be taken, all actions necessary to maintain their respective eligibilities to levy, collect and receive, as applicable, each of the Ticket Surcharge Revenues and each of the Non-Tax Revenues.

***Additional Bonds.*** The Authority covenants and agrees under the Refunding Indenture that no additional series of bonds shall be issued under the Refunding Indenture except in accordance with the terms and conditions of the Refunding Indenture. The Authority and the Metropolitan Government do not expect to request authorization for the issuance of any Additional Bonds under the Refunding Indenture. The proceeds of any Additional Bonds may only be used for the purposes described in subparagraph 3 below. Additional Bonds may be issued on a parity and equality of lien on the Trust Estate with the Series 2012B Bonds if all the following conditions are met:

(1) all of the payments into the respective funds and accounts provided for in the Refunding Indenture shall have been made in full to the date of issuance of said Additional Bonds;

(2) the Authority and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Refunding Indenture;

(3) the Additional Bonds shall be issued only for the purpose of providing funds to (i) pay the Costs (as defined in Appendix G hereto), or (ii) refund any or all of the Outstanding Bonds (as defined in Appendix G hereto); and

(4) following the issuance of the Additional Bonds, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds under the Refunding Indenture and any Additional Secured Indebtedness.

**Additional Secured Indebtedness Payable from Non-Tax Revenues.**

The Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment) (the "Convention Center Bonds") of The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Convention Center Authority") and all payments owed by the Convention Center Authority to Omni Nashville, LLC, pursuant to a certain Development and Funding Agreement, dated as of October 19, 2010, by and between the Convention Center Authority and Omni Nashville, LLC (the "Hotel Payments") are also payable from and secured by a pledge of Non-Tax Revenues. The pledge of Non-Tax Revenues in favor of the Convention Center Bonds and the Hotel Payments is subordinate to the pledge on Non-Tax Revenues in favor of the Series 2012 Bonds and the Series 2004 Bonds. The Convention Center Bonds and Hotel Payments constitute "Additional Secured Indebtedness" under the Indenture and Refunding Indenture.

The Convention Center Bonds are payable primarily from the operating income of a new downtown convention center and from a variety of tourist related taxes in charges established to support debt service on the Convention Center Bonds. The maximum annual debt service on the Convention Center Bonds is approximately $26,500,000 (net of direct payment subsidies payable by federal government as a result of the Convention Center Bonds being issued as Build America Bonds). The Convention Center Bonds are also supported by a debt service reserve fund, also in the amount of approximately $26.5 Million, which must be drawn prior to any draw on Non-Tax Revenues.

The Hotel Payments are payable primarily from convention center related revenues and tax collections in excess of the amounts needed to operate the convention center and pay debt service on the Convention Center Bonds. The maximum annual Hotel Payment is $15 Million.

The Metropolitan Government covenants in the Indenture and the Refunding Indenture that, so long as the bonds are outstanding under the Indenture or Refunding Indenture, it will not issue or incur any indebtedness payable from or secured by a pledge of or lien on the Non-Tax Revenues, nor will it pledge the Non-Tax Revenues or create a lien on or security interest in any of the Non-Tax Revenues to secure any indebtedness or obligation of the Metropolitan Government, the Authority, or any other person unless all the following conditions are met, and then only with respect to Non-Tax Revenues other than PILOT Payments:

1. All the payments into the respective funds and accounts provided for under the Indenture or Refunding Indenture, as applicable, shall have been made in full to the date of issuance of said Additional Secured Indebtedness (as defined in the Indenture and Refunding Indenture) or the creation of the lien, security interest, or pledge described above;

2. The Authority and the Metropolitan Government shall be in substantial compliance with all the covenants, agreements and terms of the Indenture or Refunding Indenture, as applicable; and

3. Following the issuance of such Additional Secured Indebtedness or the creation of such lien, pledge or security interest, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to any Bonds Outstanding under the Indenture or Refunding Indenture, as applicable, and all Additional Secured Indebtedness.

## THE AUTHORITY

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 (the "Act"). The purpose of the Act as stated therein is to promote and develop recreational opportunities by facilitating the acquisition, construction, and rehabilitation of sports complexes, stadiums, arenas, and other recreational facilities for the holding of professional and amateur athletic events by authorizing the incorporation of public corporations to plan, promote, arenas, structures, amid facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Authority owns L.P. Field and the Arena.

Although the Authority is a public instrumentality of the Metropolitan Government, the Metropolitan Government is not liable for the payment of the principal of, or premium (if any) or interest on the Series 2012 Bonds, or any other bonds of the Authority, or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority under the Indenture, Refunding Indenture or otherwise, except to the extent the Metropolitan Government has expressly pledged its revenues or income under the Indenture and Refunding Indenture. (See "SECURITY AND SOURCES OF PAYMENT".)

The Act provides that the Authority shall be governed by a Board of Directors of not less than seven directors who are appointed by the Metropolitan Mayor and confirmed by the Metropolitan Council. The Authority's charter, as amended, provides for governance by 13 directors. Directors hold office for staggered terms and receive no compensation except reimbursement for actual expenses incurred in the performance of their duties.

The Act empowers the Authority, among other things, to (i) acquire, improve, repair, extend, equip, furnish, operate, and maintain one or more projects, including all real and personal properties which the Board of Directors of the Authority may deem necessary in connection therewith, (ii) operate, maintain, manage, and enter into contracts for the operation, maintenance, and management of any project undertaken, (iii) lease, rent, and contract for the operation of all or any part of any project for sports and recreational facilities, (iv) lease space in a project as from time to time may not be needed for sports purpose, (v) fix and collect rates, rentals, fees, and charges for the use of any and all facilities of the Authority, (vi) borrow money, and issue and sell its revenue bonds for the purpose of carrying out any of its powers, and (vii) pledge the revenues and receipts therefrom, as security for the payment of the principal of, and premium (if any) and interest on, any bonds so issued and any agreements made in connection therewith. The Authority is authorized by the Act to issue the Series 2012 Bonds for the purpose described herein, and to enter into the Indenture and Refunding Indenture.

The incorporators, members, directors, and officers of the Authority shall not be personally liable for any costs, losses, damages or liabilities, including payments on the Series 2012 Bonds, caused or incurred by the Authority in connection with the Indenture or Refunding Indenture, as applicable. The Series 2012 Bonds are limited obligations of the Authority, payable solely form the sources pledged under the Indenture or Refunding Indenture, as applicable. The Series 2012 Bonds and the premium (if any) and interest thereon shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof (other than the Authority), and their issuance shall not, directly or indirectly or contingently, obligate the State or any political subdivision thereof (including the Authority and the Metropolitan Government) to levy any form of taxation therefore or make any appropriation for their payment. The Series 2012 Bonds shall never constitute general obligations of the Authority within the meaning of any constitutional or statutory provision or limitation and shall never constitute or give rise to a pecuniary liability of tile Authority. The Authority has no taxing power.

## THE METROPOLITAN GOVERNMENT

Metropolitan Nashville and Davidson County, located in the north central part of Tennessee, is the capital of the State and the State's second largest city. As defined by the United States Bureau of the Census, Nashville and the seven surrounding counties, which form a Metropolitan Statistical Area, had an aggregate population in 2010 of 1,589,935. On April 1, 1963, the governments of the City of Nashville and Davidson County were consolidated into a single unit of government, The Metropolitan Government of Nashville and Davidson County under which the boundaries of the City of Nashville and Davidson County are coextensive. (See APPENDIX B – “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT”.)

## PLAN OF FINANCE

### Series 2012A Bonds

The proceeds of the Series 2012A Bonds will be used to pay (i) costs of renovating the professional football stadium facility currently known as L.P. Field, including, but not limited to, installing high definition scoreboards, new LED ribbon boards, control room upgrades, distributed sound system, upper concourse elevators, and fan event space/improvements (ii) architectural, engineering, legal and consulting costs incident thereto and (iii) costs incident to the issuance and sale of the Series 2012A Bonds.

### Series 2012B Bonds

The proceeds of the Series 2012B Bonds will be used to (i) refund all of the Authority’s Series 1998 Bonds and (ii) pay certain costs of issuance of the Series 2012B Bonds. A portion of the proceeds of the Series 2012B Bonds will be deposited in the Escrow Fund and applied to the redemption of the following maturities of the outstanding, Series 1998 Bonds:

**REFUNDED BONDS**

| Maturity Date July 1 | Principal Amount | Interest Rate | Redemption Date | Redemption Price |
|---|---|---|---|---|
| 2013 | $2,500,000 | 6.43% | 02/21/2012 | 100.00% |
| 2018 | 7,820,000 | 6.60 | 02/21/2012 | 100.00 |

A portion of the proceeds of the sale of the Series 2012B Bonds will be deposited in the Escrow Fund pursuant to the Escrow Agreement, by and between the Metropolitan Government and the Escrow Agent to be used, to pay in full and retire the Refunded Bonds. The Refunded Bonds will be paid in full on the first optional redemption date for the Refunded Bonds, as provided in "DESCRIPTION OF THE SERIES 2012 BONDS- Purpose of the Series 2012B Bonds" herein. The Escrow Agent shall hold in cash all monies deposited in the Escrow Fund, which such monies shall be sufficient to provide for the payment of the principal of and interest on the Refunded Bonds.

None of the monies in the Escrow Fund will be available for the payment of the Series 2012B Bonds. Upon deposit of the monies in the Escrow Fund and in compliance with provisions of the Refunding Indenture, the Refunded Bonds will be deemed paid and all covenants, agreements and obligations of the Metropolitan Government to the holders of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied.

## SOURCES AND USES OF FUNDS

The table below sets forth the sources and uses of funds in connection with the issuance of the Series 2012 Bonds.

| | Series 2012A | Series 2012B | Total |
|---|---|---|---|
| **Sources of Funds** | | | |
| Par Amount | $22,860,000.00 | $10,545,000.00 | $33,405,000.00 |
| Available Ticket Tax Revenue | 4,200,000.00 | - | 4,200,000.00 |
| **Total Sources** | $27,060,000.00 | $10,545,000.00 | $37,605,000.00 |
| **USES** | | | |
| Deposit to 2012 Construction Fund | $26,796,222.08 | - | $26,796,222.08 |
| Deposit to Escrow Fund | - | $10,414,009.72 | 10,414,009.72 |
| Cost of Issuance* | 263,777.92 | 130,990.28 | 394,768.20 |
| **Total Uses** | $27,060,000.00 | $10,545,000.00 | $37,605,000.00 |

* Includes underwriters' discount, legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Series 2012 Bonds.

## INVESTMENT CONSIDERATIONS

### General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Authority to pay principal of, premium if any, and interest on the Series 2012 Bonds, and which could also affect the marketability of or the market price for, the Series 2012 Bonds.

The purchase of the Series 2012 Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Series 2012 Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2012 Bonds.

**Ratings**

There is no assurance that the ratings assigned to the Series 2012 Bonds at the time of issuance (see "RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2012 Bonds.

**Secondary Market Prices**

No assurance can be given that a secondary market for any of the Series 2012 Bonds will be available, and no assurance can be given that the initial offering prices for the Series 2012 Bonds will continue for any period of time.

The Series 2012 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2012 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2012 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2012 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2012 Bonds, depending on existing market conditions and other factors.

## LITIGATION AND OTHER PROCEEDINGS

**The Authority**

At the time of delivery of any payment for the Series 2012 Bonds, the Authority will deliver, or cause to be delivered, a certificate of the Authority stating that there is no controversy or litigation of any nature then pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2012 Bonds, or in any way contesting or affecting the validity of the Series 2012 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof or the pledge or application of any monies or security provided for the payment of the Series 2012 Bonds or the corporate existence, boundaries or powers of the Authority, or the title of its officials to their respective offices.

**The Metropolitan Government**

At the time of delivery of any payment for the Series 2012 Bonds, the Metropolitan Government will deliver, or cause to be delivered, a certificate of the Metropolitan Government stating that there is no controversy or litigation of any nature then pending or threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2012 Bonds, or in any way contesting or affecting the validity of the Series 2012 Bonds or any proceedings of the Metropolitan Government taken with respect to the issuance or sale thereof or the pledge or application of any monies or security provided for the payment of the Series 2012 Bonds or the corporate existence, boundaries or powers of the Metropolitan Government, or the title of its officials to their respective offices.

## CONTINUING DISCLOSURE

The Authority and the Metropolitan Government have agreed that the Metropolitan Government shall undertake, for the benefit of the holders and beneficial owners of the Series 2012 Bonds, to distribute certain financial information and operating data relating to the Metropolitan Government by not later than nine months following the end of the Metropolitan Government's fiscal year, commencing with the fiscal year ending June 30, 2012 (the “Annual Report") and to provide notices of the occurrence of certain enumerated events, if deemed by the Metropolitan Government to be material under applicable federal securities laws. A copy of the Continuing Disclosure Certificate is attached hereto as Appendix E.

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

The Metropolitan Government has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in SEC Rule 15c2-12(b)(5) within the last five years.

## CERTAIN LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2012 Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinions in substantially the forms attached hereto as Appendix C will be delivered with the Series 2012 Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinions set forth herein under the captions "THE SERIES 2012 BONDS" (other than the information relating to DTC and its book-entry system), "SECURITY AND SOURCES OF PAYMENT" (excluding financial and statistical data as to which no opinion is expressed), "TAX MATTERS," and APPENDIX C – FORMS OF OPINIONS OF BOND COUNSEL, which have been reviewed by Bond Counsel, Bond Counsel has not undertaken any responsibility for any of the information contained in this Official Statement. Certain legal matters with respect to the Authority and the Metropolitan Government will be passed upon by the Metropolitan Government's Deputy Director of Law. Certain legal matters will be passed upon for the Underwriters by their counsel Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee.

The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

## TAX MATTERS

### Tennessee State Tax Exemption

Under existing law, the Series 2012 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 Series 2012 Bonds during the period the Series 2012 Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership doing business in the State, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2012 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State.

### Federal Tax Matters

***Disclaimer.*** Any discussion of the tax issues relating to the Series 2012 Bonds in this Official Statement was written to support the promotion or marketing of the Series 2012 Bonds. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice with respect to the Series 2012 Bonds based on its particular circumstances from an independent tax advisor.

***General.*** The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2012 Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Series 2012 Bonds held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, those holding such bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or those whose functional currency is not the United States dollar. Potential purchasers of the Series 2012 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2012 Bonds.

Interest on the Series 2012 Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase Series 2012 Bonds in the initial offering at their stated principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2012 Bonds. In general, interest paid on the Series 2012 Bonds, accrual of market discount, if any, will be treated as ordinary income to an owner of Series 2012 Bonds and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

***Market Discount.*** Any owner who purchases a Series 2012 Bond at a price which includes market discount in excess of a prescribed de minimis amount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2012 Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner who acquires a Series 2012 Bond at a market discount also may be required to defer, until the maturity date of such Series 2012 Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2012 Bond in excess of the aggregate amount of interest includable in such owner's gross income for the taxable year with respect to such Series 2012 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2012 Bond for the days during the taxable year on which the owner held the Series 2012 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2012 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondowner elects to include such market discount in income currently as described above.

***Sale or Redemption of Bonds.*** A bondowner's tax basis for a Series 2012 Bond is the price such owner pays for the Series 2012 Bond plus the amount of any market discount previously included in income, reduced on account of any payments received (other than "qualified stated interest" payments). Gain or loss recognized on a sale, exchange or redemption of a Series 2012 Bond, measured by the difference between the amount realized and the basis of the Bond as so adjusted, will generally give rise to capital gain or loss if the Series 2012 Bond is held as a capital asset (except as discussed above under "—Market Discount"). The legal defeasance of Series 2012 Bonds may result in a deemed sale or exchange of such Series 2012 Bonds under certain circumstances; owners of such Series 2012 Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

***Backup Withholding.*** A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding obligation is 28%, but the rate may change in the future) with respect to interest on the Series 2012 Bonds. This withholding generally applies if the owner of a Series 2012 Bond (a) fails to furnish the registration agent or other payor with its taxpayer identification number; (b) furnishes the registration agent or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the registration agent or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as hereafter defined). Owners of the Series 2012 Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Backup withholding is not an additional tax. Any amount paid as backup withholding would be credited against the bondholder's U.S. federal income tax liability, provided that the requisite information is timely provided to the Internal Revenue Service. The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2012 Bonds will be reported to the bondowners and to the Internal Revenue Service.

***Nonresident Borrowers.*** Under the Code, interest income with respect to Series 2012 Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Authority (or other who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2012 Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

***ERISA.*** The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and those who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2012 Bonds.

## RATINGS

Moody's Investors Service. Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. have assigned ratings of "Aa2" with negative outlook and "AA-", respectively, to the Series 2012 Bonds. The ratings reflect only the respective views of such organizations and neither the Authority nor the Metropolitan Government makes any representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Moody's Investors Services, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041. The Authority and the Metropolitan Government furnished to each rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Authority and the Metropolitan Government as well as outstanding debt of the Authority and the Metropolitan Government. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Series 2012 Bonds.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2012 Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2012 Bonds.

## UNDERWRITING

The Underwriters of the Series 2012 Bonds have agreed, subject to certain conditions, to purchase all of the Series 2012 Bonds from the Authority and the Metropolitan Government at an aggregate purchase price to be paid by the Underwriters (a) for the Series 2012A Bonds of $22,737,782.85 (representing the principal amount of the Series 2012A Bonds, less an Underwriters' discount of $122,217.15), (b) for the Series 2012B Bonds of $10,505,448.95 (representing the principal amount of the Series 2012B Bonds, less an Underwriters' discount of $39,551.05).

The Bond Purchase Agreement between the Authority and the Underwriters provides, with respect to the Series 2012 Bonds, that all of the Series 2012 Bonds will be purchased by the Underwriters, if any of the Series 2012 Bonds of such issue are purchased.

The Series 2012 Bonds will be offered at the respective initial public offering prices or yields shown on the inside cover page of this Official Statement. The Underwriters may offer and sell the Series 2012 Bonds to certain dealers (including dealers depositing the Series 2012 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. Following the initial public offering, the initial public offering prices may be changed from time to time by the Underwriters in their discretion.

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

On January 11, 2012, Regions Financial Corporation, Morgan Keegan’s parent company, entered into a definitive agreement to sell Morgan Keegan to Raymond James Financial. The transaction is expected to close on or before March 31, 2012.

## FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Authority and the Metropolitan Government in connection with the issuance of the Series 2012 Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2012 Bonds are contingent upon the issuance and delivery of the Series 2012 Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2012 Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, First Southwest Company may from time to time sell investment securities to the Authority or the Metropolitan Government for the investment of bond proceeds or other funds of the Authority or the Metropolitan Government upon the request of the Authority or the Metropolitan Government.

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

## INDEPENDENT AUDITORS

An electronic link to the Metropolitan Government's comprehensive annual financial statements as of the fiscal year ended June 30, 2011 is included in Appendix A, and such financial statements have been audited by Crosslin & Associates, independent auditors, as stated in its report.

Crosslin & Associates, the Metropolitan Government's current independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Crosslin & Associates also has not performed any procedures relating to this Official Statement.

## FORWARD-LOOKING STATEMENTS

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

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

In considering the matters set forth in this Official Statement, prospective investors should carefully review all information included herein (particularly the information under the captions "INVESTMENT CONSIDERATIONS" and "FORWARD-LOOKING STATEMENTS”) to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Series 2012 Bonds.

## MISCELLANEOUS INFORMATION

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

The references, excerpts and summaries of all documents referred to in this Official Statement and in the Appendices to this Official Statement do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2012 Bonds, the security for the payment of the Series 2012 Bonds and the rights and obligations of the holders thereof.

The information contained in this Official Statement has been compiled from 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 Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2012 Bonds. The Trustee or Refunding Trustee, as applicable, have not participated in the preparation of this Official Statement and hereby disclaims any responsibility for the accuracy or completeness of the information set forth in this Official Statement.

The execution and delivery of this Official Statement on behalf of the Authority by its Chair have been duly authorized.

**THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY TENNESSEEE**

/s/ J.D. Elliott______________________________
J. D. Elliott, Chair

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX A

## ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

[THIS PAGE INTENTIONALLY LEFT BLANK]

**General Purpose Financial Statements**

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 2011, together with the independent auditors' report from Crosslin & Associates, are available through the website of the Metropolitan Government's Department of Finance at www.nashville.gov/finance/investor-relations/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.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX B

## FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

[This Page Intentionally Left Blank]

## FINANCIAL INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

### The Metropolitan Government

### Organization

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

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

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

### Fiscal Year

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

### Budgeting Procedures

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

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

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

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

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

The following information identifies recommended capital projects in the 2011-2012 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2011-2012 and the following five fiscal years. See "CURRENT FINANCIAL CONSIDERATIONS" in the Official Statement to which this Appendix B is attached for additional information regarding future funding of capital projects.

[The Remainder of Page Intentionally Left Blank]

## 2011-2012 to 2016-2017 Mayor's Recommended Capital Improvements Budget - By Agency

| Departments | 2011-12 | % of '11-'12 Total | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Total | % of '12-'17 Total |
|---|---|---|---|---|---|---|---|---|---|
| Bordeaux Long Term Care | $1,035,200 | 0.083% | $914,600 | $547,400 | | | | 2,497,200 | 0.080% |
| District Energy System - USD | 1,670,000 | 0.134% | 1,950,000 | 900,000 | 650,000 | 650,000 | | 5,820,000 | 0.187% |
| Election Commission | 893,700 | 0.072% | | | | | | 893,700 | 0.029% |
| Farmer's Market | 536,000 | 0.043% | | | | | | 536,000 | 0.017% |
| Finance | 187,000,000 | 15.051% | 2,000,000 | 2,000,000 | 2,000,000 | | | 193,000,000 | 6.187% |
| Fire Department - GSD | 43,120,900 | 3.471% | 16,330,600 | | | | | 59,451,500 | 1.906% |
| Fire Department - USD | 250,000 | 0.020% | | | | | | 250,000 | 0.008% |
| General Hospital | 4,597,900 | 0.370% | 280,000 | 280,000 | | | | 5,157,900 | 0.165% |
| General Services | 108,905,900 | 8.766% | 7,050,000 | 4,500,000 | | | | 120,455,900 | 3.861% |
| General Sessions Court | 1,150,000 | 0.093% | | | | | | 1,150,000 | 0.037% |
| Health | 39,500,000 | 3.179% | | | | | | 39,500,000 | 1.266% |
| Historical Commission | 1,962,000 | 0.158% | | | | | | 1,962,000 | 0.063% |
| Human Resources | 350,000 | 0.028% | | | | | | 350,000 | 0.011% |
| Information Technology Services | 19,265,600 | 1.551% | 992,300 | 992,300 | 992,300 | | | 22,242,500 | 0.713% |
| Justice Integration Services | 712,700 | 0.057% | | | | | | 712,700 | 0.023% |
| Juvenile Court | 1,271,000 | 0.102% | | | | | | 1,271,000 | 0.041% |
| Juvenile Court Clerk | 380,000 | 0.031% | | | | | | 380,000 | 0.012% |
| Knowles Home | 259,100 | 0.021% | 100,000 | 181,100 | | | | 540,200 | 0.017% |
| Metro Action Commission | 11,637,800 | 0.937% | 120,000 | | | | | 11,757,800 | 0.377% |
| MNPS (Schools) | 90,741,000 | 7.304% | 86,714,000 | 87,023,000 | 88,476,000 | 83,870,000 | 80,226,000 | 517,050,000 | 16.575% |
| MTA | 13,961,000 | 1.124% | 500,000 | | | | | 14,461,000 | 0.464% |
| Municipal Auditorium | 1,393,000 | 0.112% | 550,000 | 60,000 | | 744,000 | | 2,747,000 | 0.088% |
| Parks & Recreation | 56,250,000 | 4.527% | 22,872,500 | 100,000 | | | | 79,222,500 | 2.540% |
| Planning - GSD | 5,900,000 | 0.475% | 4,700,000 | 4,700,000 | 4,700,000 | | | 20,000,000 | 0.641% |
| Planning - USD | 250,000 | 0.020% | | | | | | 250,000 | 0.008% |
| Police | 47,323,500 | 3.809% | | | | | | 47,323,500 | 1.517% |
| Public Library | 27,463,700 | 2.211% | 5,292,700 | 5,897,100 | 9,524,900 | 8,820,200 | 8,768,700 | 65,767,300 | 2.108% |
| Public Works - GSD | 476,238,798 | 38.332% | 189,621,000 | 169,400,500 | 171,280,000 | 450,822,000 | 228,790,000 | 1,686,152,298 | 54.052% |
| Public Works - USD | 79,672,182 | 6.413% | 23,512,890 | 24,094,918 | 20,100,000 | 28,300,000 | 20,175,000 | 195,854,990 | 6.278% |
| Sheriff | 1,681,000 | 0.135% | 2,000,000 | 1,500,000 | 500,000 | | | 5,681,000 | 0.182% |
| Social Services | 772,500 | 0.062% | | | | | | 772,500 | 0.025% |
| Sports Authority | 15,984,500 | 1.287% | | | | | | 15,984,500 | 0.512% |
| State Fair Board | 285,000 | 0.023% | | | | | | 285,000 | 0.009% |
| Totals | $1,242,413,980 | 100.000% | $365,500,590 | $302,176,318 | $298,223,200 | $573,206,200 | $337,959,700 | $3,119,479,988 | 100.000% |

**Accounting**

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

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

The Metropolitan Government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Metropolitan Government reports the following major enterprise funds:

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

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

Additionally, the Metropolitan Government reports the following fund types:

**Internal service funds** are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Metropolitan Government on a cost reimbursement basis. For the year ended June 30, 2011, these services included fleet management, information systems, radio maintenance, insurance, postal services, treasury management, general services and printing.

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

**Agency funds** are used to account for assets held by elected officials as agents for individuals, collections by the Metropolitan Government due to the purchaser of certain outstanding property tax receivables, funds held by the

Sheriff's Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

**Revenues**

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, fees, and State of Tennessee (the "State") and Federal payments. During the fiscal year ended June 30, 2011, property taxes totaled $775.4 million dollars and accounted for 57.34% of all revenues available to the GSD General Fund and for GSD Debt Service; 78.43% of all revenues available to the USD General and Debt Service Funds; 39.43% of revenues available to the Schools funds, including Debt Service; and 0.59% of revenues available to the other governmental funds. Sales tax collections totaled $258.1 million in the fiscal year ended June 30, 2011. A description of each major revenue category available to both the GSD and USD follows:

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

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

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

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

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

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

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

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

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

## PROPERTY TAXES

### Rates of Tax Levy

An annual tax is levied on all taxable property within the GSD and an additional tax is levied on all taxable property within the USD. Every four years, the Assessor's Office – as required by State law – conducts a reappraisal of the value of all property in the Metropolitan Government. This process is done to periodically adjust recorded property assessments to generally reflected market values. The most recent reappraisal was completed in 2009.

State law requires that this reappraisal be revenue neutral for the taxing authority. This means that as the aggregated value of property changes, the tax rate must change as well to ensure that the local government receives the same amount of revenue. For example, if property in the Metropolitan Government collectively increases in value, the actual property tax rate must drop so that the revenue collected remains the same. The 2009 reappraisal showed an increase in aggregate property values, so to remain revenue neutral the certified combined GSD/USD tax rate dropped to $4.13 per $100 of assessed value from its pre-assessment level of $4.69. The tax rate for Fiscal Year 2012 remains at $4.13.

**FY 2011 Property Tax Distribution**

**(Rates per $100 of Assessed Value)**

| District | Fund | | 2011Rate |
|---|---|---|---|
| GSD (General Services District) | General | | $1.82 |
| | Schools General Purpose | | 1.17 |
| | General Debt Service | | 0.42 |
| | Schools Debt Service | | 0.15 |
| | Subtotal - GSD | | $3.56 |
| USD (Urban Services District) | General | | 0.46 |
| | General Debt Service | | 0.11 |
| | Subtotal - USD | | $0.57 |
| Combined USD/GSD rate | | | $ 4.13 |

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

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

| | General Services District | | | | | Urban Services District | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | GSD General Fund [1] | General Purpose School Fund | GSD Debt Service Fund | School Debt Service Fund | Total GSD Rate | USD General Fund [1] | USD Debt Service Fund | Total USD Rate | Total Direct Tax Rate |
| 2001-02 [2] | 1.97 | 1.24 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 |
| 2002-03 [3] | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 |
| 2003-04 | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 |
| 2004-05 | 1.94 | 1.27 | 0.43 | 0.20 | 3.84 | 0.64 | 0.10 | 0.74 | 4.58 |
| 2005-06 [2] | 2.00 | 1.33 | 0.54 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 |
| 2006-07 [3] | 2.07 | 1.33 | 0.47 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 |
| 2007-08 [3] | 2.06 | 1.33 | 0.48 | 0.17 | 4.04 | 0.56 | 0.09 | 0.65 | 4.69 |
| 2008-09 [3] | 2.06 | 1.33 | 0.48 | 0.17 | 4.04 | 0.53 | 0.12 | 0.65 | 4.69 |
| 2009-2010[2] | 1.82 | 1.17 | 0.42 | 0.15 | 3.56 | 0.46 | 0.11 | 0.57 | 4.13 |
| 2010-11 | 1.82 | 1.17 | 0.42 | 0.15 | 3.56 | 0.46 | 0.11 | 0.57 | 4.13 |

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

On November 7, 2006, voters approved a ballot initiative prohibiting the Metropolitan Council from raising real property tax rates from their current and future levels without the approval of the voters in a referendum. Prior to the adoption of the ballot proposal, the Metropolitan Council was authorized to set the real property tax rate without requirement of voter approval. The Government's legal department has issued a memo stating that the approved initiative violates the Tennessee Constitution because it places the power to set property tax rates with voters, rather than with the Metropolitan 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 $.07 over the last ten years.

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

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

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

**Source: The Metropolitan Government CAFR as of June 30, 2011**

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

| Fiscal Year | Realty | Personalty | Public Utility | Total Taxable Assessed Value | Total GSD Tax Rate (1) | Total Estimated Actual Property Value | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|---|---|---|
| 2001-02 | $11,649,748,674 | $1,059,163,097 | $664,461,669 | $13,373,373,440 | 3.84 | $42,634,022,131 | 31.37 % |
| 2002-03 | 11,792,547,023 | 1,025,692,548 | 645,179,869 | 13,463,419,440 | 3.84 | 42,988,853,105 | 31.32 |
| 2003-04 | 11,809,122,372 | 917,401,480 | 553,940,253 | 13,280,464,105 | 3.84 | 45,150,830,802 | 29.41 |
| 2004-05 | 11,933,712,504 | 907,818,023 | 590,493,038 | 13,432,023,565 | 3.84 | 45,746,447,359 | 29.36 |
| 2005-06 | 13,962,265,146 | 963,153,348 | 608,300,242 | 15,533,718,736 | 4.04 | 50,477,218,642 | 30.77 |
| 2006-07 | 14,249,283,812 | 1,026,510,506 | 622,162,501 | 15,897,956,819 | 4.04 | 51,736,469,429 | 30.73 |
| 2007-08 | 14,562,824,424 | 1,004,636,613 | 585,267,521 | 16,152,728,558 | 4.04 | 60,386,015,276 | 26.75 |
| 2008-09 | 14,949,650,247 | 1,003,474,654 | 601,229,146 | 16,554,354,047 | 4.04 | 61,881,138,204 | 26.75 |
| 2009-10 | 17,452,127,001 | 1,118,966,031 | 651,277,995 | 19,222,371,027 | 3.56 | 63,157,226,914 | 30.44 |
| 2010-11 | 17,447,570,422 | 1,128,934,816 | 632,009,935 | 19,208,515,173 | 3.56 | 63,280,838,469 | 30.35 |

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

Tax levy:

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited- See Accompanying Accountants' Report

| Fiscal Year | Realty | Personalty | Public Utility | Total USD Taxable Assessed Value | Total USD Tax Rate |
|---|---|---|---|---|---|
| 2001-02 | $ 7,681,717,993 | $ 794,416,879 | $ 553,090,149 | $ 9,029,225,021 | $ 0.74 |
| 2002-03 | 7,722,115,933 | 765,147,395 | 535,610,099 | 9,022,873,427 | 0.74 |
| 2003-04 | 7,667,951,606 | 680,464,904 | 443,772,979 | 8,792,189,489 | 0.74 |
| 2004-05 | 7,996,403,388 | 699,060,182 | 472,283,935 | 9,167,747,505 | 0.74 |
| 2005-06 | 9,293,334,373 | 736,566,609 | 484,073,719 | 10,513,974,701 | 0.65 |
| 2006-07 | 9,609,860,911 | 812,794,594 | 497,183,632 | 10,919,839,137 | 0.65 |
| 2007-08 | 9,775,778,452 | 800,146,680 | 476,649,480 | 11,052,574,612 | 0.65 |
| 2008-09 | 10,034,679,742 | 804,965,057 | 469,223,447 | 11,308,868,246 | 0.65 |
| 2009-10 | 11,845,833,807 | 899,198,794 | 507,695,082 | 13,252,727,683 | 0.57 |
| 2010-11 | 11,819,864,666 | 919,181,529 | 481,388,729 | 13,220,434,927 | 0.57 |

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

Source: Tax Aggregate Reports for Tennessee State Board of Equalization

**Exemptions**

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

Included in these exempt parcels are properties titled in the name of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County. The properties are titled to this instrumentality of the Metropolitan Government in order to facilitate financing arrangements and/or tax abatements for economic development purposes pursuant to State law. For the current fiscal year, these properties have an approximate value of $39,663,160 representing approximately .40% of the value of all property within the Metropolitan Government. In most cases, a tax equivalent is paid to the Metropolitan Government on the basis of the actual rates of tax levy. For Fiscal Year 2011, the Electric Power Board of the Metropolitan Government of Nashville and Davidson County also paid $25,427,819 as a tax equivalent of its exempted property to the Metropolitan Government.

**Reappraisals**

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

**Elderly Low-Income Property Tax Freeze Program**

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

**Tax Collection**

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

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

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

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Unaudited – See Accompanying Accountants' Report

| Fiscal Year | | Amount GSD Levy | Amount USD Levy | Total Tax Levy | Collections Within the Fiscal Year of the Levy: Current Tax Amount | Collections Within the Fiscal Year of the Levy: % | Adjustment to Levy | Total Levy After Adjustment | Collections in Subsequent Years | Total Collections to Date: Amount | Total Collections to Date: % | Outstanding Delinquent Taxes | Percentage Uncollected |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001-02 | | $ 504,508,539 | $ 75,845,541 | $ 580,354,080 | $ 554,792,713 | 95.60 % | $ (6,924,787) | $ 573,429,293 | $ 17,904,548 | $ 572,697,261 | 99.87 % | $ 732,032 | 0.13 % |
| 2002-03 | | 508,874,943 | 74,889,899 | 583,764,842 | 557,508,632 | 95.50 | (6,696,502) | 577,068,340 | 18,692,145 | 576,200,777 | 99.85 | 867,563 | 0.15 |
| 2003-04 | | 502,057,059 | 72,975,223 | 575,032,282 | 555,507,839 | 96.60 | (2,735,636) | 572,296,646 | 16,009,908 | 571,517,747 | 99.86 | 778,899 | 0.14 |
| 2004-05 | | 507,538,957 | 76,092,355 | 583,631,312 | 565,446,465 | 96.88 | (2,744,734) | 580,886,578 | 14,767,435 | 580,213,900 | 99.88 | 672,678 | 0.12 |
| 2005-06 | (1) | 619,151,100 | 76,752,024 | 695,903,124 | 671,768,730 | 96.53 | (8,863,432) | 687,039,692 | 14,500,288 | 686,269,018 | 99.89 | 770,674 | 0.11 |
| 2006-07 | (1) | 633,541,786 | 79,714,977 | 713,256,763 | 705,244,782 | 98.88 | (5,380,272) | 707,876,491 | 1,608,446 | 706,853,228 | 99.86 | 1,023,263 | 0.14 |
| 2007-08 | (2) | 643,729,137 | 80,683,950 | 724,413,087 | 717,920,126 | 99.10 | (3,008,030) | 721,405,057 | 1,439,617 | 719,359,743 | 99.72 | 2,045,314 | 0.28 |
| 2008-09 | (3) | 659,755,545 | 82,555,463 | 742,311,008 | 732,021,054 | 98.61 | (4,136,209) | 738,174,799 | 4,702,333 | 736,723,387 | 99.80 | 1,451,412 | 0.20 |
| 2009-10 | (4) | 675,043,791 | 84,818,421 | 759,862,212 | 748,828,597 | 98.55 | (9,188,440) | 750,673,772 | (242,765) | 748,585,832 | 99.72 | 2,087,940 | 0.28 |
| 2010-11 | (5) | 674,573,125 | 84,611,716 | 759,184,841 | 741,791,912 | 97.71 | (9,371,926) | 749,812,915 | - | 741,791,912 | 98.93 | 8,021,003 | 1.07 |

Source: The Metropolitan Government CAFR as of June 30, 2011

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

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

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

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

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

The following table shows the status of the property taxes remaining to be collected at June 30, 2011.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**
**SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE**
**June 30, 2011**

| | Year of Levy | Realty | Personalty | Public Utility | Total |
|---|---|---|---|---|---|
| General Services District | 2010 | $ 5,333,473 | $ 1,577,477 | $ 122,780 | $ 7,033,730 |
| | 2009 | 902,482 | 772,693 | 155,362 | 1,830,537 |
| | 2008 | 320,306 | 889,949 | 42,871 | 1,253,126 |
| | 2007 | 375,347 | 1,078,519 | 325,584 | 1,779,450 |
| | 2006 | 172,713 | 639,931 | 53,418 | 866,062 |
| | 2005 | 132,506 | 457,380 | 68,859 | 658,745 |
| | 2004 | 140,959 | 329,614 | 89,811 | 560,384 |
| | 2003 | 92,230 | 333,171 | 254,500 | 679,901 |
| | 2002 | 157,280 | 286,168 | 295,145 | 738,593 |
| | 2001 | 191,584 | 304,689 | 134,432 | 630,705 |
| | 2000 | 23,378 | 368,677 | 34,265 | 426,320 |
| Total General Services District | | 7,842,258 | 7,038,268 | 1,577,027 | 16,457,553 |
| Urban Services District | 2010 | 751,641 | 222,071 | 13,561 | 987,273 |
| | 2009 | 129,199 | 102,580 | 25,624 | 257,403 |
| | 2008 | 63,434 | 126,630 | 8,221 | 198,285 |
| | 2007 | 50,915 | 156,861 | 58,088 | 265,864 |
| | 2006 | 51,478 | 96,996 | 8,726 | 157,200 |
| | 2005 | 33,845 | 68,909 | 9,174 | 111,928 |
| | 2004 | 32,825 | 59,591 | 50,801 | 112,294 |
| | 2003 | (2,078) | 50,276 | 50,801 | 98,999 |
| | 2002 | 19,172 | 51,863 | 57,935 | 128,970 |
| | 2001 | 26,140 | 47,951 | 27,236 | 101,327 |
| | 2000 | 736 | 19,335 | 9,356 | 29,427 |
| Total Urban Services District | | 1,157,307 | 1,003,063 | 288,600 | 2,448,970 |
| Total Delinquent Property Taxes Receivable * | | $ 8,999,565 | $ 8,041,331 | $ 1,865,627 | $ 18,906,523 |

* Excludes 2011 Property Tax Levy

Source: The Metropolitan Government CAFR for each fiscal year

**Principal Property Taxpayers**

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

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

**Unaudited- See Accompanying Accountants' Report**

| | December 31, 2010 | | | | December 31, 2001 | | | |
|---|---|---|---|---|---|---|---|---|
| Taxpayer | 2010 Assessed Valuation | Amount of Tax | Rank | % of Total Tax Levy | 2001 Assessed Valuation | Amount of Tax | Rank | % of Total Tax Levy |
| Electric Power Board (1) | $ N/A | $ 25,427,819 | 1 | 3.35 % | $ N/A | $ 16,143,959 | 1 | 2.78% |
| Columbia/HCA | 261,865,701 | 10,365,070 | 2 | 1.36 | 130,448,103 | 5,354,054 | 4 | 0.92 |
| Gaylord | 239,565,000 | 9,046,305 | 3 | 1.19 | 295,849,479 | 11,437,420 | 2 | 1.97 |
| AT&T | 173,454,767 | 7,683,455 | 4 | 1.01 | - | - | (2) | - |
| Piedmont Natural Gas | 88,540,012 | 3,539,985 | 5 | 0.47 | 88,805,710 | 3,908,260 | 6 | 0.67 |
| Vanderbilt | 44,412,493 | 3,227,248 | 6 | 0.43 | - | - | (2) | - |
| Opry Mills Co. | 88,000,000 | 2,140,747 | 7 | 0.28 | - | - | (2) | - |
| Davis Street Land | 51,671,840 | 2,134,047 | 8 | 0.28 | - | - | (2) | - |
| CBL& Associates | 44,534,672 | 1,876,766 | 9 | 0.25 | 166,500,180 | 4,046,627 | 5 | 0.70 |
| 100 Oaks Plaza | 36,158,080 | 1,493,329 | 10 | 0.20 | - | - | (2) | - |
| BellSouth | - | - | (2) | - | 188,314,321 | 8,428,185 | 3 | 1.45 |
| PREFCO XIV LTD | - | - | (2) | - | 58,415,390 | 2,763,048 | 7 | 0.48 |
| H.G. Hills | - | - | (2) | - | 36,368,428 | 1,665,674 | 8 | 0.29 |
| Baptist Hospital | - | - | (2) | - | 38,829,681 | 1,489,235 | 9 | 0.26 |
| SunTrust Bank | - | - | (2) | - | 31,362,355 | 1,266,510 | 10 | 0.22 |
| | $ 1,028,202,565 | $ 66,934,771 | | 8.82 % | $ 1,034,893,647 | $ 56,502,972 | | 9.74% |

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

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

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

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

| | Years Ended June 30 | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Property taxes | $ 438,412,159 | $444,069,326 | $ 435,605,556 | $ 427,679,185 | $ 434,593,970 |
| Local option sales tax | 81,191,512 | 79,665,435 | 86,346,221 | 94,605,207 | 94,234,544 |
| Other taxes, licenses and permits | 101,931,24 | 92,273,405 | 98,494,812 | 107,221,918 | 100,085,098 |
| Fines, forfeits and penalties | 13,245,652 | 14,945,708 | 13,325,113 | 13,323,712 | 14,100,396 |
| Revenue from use of money of property | 20,882 | 82,193 | 1,053,155 | 2,351,064 | 2,770,783 |
| Revenue from other governmental agencies | 78,494,810 | 76,934,508 | 89,947,232 | 92,509,134 | 87,945,024 |
| Commissions and fees | 15,177,986 | 13,991,938 | 16,599,245 | 29,070,315 | 26,156,439 |
| Charges for current services | 29,115,469 | 26,036,703 | 29,213,374 | 29,704,119 | 27,264,419 |
| Compensation for loss, sale or damage to property | 502,104 | 770,528 | 314,660 | 377,878 | 611,348 |
| Contributions and gifts | 533,958 | 598,824 | 604,355 | 690,744 | 669,329 |
| Miscellaneous | 1,770,865 | 2,148,142 | 1,615,211 | 1,520,969 | 1,414,910 |
| Total Revenues | 760,396,642 | 751,516,710 | 773,118,934 | 799,054,245 | 789,846,260 |
| General Government | 24,920,818 | 23,676,884 | 26,623,136 | 24,331,909 | 23,583,082 |
| Fiscal administration | 23,760,394 | 22,499,859 | 24,112,437 | 16,472,712 | 15,777,516 |
| Administration of Justice | 55,407,798 | 54,590,759 | 56,871,162 | 65,699,378 | 63,883,484 |
| Law enforcement and care of prisoners | 215,945,118 | 206,419,773 | 211,373,327 | 222,550,295 | 210,992,633 |
| Fire prevention and control | 109,108,267 | 104,214,957 | 107,034,837 | 119,648,604 | 112,717,674 |
| Regulation and inspection | 7,867,410 | 7,492,864 | 7,951,586 | 8,581,612 | 8,351,652 |
| Conservation of natural resources | 340,296 | 352,001 | 407,442 | 456,284 | 444,857 |
| Public welfare | 6,658,098 | 6,391,205 | 7,460,432 | 8,368,409 | 9,059,595 |
| Public health and hospitals | 62,481,289 | 93,805,990 | 83,419,885 | 85,557,855 | 85,715,255 |
| Public library system | 19,769,677 | 18,445,049 | 19,891,826 | 21,830,610 | 20,998,942 |
| Public works, highway, and street | 29,563,956 | 30,946,270 | 33,787,255 | 37,832,716 | 36,583,000 |
| Recreational and cultural | 31,849,947 | 31,368,718 | 35,539,361 | 38,852,055 | 36,748,546 |
| Employee benefits | 69,327,218 | 64,637,576 | 62,420,127 | 61,100,542 | 59,012,395 |
| Miscellaneous | 71,067,149 | 55,652,301 | 40,260,803 | 44,480,259 | 51,967,639 |
| Total Expenditures | 728,067,435 | 720,494,206 | 717,153,616 | 755,763,240 | 735,826,270 |
| Excess (Deficiency) of revenues over expenditures | 32,329,207 | 31,022,504 | 55,965,318 | 43,291,005 | 54,019,990 |
| Transfers in | 41,898,124 | 17,158,395 | 21,859,528 | 16,696,087 | 15,850,393 |
| Transfers out | (67,640,036) | (67,008,567) | (61,216,302) | (57,455,113) | (56,218,467) |
| Total Other Financing Sources (Uses) | (25,741,912) | (49,850,172) | (39,356,774) | (40,759,026) | (40,368,074) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 6,587,295 | (18,827,668) | 16,608,544 | 2,531,979 | 13,651,916 |
| | 60,898,849 | 79,726,517 | 63,117,973 | 60,585,994 | 46,934,078 |
| | $ 67,486,144 | $60,898,849 | $ 79,726,517 | $63,117,973 | $60,585,994 |

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

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

| | Years Ended June 30 | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| REVENUES: | | | | | |
| Property taxes | $223,021,552 | $226,114,328 | $ 221,223,164 | $ 216,365,991 | $ 217,105,797 |
| Local option sales tax | 175,271,993 | 171,369,784 | 159,185,602 | 171,454,343 | 171,377,172 |
| Other taxes, licenses and permits | 45,451,041 | 43,909,306 | 45,074,681 | 45,353,803 | 30,091,185 |
| Fines, forfeits and penalties | 4,834,363 | 3,414,841 | 3,765,696 | 5,986,697 | 4,549,128 |
| Revenue from the use of money or property | 96,206 | 225,106 | 1,890,504 | 5,566,554 | 6,092,863 |
| Revenue from other governmental agencies | 465,985,670 | 403,564,662 | 357,587,139 | 344,063,374 | 321,504,080 |
| Commissions and fees (2) | 8,282,460 | 8,010,122 | 8,450,307 | - | - |
| Charges for current services | 27,477,875 | 23,678,064 | 21,084,956 | 23,233,415 | 24,114,122 |
| Compensation for loss, sale or damage to property | 833,531 | 402,567 | 364,704 | 399,614 | 444,463 |
| Contributions and gifts | 2,998,162 | 4,094,898 | 8,495,946 | 8,684,409 | 7,019,037 |
| Miscellaneous | 697,845 | 558,235 | 584,535 | 538,334 | 403,376 |
| Total revenues | 954,950,698 | 885,341,913 | 827,707,234 | 821,646,534 | 782,701,223 |
| EXPENDITURES | | | | | |
| Personal services | 678,325,275 | 672,621,647 | 649,208,731 | 610,393,323 | 568,039,061 |
| Contractual services | 221,570,299 | 167,758,730 | 144,055,508 | 134,786,207 | 112,283,440 |
| Supplies | 75,597,105 | 69,485,240 | 63,233,777 | 63,636,483 | 68,705,431 |
| Other | 10,257,574 | 7,928,239 | 6,508,348 | 8,519,747 | 17,844,543 |
| Capital outlay | 58,283,785 | 36,365,815 | 26,537,782 | 13,323,287 | 10,599,889 |
| Total Expenditures | 1,044,034,038 | 954,159,671 | 889,544,146 | 830,659,047 | 777,472,364 |
| Excess (deficiency) of revenues over expenditures | (89,083,340) | (68,817,758) | (61,836,912) | (9,012,513) | (5,228,859) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Insurance recovery | 37,000,000 | 15,000,000 | - | - | - |
| Transfers in | 93,818,289 | 67,848,554 | 56,684,091 | 76,591,169 | 65,972,623 |
| Transfers out | (52,154,173) | (65,664,990) | (37,016,989) | (42,363,567) | (43,602,031) |
| Total Other Financing Sources (Uses) | 78,664,116 | 17,183,564 | 19,667,102 | 34,227,602 | 22,370,592 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (10,419,224) | (51,634,194) | (42,169,810) | 25,215,089 | 27,599,451 |
| FUND BALANCE, beginning of year, as restated | 110,999,408 | 162,633,602 | 204,803,412 | 179,588,323 | 151,988,872 |
| FUND BALANCE, end of year | $100,580,184 | $110,999,408 | $162,633,602 | $204,803,412 | $179,588,323 |

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

Source: The Metropolitan Government CAFR for each fiscal year

The Metropolitan Government of Nashville and Davidson County

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

Years Ended June 30

| REVENUES: | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Property Taxes | $120,804,490 | $122,698,575 | $118,575,150 | $113,948,311 | $110,717,130 |
| Local option sales tax | 1,643,404 | 5,143,018 | 19,041,127 | 19,424,138 | 19,646,782 |
| Other taxes, licenses and permits | - | - | 126,816 | - | - |
| Fines, forfeits and penalties | 494,577 | 554,813 | 434,021 | 559,348 | 604,993 |
| Revenue from the use of money of property | 117,865 | 169,738 | 778,297 | 2,336,473 | 2,999,181 |
| Revenue from other governmental agencies | 5,708,388 | 4,100,815 | 4,073,441 | 4,143,610 | 6,402,439 |
| Compensation for loss, sale, or damage to property | - | - | - | - | - |
| Charges for current services | - | 972,094 | 838,699 | 1,001,783 | 228,712 |
| Miscellaneous | - | - | 2,403,918 | 796,575 | - |
| Total Revenues | 128,768,724 | 133,639,053 | 146,271,469 | 142,210,238 | 140,599,237 |
| EXPENDITURES | | | | | |
| Principal retirement | 3,397,777 | 85,889,567 | 85,914,567 | 94,819,566 | 95,569,567 |
| Interest | 85,123,862 | 80,611,709 | 83,169,612 | 79,323,719 | 72,522,916 |
| Fiscal charges | 3,406,148 | 906,832 | 3,604,978 | 3,730,505 | 2,818,981 |
| Debt issue costs | 1,925,066 | 4,347,663 | 240,000 | 323,288 | 587,900 |
| Total Expenditures | 93,852,853 | 171,755,771 | 172,929,157 | 178,197,078 | 171,499,364 |
| Excess (deficiency) of revenues over expenditures | (34,915,871) | (38,116,718) | (26,657,688) | (35,986,840) | (30,900,127) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of refunding debt | 290,201,755 | 189,895,243 | 59,140,000 | - | 186,890,000 |
| Payments to refunded bond escrow agent | (331,757,177) | (206,868,923) | (58,900,000) | - | (198,934,669) |
| Bond issue premium (discount) | 43,480,488 | 18,244,966 | - | - | 12,632,569 |
| Bond interest tax credit | 5,327,305 | - | - | - | - |
| Transfers in | 13,996,949 | 18,831,042 | 17,578,067 | 29,729,100 | 17,912,077 |
| Transfers out | (44,160,500) | - | (4,010,200) | (7,922,177) | (30) |
| Total Other Financing Sources (Uses) | (22,911,180) | 20,102,328 | 13,807,867 | 21,806,923 | 18,499,947 |
| Excess (deficiency) of revenues and other Sources over expenditures and other uses | 12,004,691 | (18,014,390) | (12,849,821) | (14,179,917) | (12,400,180) |
| FUND BALANCE, beginning of year | 27,573,042 | 45,587,432 | 58,437,253 | 72,617,170 | 85,017,350 |
| FUND BALANCE, end of year | $ 39,577,733 | $27,573,042 | $45,587,432 | $58,437,253 | $72,617,170 |

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

## Debt Calculations

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT
JUNE 30, 2011

| | | | | |
|---|---|---|---|---|
| Gross General Obligation Debt | | | | |
| General Obligation Bonds Payable | | | | |
| General Services District: | | | | |
| For School Purposes | $ | 622,578,144 | | |
| For General Purposes | | 1,110,496,736 | | |
| Urban Services District: | | | | |
| For General Purposes | | 156,259,685 | | |
| Total Gross General Obligation Debt | | | $ | 1,889,334,565 |
| Less: | | | | |
| Amounts Available In Debt Service Funds | | | | |
| General Services District: | | | | |
| For School Purposes | | 23,167,981 | | |
| For General Purposes | | 8,626,889 | | |
| Urban Services District: | | | | |
| For General Purposes | | 6,159,913 | | |
| Total Amounts Available In Debt Service Funds (1) | | | | 37,954,783 |
| Net General Obligation Debt | | | $ | 1,851,379,782 |

(1) Excludes the Correction Facility Revenue Bonds.

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2011

[The Remainder of Page Intentionally Left Blank]

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

## DEBT RATIOS

AS OF JUNE 30, 2011

| | | |
|---|---|---|
| Total Debt (1) | | |
| Debt to Estimated Market Value | | 2.99% |
| Debt to Assessed Value | | 9.84% |
| Debt per Capita | $ | 3,041.83 |
| | | |
| Net Debt | | |
| Debt to Estimated Market Value | | 2.93% |
| Debt to Assessed Value | | 9.64% |
| Debt per Capita | $ | 2,954.26 |

The above table is based upon:

| | | |
|---|---|---|
| Estimated Market Value | $ | 63,280,838,469 |
| Assessed Value | $ | 19,208,515,173 |
| Population | | 626,681 |

(1) Please refer to pages H-16-17 (Estimated Market Value), H-26 and H-32 in the 2011 CAFR.
(2) Source: US Department of Commerce, Bureau of the Census and Labor.

[The Remainder of Page Intentionally Left Blank]

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

## HISTORICAL DEBT RATIOS

| Fiscal Year | Population | Assessed Valuation (in thousands) | Gross Debt (in thousands) | Debt Service Monies Available (in thousands) | Debt Payable From Sources Other Than Property Taxes (in thousands) | Net Debt (in thousands) | Ratio of Net Debt to Assessed Valuation | Net Debt Per Capita |
|---|---|---|---|---|---|---|---|---|
| 2000-01 | 571,312 | $11,389,795 | $1,196,320 | $156,402 | $26,939 | $1,012,979 | 8.89% | $1,773.07 |
| 2001-02 | 569,174 | 13,373,373 | 1,187,245 | 162,066 | 22,360 | 1,002,819 | 7.50% | 1,761.88 |
| 2002-03 | 570,136 | 13,463,419 | 1,114,990 | 163,737 | 17,563 | 933,690 | 6.94% | 1,637.66 |
| 2003-04 | 572,475 | 13,280,464 | 1,158,710 | 151,390 | 12,519 | 994,801 | 7.49% | 1,737.72 |
| 2004-05 | 580,455 | 13,432,024 | 1,279,935 | 136,955 | 7,220 | 1,135,760 | 8.46% | 1,956.67 |
| 2005-06 | 576,382 | 15,533,719 | 1,600,695 | 83,596 | 1,655 | 1,515,444 | 9.76% | 2,629.24 |
| 2006-07 | 578,698 | 15,897,957 | 1,503,390 | 70,969 | 130 | 1,432,291 | 8.97% | 2,475.02 |
| 2007-08 | 619,626 | 16,152,729 | 1,718,615 | 56,803 | - | 1,661,812 | 10.23% | 2,681.96 |
| 2008-09 | 626,144 | 16,554,047 | 1,578,135 | 43,962 | - | 1,534,173 | 9.35% | 2,450.19 |
| 2009-10 | 635,710 | 19,222,371 | 1,904,109 | 25,950 | - | 1,878,159 | 9.77% | 2,954.43 |

Source: The Metropolitan Government CAFR as of June 30, 2011

[The Remainder of Page Intentionally Left Blank]

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

**TOTAL DEBT SERVICE**

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2011
Secured by Ad Valorem Taxes

| Year Ending June 30 | GSD School Purposes | GSD General Purposes | USD General Purposes | Total GSD and USD |
|---|---|---|---|---|
| 2012 | $ 31,719,509 | $ 59,224,992 | $ 8,872,371 | $ 99,816,872 |
| 2013 | 44,807,133 | 79,186,726 | 13,201,843 | 137,198,702 |
| 2014 | 59,746,318 | 103,696,842 | 16,227,047 | 179,670,207 |
| 2015 | 64,071,235 | 109,082,892 | 17,591,949 | 190,746,076 |
| 2016 | 64,437,157 | 110,274,955 | 14,251,081 | 188,963,193 |
| 2017 | 67,153,428 | 108,243,335 | 15,428,181 | 190,824,944 |
| 2018 | 67,151,559 | 106,393,772 | 17,275,884 | 190,821,215 |
| 2019 | 67,914,178 | 105,953,763 | 16,938,157 | 190,806,098 |
| 2020 | 58,989,327 | 97,869,492 | 14,582,999 | 171,441,818 |
| 2021 | 55,827,109 | 92,450,391 | 13,616,596 | 161,894,096 |
| 2022 | 56,173,192 | 92,863,524 | 13,695,461 | 162,732,177 |
| 2023 | 53,755,701 | 95,048,744 | 13,943,981 | 162,748,426 |
| 2024 | 53,202,030 | 94,379,335 | 13,817,111 | 161,398,476 |
| 2025 | 47,433,631 | 87,451,015 | 12,519,569 | 147,404,215 |
| 2026 | 34,835,099 | 73,099,110 | 9,961,191 | 117,895,400 |
| 2027 | 28,017,615 | 63,906,881 | 8,555,599 | 100,480,095 |
| 2028 | 20,033,953 | 57,113,267 | 7,105,931 | 84,253,151 |
| 2029 | 7,173,389 | 33,971,300 | 2,585,250 | 43,729,939 |
| 2030 | 7,090,268 | 33,542,317 | 2,549,541 | 43,182,186 |
| 2031 | 5,612,874 | 29,133,753 | 2,438,151 | 37,184,778 |
| 2032 | 5,524,530 | 28,675,201 | 2,399,775 | 36,599,506 |
| 2033 | 5,433,265 | 28,201,492 | 2,360,132 | 35,994,889 |
| 2034 | 5,337,961 | 27,706,807 | 2,318,732 | 35,363,500 |
| 2035 | 5,239,002 | 27,329,427 | 2,128,081 | 34,696,510 |
| | $ 916,679,463 | $ 1,744,799,333 | $ 244,367,613 | $ 2,905,846,409 |

Source: The Metropolitan Government CAFR as of June 30, 2011

## Investment Policy

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

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

1) Preservation of principal

2) Maintenance of liquidity

3) Maximize returns

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

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

## Mass Transit Expenditures

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2011, approximately $23.020 million and $5.439 million respectively, to pay approximately 56.8% 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 Remainder of Page Intentionally Left Blank]

**District Energy System Overview**

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

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

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

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

*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 Bridgestone Arena). 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 through 2019 and $4.8 million thereafter until 2027.

**Convention Center Authority**

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

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

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

**Pension Plans and Other Post-Employment Benefits**

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 Plans, and both Division A and B (as hereinafter defined) 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, Metropolitan Government employees in the Metropolitan Plans 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 its 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 Metropolitan 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 County 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 MBE 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 County Council.

All funds appropriated for funding obligations of the superseded systems are directly transferred to the GPP. From the GPP, the Metropolitan 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 Remainder of Page Intentionally Left Blank]

The following summary states (in thousands) the unfunded pension benefit obligation (asset) (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:

City County (as of June 30, 2011)

| | |
|---|---|
| Metro Benefits | $ 3,909 |
| Davidson County Employees | (6,304) |
| Police and Fire | (10,079) |

Board of Education Plans (as of June 30, 2011)

| | |
|---|---|
| Nashville City Teachers | $ (7,579) |
| Employees Pension and Insurance | (5,238) |
| MBOE Teachers | 71,316 |

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 Metropolitan Government currently provides various other post-employment benefits ("OPEB") other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro 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, 2011, benefits paid totaled $39,547,262.

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, 2011, benefits paid totaled $12,325,242.

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

For June 30, 2010, amounts related to OPEB were (all amounts in thousands):

| | Metro Plan | School Plan |
|---|---|---|
| Net OPEB Obligation | $ 531,775 | $ 117,551 |
| Actuarial Accrued Liability (AAL) | 2,108,602 | 586,069 |
| Unfunded AAL | 2,108,602 | 586,069 |
| Annual Required Contribution | 200,212 | 52,095 |

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2010 valuation date and census data
- Actual dependent coverage information
- 4.5% rate of return (net of administrative expenses)
- Health care cost trend rate: 8% graded to 5% for other medical expenses, 10.5% graded to 5% for prescription drugs, 4% for dental and vision expenses

**Public Employees' Representation**

As of June 30, 2011, the Metropolitan Government and MBE employed approximately 16,782 persons of whom approximately 9,702 worked full-time for the MBE and 7,080 worked full-time for the Metropolitan Government. Approximately 86% of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,688 active employees, of which 1,382 are sworn personnel. Approximately 1,073 sworn officers (or 78%) of the Police Department belong to the Fraternal Order of Police, Andrew Jackson Lodge No. 5, the designated employee representative. Of those employed by the MBE, approximately 2,767 (or 45%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 1,136 (or 41%) of the non-teaching employees are members of the Service Employees International Union; and 233 (or 30%) are in the Steel Workers Union.

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

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

**Economic and Demographic Profile of the Metropolitan Government**

**Introduction**

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

**Population Growth**

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

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

| Area | 2000 | 2010 | Change 2000 - 2010 |
|---|---|---|---|
| Nashville/Davidson | 569,891 | 626,681 | 10.0% |
| MSA | 1,311,789 | 1,589,935 | 21.2% |
| State | 5,689,283 | 6,346,105 | 11.5% |
| United States | 281,421,906 | 308,745,538 | 9.7% |

Census Bureau (census.gov)

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

### Per Capita Personal Income

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| Nashville/Davidson | 35,010 | 35,549 | 36,979 | 37,693 | 39,052 | 39,764 | 42,614 | 44,023 | 45,138 | 43,457 |
| MSA | 31,662 | 31,845 | 32,511 | 33,354 | 34,865 | 36,051 | 38,172 | 39,522 | 40,246 | 38,656 |
| State | 26,691 | 27,529 | 28,127 | 28,998 | 30,255 | 31,302 | 32,881 | 34,237 | 35,119 | 34,277 |
| United States | 30,318 | 31,145 | 31,461 | 32,271 | 33,881 | 35,424 | 37,698 | 39,461 | 40,674 | 39,635 |

Source - Bureau of Economic Analysis (bea.gov)

### Economy of the Metropolitan Area

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

**Employment**

The following table shows the labor force segments of the eight-county Nashville Metropolitan Statistical Area for calendar years 2001 through June 2010.

**NASHVILLE MSA**

**EMPLOYMENT BY INDUSTRY (1)**

| **Industry** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
|---|---|---|---|---|---|---|---|---|---|---|
| Education & Health Services | 86.1 | 90.6 | 94.9 | 98.4 | 101.4 | 104.4 | 108.1 | 112.0 | 114.9 | 118.3 |
| Financial Activities | 44.2 | 43.6 | 44.7 | 44.5 | 45.2 | 45.7 | 46.2 | 45.9 | 45.0 | 45.8 |
| Government | 91.6 | 92.1 | 94.2 | 95.9 | 96.9 | 98.6 | 99.9 | 103.1 | 104.6 | 106.3 |
| Information | 23.3 | 21.6 | 19.9 | 19.4 | 19.7 | 19.3 | 19.8 | 21.1 | 20.0 | 19.4 |
| Leisure & Hospitality | 68.6 | 69.7 | 71.7 | 72.0 | 74.6 | 77.6 | 80.7 | 79.5 | 76.5 | 76.8 |
| Manufacturing | 88.8 | 83.8 | 81.8 | 83.6 | 84.5 | 84.1 | 79.3 | 73.4 | 62.4 | 60.1 |
| Professional & Business Services | 8.6 | 87.0 | 84.1 | 91.5 | 96.7 | 98.9 | 101.9 | 100.6 | 93.0 | 98.3 |
| Trade, Transportation, Utilities | 141.9 | 137.9 | 141.8 | 146.0 | 150.7 | 153.7 | 154.6 | 154.6 | 147.7 | 147.1 |
| **Total Non-Agriculture Employment** | 693.5 | 689.5 | 697.6 | 715.3 | 735.4 | 751.8 | 762.5 | 760.6 | 726.0 | 732.9 |

Source – Bureau of Labor Statics (bls.gov)

(1) Employment numbers in thousands.

[The Remainder of Page Intentionally Left Blank]

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

| | Nashville MSA | | | | | Tennessee | | | | | United States | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011[1] | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Total All Industries (2) | 757 | 733 | 726 | 761 | 763 | 2,686 | 2,617 | 2,592 | 2,714 | 2,805 | 132,940 | 129,818 | 130,807 | 136,790 | 137,598 |
| In Percentages: | | | | | | | | | | | | | | | |
| Construction & Mining | 4.3% | 4.2% | 4.4% | 5.2% | 5.5% | 4.3% | 4.1% | 4.0% | 4.5% | 4.9% | 4.9% | 4.8% | 5.1% | 5.8% | 6.1% |
| Education & Health Services | 16.0% | 11.6% | 12.4% | 12.5% | 13.0% | 14.4% | 14.4% | 14.2% | 13.4% | 12.6% | 15.3% | 15.1% | 14.7% | 13.8% | 13.3% |
| Financial Activities | 6.2% | 5.9% | 6.0% | 5.9% | 5.9% | 5.2% | 5.2% | 5.4% | 5.3% | 5.2% | 5.7% | 5.9% | 5.9% | 6.0% | 6.0% |
| Government | 14.4% | 12.3% | 12.6% | 12.4% | 12.7% | 16.6% | 16.5% | 16.6% | 15.9% | 15.1% | 16.9% | 17.3% | 17.2% | 16.5% | 16.1% |
| Information | 2.4% | 3.1% | 3.0% | 2.6% | 2.6% | 1.6% | 1.7% | 1.7% | 1.8% | 1.8% | 2.0% | 2.1% | 2.1% | 2.2% | 2.2% |
| Leisure & Hospitality | 10.4% | 9.2% | 9.5% | 9.5% | 9.5% | 9.8% | 10.0% | 10.1% | 9.9% | 9.9% | 9.8% | 10.0% | 10.0% | 9.8% | 9.8% |
| Manufacturing | 8.2% | 11.9% | 11.4% | 10.8% | 11.1% | 11.3% | 11.2% | 11.5% | 12.5% | 13.3% | 8.9% | 8.9% | 9.1% | 9.8% | 10.1% |
| Professional & Business Services | 14.2% | 11.6% | 11.9% | 11.1% | 12.1% | 12.1% | 11.8% | 11.3% | 11.4% | 11.6% | 13.2% | 12.9% | 12.7% | 13.0% | 13.0% |
| Trade, Transportation Utilities | 19.7% | 19.0% | 18.8% | 18.7% | 19.3% | 20.9% | 21.3% | 21.3% | 21.5% | 21.8% | 19.2% | 19.0% | 19.0% | 19.2% | 19.4% |
| Other | 4.2% | 15.3% | 14.4% | 16.4% | 13.7% | 3.8% | 7.9% | 7.9% | 8.3% | 8.6% | 4.1% | 8.9% | 9.2% | 9.8% | 10.0% |

Annual Average except 2011 which is month of November

(1) Total Employment in thousands

(2) Total Nonfarm Employment in thousands

Source: Bureau of Labor Statistics (bls.gov)

[The Remainder of Page Intentionally Left Blank]

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

| | June 30, 2011 | | | | June 30, 2002 | | | |
|---|---|---|---|---|---|---|---|---|
| Employer | Employees | Rank | % of Total Employment | | Employees | Rank | % of Total Employment | |
| Vanderbilt University and Medical Center | 21,232 | 1 | 2.74 | % | 13,601 | 2 | 1.98 | % |
| Metro Nashville-Davidson Co. Government And Public Schools | 19,241 | 2 | 2.48 | | 17,437 | 3 | 2.54 | |
| State of Tennessee | 18,736 | 3 | 2.42 | | 19,144 | 1 | 2.79 | |
| U.S. Government | 12,113 | 4 | 1.56 | | 11,800 | 4 | 1.72 | |
| Nissan North America Inc. | 11,500 | 5 | 1.49 | | 5,786 | 7 | 0.84 | |
| HCA (including Tri-Star Health System)(1) | 7,000 | 6 | 0.90 | | 8,500 | 5 | 1.24 | |
| St. Thomas Health Services | 6,500 | 7 | 0.84 | | - | | - | (2) |
| The Kroger Company | 3,554 | 8 | 0.46 | | 3,350 | 10 | 0.49 | |
| Shoney's Inc. | 3,000 | 9 | 0.39 | | 3,672 | 8 | 0.54 | |
| Gaylord Entertainment Co. (1) | 2,662 | 10 | 0.34 | | - | | - | (2) |
| Saturn Corporation | - | | - | (2) | 7,609 | 6 | 1.11 | |
| Dell Inc. | - | | - | (2) | 3,400 | 9 | 0.50 | |
| | 105,538 | | 13.63 | % | 94,299 | | 13.76 | % |

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

(1)National, State or Corporate Headquarters.

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

**Unemployment Rates**

The following table sets forth the unemployment percentage rates in the Metropolitan Government, the MSA, the State and the United States for the calendar years 2002-2011.

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Metropolitan Government | 4.4 | 4.6 | 4.6 | 4.5 | 4.2 | 4 | 5.4 | 8.8 | 8.8 | 7.3 |
| Nashville MSA | 4.4 | 4.7 | 4.5 | 4.5 | 4.2 | 4.1 | 5.7 | 9.2 | 8.6 | 7.2 |
| Tennessee | 5.3 | 5.7 | 5.4 | 5.6 | 5.2 | 4.9 | 6.6 | 10.4 | 9.7 | 8.4 |
| United States | 5.8 | 6.0 | 5.5 | 5.1 | 4.6 | 4.6 | 5.8 | 9.3 | 9.6 | 8.2 |

Source: Bureau of Labor Statistics (bls.gov)

2002-2010 Annual average rate

2011 Monthly Rate for November

**Investment and Job Creation**

In the past two years, the Nashville Area Chamber of Commerce announced some 126 business relocations or expansions into the Nashville MSA, collectively bringing 10,290 new jobs to the Metro area. Continued expansion has occurred in recent years in corporate and regional headquarters, information processing operations, the automotive industry, health care management and many areas where the local economy has established strength and growth potential.

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

**Education**

The Metropolitan School System had its beginning in 1963 with the merger of Nashville and Davidson County. The Metropolitan Government public schools make up the second largest school system in Tennessee. In the 2010-2011 school year, Metropolitan Government had 139 public schools, with more than 78,000 students and 5,000 teachers. In addition, there are 75 independent schools, which are attended by over 27,800 students from pre-kindergarten through 12th grade.

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

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

| Member | Office | Term Expires |
|---|---|---|
| Gracie Porter | Chair | 2012 |
| Mark North | Vice-Chair | 2012 |
| Dr. Jo Ann Brannon | Member | 2014 |
| Sharon Dixon Gentry, Ed.D. | Member | 2012 |
| Michael Hayes | Member | 2014 |
| Edward T. Kindall | Member | 2012 |
| Cheryl D. Mayes | Member | 2014 |
| Anna Shepherd | Member | 2014 |
| Kay Simmons | Member | 2012 |

[The Remainder of Page Intentionally Left Blank]

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

**SCHOOL SYSTEM**

**Public Education Facilities**

**2010-2011**

| Education Level | Number of Schools | School Year Enrollment |
|---|---|---|
| Pre-School | ** | 197 |
| Pre-Kindergarten | ** | 2,071 |
| Elementary | 72 | 32,938 |
| Middle | 34 | 22,075 |
| High | 21 | 20,336 |
| Alternative | 3 | *** |
| Exceptional Education | 4 | *** |
| Charter Schools | 5 | *** |
| Total | 139 | 77,617 |

**No Separate Facilities

***Included in grade totals

**SCHOOL SYSTEM**

**Public Schools Enrollment and Attendance**

| School Year | Enrollment | Average Attendance |
|---|---|---|
| 2000-2001 | 69,457 | 65,289 |
| 2001-2002 | 69,700 | 66,319 |
| 2002-2003 | 70,028 | 66,554 |
| 2003-2004 | 70,760 | 65,857 |
| 2004-2005 | 71,651 | 65,960 |
| 2005-2006 | 72,735 | 67,530 |
| 2006-2007 | 74,163 | 69,360 |
| 2007-2008 | 74,733 | 70,231 |
| 2008-2009 | 75,043 | 69,686 |
| 2009-2010 | 76,329 | 70,979 |
| 2010-2011 | 78,014 | 72,347 |

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

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

**Manufacturing**

As of April 2011, an average of 60,100 persons were employed in the manufacturing industries in the Nashville MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

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

**Trade**

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with consumer spending by Nashville MSA residents exceeding $29.0 billion. Nashville is one of the top 50 retail markets in the country. In the Nashville region there are 242 shopping centers with 37.2 million square feet of gross leasable area. Eight of these centers are super-regional and 15 are regional.

**Agriculture**

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

**Transportation**

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

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

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

A commuter rail service from Lebanon, Tennessee to Nashville, approximately 32 miles, known as the Music City Star commenced transportation services in the September of 2006. It is operated under the direction of the Regional

Transportation Authority, a multi-county agency. The ticket price includes Metropolitan Transportation Authority ("MTA") bus service on circulator routes in the downtown area.

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

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

Airport Facts:

• 900,000-square-foot terminal

• 45 gates and 15 commuter aircraft parking positions

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

• Four runways

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

• Nearly 10 million passengers a year

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

• 46,000-plus tons of cargo in 2010

• Serving 66 markets; 46 nonstop (03/11)

• 366 daily flights (03/11)

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

**Construction**

Construction in Nashville is illustrated by the following table describing the number and value of building permits issued by the Department of Codes Administration of the Metropolitan Government. Construction has grown through most of the 2000's. In 2010, the Metropolitan Government saw a total dollar volume of permit activity at $1.38 billion.

Of the nine major areas of office development in Nashville, the Central Business District ("CBD") is by far the largest, with approximately 7.5 million square feet of leasable space. The CBD remained relatively flat in 2010 in overall leasing. Office vacancy in the CBD at the end of the fourth quarter of 2010 was 19.9%, up slightly from 19.3% in the third quarter. Three other important office submarkets- Green Hills, West End and Metro Center - in Nashville, meanwhile have vacancy rates at 10% or lower. Leasing activity remains steady in most Nashville office submarkets. New construction in downtown Nashville includes the new Music City Center, a 1.2 million square feet convention center scheduled to open in early 2013. Omni Hotel and Resorts is building an 800 room hotel adjacent to the Music City Center that will serve as the centers headquarter hotel. The hotel is scheduled to open in 2013, shortly after the convention center.

## NUMBER AND VALUE OF BUILDING PERMITS IN

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

| Calendar Year | Residential Construction Number of Permits | Residential Construction Value | Non-Residential Construction Number of Permits | Non-Residential Construction Value | Repairs, Alterations and Installations Number of Permits | Repairs, Alterations and Installations Value | Other (1) Number of Permits | Other (1) Value | Total Number of Permits | Total Permit Value |
|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 2,975 | 521,311,880 | 896 | 354,527,042 | 4,146 | 336,595,779 | 1,179 | 14,962,413 | 9,196 | 1,227,397,114 |
| 2002 | 2,846 | 476,572,494 | 851 | 173,707,294 | 4,302 | 405,697,860 | 1,433 | 20,029,867 | 9,432 | 1,076,007,515 |
| 2003 | 3,207 | 536,278,115 | 693 | 279,867,295 | 4,531 | 356,979,647 | 1,222 | 20,013,372 | 9,653 | 1,193,138,429 |
| 2004 | 3,708 | 655,382,120 | 849 | 398,788,311 | 4,023 | 351,762,279 | 1,291 | 23,195,687 | 9,871 | 1,429,128,397 |
| 2005 | 3,794 | 747,525,151 | 865 | 428,627,829 | 4,431 | 462,950,966 | 1,434 | 24,073,860 | 10,524 | 1,663,177,806 |
| 2006 | 3,801 | 758,964,847 | 620 | 503,077,069 | 5,094 | 553,177,902 | 1,422 | 15,722,367 | 10,937 | 1,830,942,185 |
| 2007 | 5,965 | 851,544,710 | 1,453 | 619,951,806 | 2,754 | 267,721,486 | 1,469 | 17,293,882 | 11,641 | 1,756,511,884 |
| 2008 | 4,361 | 412,842,242 | 489 | 408,945,106 | 3,597 | 460,743,268 | 858 | 21,723,839 | 9,305 | 1,304,254,455 |
| 2009 | 3,149 | 318,357,857 | 495 | 375,074,904 | 1,913 | 205,828,855 | 1,730 | 14,464,364 | 7,287 | 913,725,980 |
| 2010 | 2,067 | 294,470,986 | 528 | 647,479,914 | 6,722 | 424,461,986 | 1,663 | 15,189,625 | 10,980 | 1,381,602,481 |
| 2011 | 2,166 | 372,440,931 | 444 | 382,483,854 | 3,163 | 377,053,306 | 1,840 | 18,738,180 | 7,613 | 1,150,716,271 |

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

Source: Metropolitan Government Department of Code Administration

**Tourism**

Tourism is a major industry in Nashville. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville in 2010 and they spent approximately $3.9 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the city's success.

In the spring of 2010, the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County began construction on the new Convention Center – the Music City Center. The Music City Center, scheduled for completion in February 2013, will feature an approximate 350,000 square foot exhibit hall, approximately 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), approximately 90,000 square feet of meeting rooms, and 31 loading docks. In addition, there are approximately 30,000 square feet of retail space and a parking garage with approximately 1,800 spaces. A new $275 million headquarters hotel will be built next to the Music City Center. The 800-room Omni Hotel will feature four restaurants, two ballrooms, 64,000 square feet of meeting space, and a pool and spa fitness center. A feature unique to Nashville will be the hotel's physical connection to the adjacent Country Music Hall of Fame and Museum. Omni, through an agreement with the Country Music Hall of Fame and Museum and the Metropolitan Government, will build an addition to the attraction including additional exhibit space and a 500 seat performance theater. The hotel and Country Music Hall of Fame and Museum will be connected and share some space. The project that will contain 765 underground parking spaces is scheduled to open summer 2013.

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

Each year, the Country Music Association coordinates a music festival known as CMA Music Festival. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased each year since then, with average estimates at 124,000 attendees annually. The last three years CBS or ABC have broadcast a 2 hour show of highlights with Nashville featured as much as the music.

Opry Mills Mall, located adjacent to the Opryland Hotel, closed in May 2010 due to severe flooding. In September 2010, Bass Pro Shop re-opened in the space it previously occupied. The mall owners have announced four additional anchor stores will re-open in time for the 2011 holiday shopping season. The official re-opening is scheduled for late first quarter 2012.

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

The Bridgestone Arena is now in its twelfth year of operation as a premier entertainment facility. The Arena is home of the Nashville Predators, an NHL team that in 2011 played two rounds into the Stanley Cup playoffs, in its eleventh season in Nashville.

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

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

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 features a state-of-the-art planetarium. It also features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program which will make it one of the largest zoos in the country. The zoo property is built around the historic Grassmere Home and features an ever-expanding display of reptiles, amphibians and birds from throughout the world.

The Nashville MSA has more than 315 hotels and motels that offer more than 35,639 rooms. Developers are in the due diligence stage for multiple additional 300 to 500 room properties in the downtown area. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,884 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. The hotel was severely damaged in the May 2010 flood and closed for 6 months. Reopened in November 2010 the Gaylord company spent $270 million in upgrades and repair. Below is a history of hotel/motel rooms in Nashville MSA and percentage of occupancy from 1996 through 2010:

**HOTEL AND MOTEL ROOMS**

| Calendar Year | Rooms Available | Occupancy Rate |
|---|---|---|
| 1996 | 27,041 | 67.20% |
| 1997 | 28,684 | 66.40% |
| 1998 | 30,122 | 61.90% |
| 1999 | 31,106 | 61.00% |
| 2000 | 32,385 | 59.90% |
| 2001 | 33,316 | 56.50% |
| 2002 | 33,474 | 56.90% |
| 2003 | 32,661 | 58.50% |
| 2004 | 32,727 | 60.70% |
| 2005 | 32,983 | 62.30% |
| 2006 | 33,052 | 66.20% |
| 2007 | 33,056 | 66.90% |
| 2008 | 34,921 | 62.50% |
| 2009 | 35,662 | 57.00% |
| 2010 | 35,639 | 59.50% |

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

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX C-FORMS OF OPINIONS OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

(Form of Opinion of Bond Counsel)

Series 2012A Bonds

January 19, 2012

The Sports Authority of The Metropolitan
Government of Nashville and Davidson County
c/o Wm. Michael Safley
Deputy Director of Law, Metropolitan Government
Nashville, Tennessee

Metropolitan County Council
The Metropolitan Government
of Nashville and Davidson County
Nashville, Tennessee

Morgan Keegan & Company, Inc.
One Burton Hills Boulevard, Suite 300
Nashville, Tennessee 37215

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer") of $22,860,000 in aggregate principal amount of its Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project), dated the date hereof (the "Bonds"). The Bonds are issued pursuant to a Trust Indenture, dated as of July 1, 1996, among the Issuer, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), and Regions Bank, Nashville, Tennessee, as successor to First American National Bank (the "Trustee"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of October 27, 2004, among the Issuer, the Metropolitan Government and the Trustee (collectively, the "Indenture"), and as further supplemented and amended by a Second Supplemental Trust Indenture, dated as of the date hereof, among the Issuer, the Metropolitan Government and the Trustee (the "Supplemental Indenture").

The Issuer has authorized the issuance and sale of the Bonds and the execution and delivery of the Supplemental Indenture pursuant to resolution of the Board of Directors of the Issuer adopted on December 6, 2011. The Issuer authorized the execution and delivery of the Indenture pursuant to resolutions of the Board of Directors of the Issuer adopted on February 13, 1996, June 7, 1996, July 19, 1996 and September 17, 2004 (such resolutions, together with the December 6, 2011 resolution, the "Issuer Resolutions").

The Metropolitan Government has approved the issuance and sale of the Bonds by the Issuer, the execution and delivery of the Supplemental Indenture and the pledge of certain revenues of the Metropolitan Government to secure the Bonds pursuant to Resolution No. RS2011-95 of the Metropolitan County Council of the Metropolitan Government (the "Metro Council"), adopted on December 6, 2011 (the "Metro Resolution"). The Metropolitan Government authorized the execution and delivery of the Indenture pursuant to Substitute Bill No. 096-222 of the Metro Council, passed on third reading on February 29, 1996; Substitute Bill No. 096-378 of the Metro Council, passed on third reading on July 16, 1996 and Resolution No. RS2004-479 of the Metro Council, adopted on September 17, 2004 (collectively, the "Metro Laws").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation. Reference is hereby made to the opinion of even date of the counsel to the Issuer and the Metropolitan Government, with respect, among other matters, to the corporate existence of the Issuer and the Metropolitan Government; to the lawful adoption of the proceedings of the Issuer relating to the authorization, execution and delivery of the Bonds, the Indenture and the Supplemental Indenture; and to the lawful adoption of the proceedings of the Metropolitan Government relating to the approval of the issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Supplemental Indenture.

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture, as supplemented and amended by the Supplemental Indenture.

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

1. The Issuer is duly created and validly existing as a public nonprofit corporation and public instrumentality of the Metropolitan Government, organized and existing under the laws of the State of Tennessee, with the corporate power to enter into and perform under the Indenture and the Supplemental Indenture and to issue the Bonds.

2. The Issuer Resolutions have been duly and lawfully adopted, are in full force and effect and are effective to authorize the issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture and the Supplemental Indenture.

3. The Metro Resolution and the Metro Laws have been duly and lawfully adopted or passed (as applicable), are in full force and effect and are effective to approve the authorization and issuance of the Bonds and the execution and delivery by the Metropolitan Government of the Indenture and the Supplemental Indenture.

4. The Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery of the Supplemental Indenture by the Trustee, constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms. The Indenture, as amended and supplemented by the Supplemental Indenture, is effective to assign in trust to the Trustee all right, title and interest of the Issuer in and to the Basic Rent and the Project Parking Revenues. The Indenture, as amended and supplemented by the Supplemental Indenture, creates a valid first lien on the Basic Rent and Project Parking Revenues received by the Issuer and assigned to the Trustee under the Indenture and on certain funds held under the Indenture in trust for the benefit of the Bondholders, on a parity and equality of lien with holders of the Issuer's outstanding Public Improvement Revenue Refunding Bonds, Series 2004 (the "2004 Bonds"), subject to application thereof pursuant to the terms of the Indenture.

5. The Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by the Metropolitan Government and, assuming due authorization, execution and delivery of the Supplemental Indenture by the Trustee, constitute valid and binding obligations of the Metropolitan Government enforceable against the Metropolitan Government in accordance with their respective terms. The Indenture, as supplemented and amended by the Supplemental Indenture, is effective to assign in trust to the Trustee all right, title and interest of the Metropolitan Government in and to the PILOT Payments, the Project Parking Revenues, to the extent of its interest therein, and the Non-Tax Revenues. The Indenture, as supplemented and amended by the Supplemental Indenture, creates a valid first lien on the PILOT Payments, the Project Parking Revenues, to the extent of its interest therein, and the Non-Tax Revenues received by the Metropolitan Government and assigned to the Trustee under the Indenture and on certain funds held under the Indenture in trust for the benefit of the Bondholders, on a parity and equality of lien with holders of the Issuer's outstanding 2004 Bonds, and in the case of Non-Tax Revenues only, on a parity and equality of lien with holders of the Issuer's outstanding Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), subject to application thereof pursuant to the terms of the Indenture.

6. The Bonds have been duly and validly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer payable solely from the PILOT Payments, Basic Rent, Project Parking Revenues and, to the extent the PILOT Payments, Basic Rent and Project Parking Revenues are not sufficient to pay principal of and interest on Bonds, from Non-Tax Revenues, all on a parity and equality of lien with the Issuer's outstanding 2004 Bonds.

7. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book 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 resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

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

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.

Yours truly,

Bass, Berry & Sims PLC

(Form of Opinion of Bond Counsel)

Series 2012B Bonds

January 19, 2012

The Sports Authority of The Metropolitan
Government of Nashville and Davidson County
c/o Wm. Michael Safley
Deputy Director of Law, Metropolitan Government
Nashville, Tennessee

Metropolitan County Council
The Metropolitan Government
of Nashville and Davidson County
Nashville, Tennessee

Morgan Keegan & Company, Inc.
One Burton Hills Boulevard, Suite 300
Nashville, Tennessee 37215

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer") of $10,545,000 in aggregate principal amount of its Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), dated the date hereof (the "Bonds"). The Bonds are issued pursuant to a Trust Indenture, dated as of June 1, 1998 (the "Indenture"), among the Issuer, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), and U.S. Bank National Association, Nashville, Tennessee, as successor to SouthTrust Bank, National Association (the "Trustee"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of the date hereof, among the Issuer, the Metropolitan Government and the Trustee (the "Supplemental Indenture").

The Issuer has authorized the issuance and sale of the Bonds and the execution and delivery of the Supplemental Indenture pursuant to resolution of the Board of Directors of the Issuer adopted on December 6, 2011. The Issuer authorized the execution and delivery of the Indenture pursuant to resolution of the Board of Directors of the Issuer adopted on December 8, 1997 (such resolution, together with the December 6, 2011 resolution, the "Issuer Resolutions").

The Metropolitan Government has approved the issuance and sale of the Bonds by the Issuer, the execution and delivery of the Supplemental Indenture and the pledge of certain revenues of the Metropolitan Government to secure the Bonds pursuant to Resolution No. RS2011-96 of the Metropolitan County Council of the Metropolitan Government (the "Metro Council"), adopted on December 6, 2011 (the "Metro Resolution"). The Metropolitan Government authorized the execution and delivery of the Indenture pursuant to Substitute Bill No. 097-1013 of the Metro Council, passed on third reading on January 20, 1998 (the "Metro Ordinance").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation. Reference is hereby made to the opinion of even date of the counsel to the Issuer and the Metropolitan Government, with respect, among other matters, to the corporate existence of the Issuer and the

Metropolitan Government; to the lawful adoption of the proceedings of the Issuer relating to the authorization, execution and delivery of the Bonds, the Indenture and the Supplemental Indenture; and to the lawful adoption of the proceedings of the Metropolitan Government relating to the approval of the issuance of the Bonds and the authorization, execution and delivery of the Indenture and the Supplemental Indenture.

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture, as supplemented and amended by the Supplemental Indenture.

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

1. The Issuer is duly created and validly existing as a public nonprofit corporation and public instrumentality of the Metropolitan Government, organized and existing under the laws of the State of Tennessee, with the corporate power to enter into and perform under the Indenture and the Supplemental Indenture and to issue the Bonds.

2. The Issuer Resolutions have been duly and lawfully adopted, are in full force and effect and are effective to authorize the issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture and the Supplemental Indenture.

3. The Metro Resolution and the Metro Ordinance have been duly and lawfully adopted or passed (as applicable), are in full force and effect and are effective to approve the authorization and issuance of the Bonds and the execution and delivery by the Metropolitan Government of the Indenture and the Supplemental Indenture.

4. The Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery of the Supplemental Indenture by the Trustee, constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms. The Indenture, as amended and supplemented by the Supplemental Indenture, is effective to assign in trust to the Trustee all right, title and interest of the Issuer in and to the Ticket Surcharge Revenues. The Indenture, as amended and supplemented by the Supplemental Indenture, creates a valid first lien on the Ticket Surcharge Revenues received by the Issuer and assigned to the Trustee under the Indenture and on certain funds held under the Indenture in trust for the benefit of the Bondholders, subject to application thereof pursuant to the terms of the Indenture.

5. The Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by the Metropolitan Government and, assuming due authorization, execution and delivery of the Supplemental Indenture by the Trustee, constitute valid and binding obligations of the Metropolitan Government enforceable against the Metropolitan Government in accordance with their respective terms. The Indenture, as supplemented and amended by the Supplemental Indenture, is effective to assign in trust to the Trustee all right, title and interest of the Metropolitan Government in and to the Non-Tax Revenues. The Indenture, as supplemented and amended by the Supplemental Indenture, creates a valid first lien on the Non-Tax Revenues received by the Metropolitan Government and assigned to the Trustee under the Indenture, on a parity and equality of lien with the Issuer's outstanding Public Improvement Revenue Refunding Bonds, Series 2004 and Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project), and on certain funds held under the Indenture in trust for the benefit of the Bondholders, subject to application thereof pursuant to the terms of the Indenture.

6. The Bonds have been duly and validly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer payable solely from the Ticket Surcharge Revenues and, to the extent the Ticket Surcharge Revenues are not sufficient to pay principal of and interest on Bonds, from Non-Tax Revenues.

7. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book 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 resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

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

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.

Yours truly,

Bass, Berry & Sims PLC

# APPENDIX D

## INFORMATION RELATED TO DEPOSITORY TRUST COMPANY

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for Series 2012 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. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registration agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal of or interest on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the registration agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the registration agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal or interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Authority and the registration agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2012 Bonds will be printed and delivered.

**Use of Certain Terms in Other Sections of This Official Statement**

In reading this Official Statement it should be understood that while the Series 2012 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2012 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Indenture or Refunding Indenture, as applicable, will be given only to DTC.

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

**Effect of Discontinuance of Book-Entry-Only System**

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Authority, printed Series 2012 Bonds will be issued to the holders and the Series 2012 Bonds will be subject to transfer, exchange and registration provisions as set forth in the Indenture or Refunding Indenture, as applicable.

# APPENDIX E

# CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

**THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") in connection with the issuance of the Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds") and the Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project) (the "Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Series 2012 Bonds") by The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority"). The Series 2012A Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 1996, among the Metropolitan Government, the Authority and Regions Bank, as Trustee, as supplemented by a First Supplemental Trust Indenture dated as of October 27, 2004 and a Second Supplemental Trust Indenture dated as of January 19, 2012 (together, the "Indenture"). The Series 2012B Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 1998, among the Metropolitan Government, the Authority and U.S. Bank National Association, as Refunding Trustee, as supplemented by a First Supplemental Trust Indenture dated as of January 19, 2012 (together, the "Refunding Indenture").

The Metropolitan Government covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Metropolitan Government for the benefit of the Beneficial Owners of the Series 2012 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and Refunding Indenture, which apply to any capitalized term used in this Disclosure Certificate in connection with the Series 2012A Bonds and Series 2012B Bonds, respectively, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2012 Bonds for federal income tax purposes.

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

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

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

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

"Official Statement" shall mean the Official Statement dated January 11, 2012, relating to the Series 2012 Bonds.

"Participating Underwriter" shall collectively mean Morgan Keegan & Company, Inc., Piper Jaffray & Co., Rice Financial Products Company and Terminus Securities, LLC.

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

"State" shall mean the State of Tennessee.

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

SECTION 3. Provision of Annual Reports. Not later than nine months after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2011, the Metropolitan Government shall provide an Annual Report to the MSRB at emma.msrb.org and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Metropolitan Government may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Metropolitan Government shall include unaudited financial statements of the Metropolitan Government in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Metropolitan Government will be submitted. The audited financial statements of the Metropolitan Government, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Metropolitan Government shall in a timely manner send a notice to the MSRB and to the State Depository, if any. As of the date hereof, the Metropolitan Government is in compliance with the all required disclosure filings.

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

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

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

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

(d) To the extent not set forth in the Annual Report, the Metropolitan Government shall provide additional financial information and operating data of the type included with respect to the Metropolitan Government in this Official Statement, including, but not limited to:

1. Updates of information set forth in the Official Statement related to (i) PILOT Payments, Project Parking Revenues and Basic Rent (as such terms are defined in the Indenture) in connection with the Series 2012A Bonds, (ii) Ticket Surcharge Revenues (as such term is defined in the Refunding Indenture) in connection with the Series 2012B Bonds and (iii) Non-Tax Revenues (as such term is defined in the Indenture and Refunding Indenture) in connection with the Series 2012 Bonds.

2. Any other information or operating data of the type included in this Official Statement which would be material to a holder or prospective holder of the Series 2012 Bonds.

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

SECTION 5. Reporting of Significant Events.

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

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

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

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds or other material events affecting the tax status of the Series 2012 Bonds;

g. Modifications to rights of Bondholders, if material;

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

i. Defeasances;

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

k. Rating changes;

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation. The Metropolitan Government's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2012 Bonds. The Metropolitan Government shall notify the MSRB and any State Depository that the Metropolitan Government's obligations under this Disclosure Certificate have terminated. If the Metropolitan Government's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Metropolitan Government and the Metropolitan Government shall have no further responsibility hereunder.

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

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

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

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

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Metropolitan Government agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the Metropolitan Government), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Metropolitan Government under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2012 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Metropolitan Government, the Participating Underwriter and Beneficial Owners from time to time of the Series 2012 Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Tennessee.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 16. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at emma.msrb.org, shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

By:________________________________________
Metropolitan Mayor

APPROVED AS TO FORM AND LEGALITY:

____________________________________
Wm. Michael Safley, Deputy Director of Law

[THIS PAGE INTENTIONALLY LEFT BLANK]

# APPENDIX F

# SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Authority's Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds") will be issued pursuant to the Indenture, which specifies the details of provisions of the Series 2012A Bonds and the terms and conditions pursuant to which the Series 2012A Bonds will be issued. The following, together with other information contained herein, briefly summarizes certain terms and provisions of the Indenture. Such summary is not to be considered a complete explanation of the terms and provisions of the Indenture. Reference is made to the Indenture for a complete statement of the terms, provisions and conditions thereof.

### Definitions

"Act" shall mean the provisions of Chapter 7 of Title 7 of Tennessee Code Annotated, as may be amended from time to time.

"Additional Bonds" shall mean any Bonds issued on a parity with the Series 2004 Bonds and the Series 2012A Bonds pursuant to the specific terms of the Indenture.

"Additional Secured Indebtedness" shall mean any indebtedness or obligation of the Metropolitan Government, the Authority or any other Person, other than the Bonds, payable from or secured by a pledge of, lien on, or security interest in any of the Non-Tax Revenues.

"Amortization Installment" shall mean, with respect to each maturity of Term Bonds of any Series of Bonds or Additional Secured Indebtedness, the principal amounts of such Term Bonds to be retired in consecutive years by mandatory redemption; provided, that (i) each such Amortization Installment shall be deemed to be due on the Interest Payment Date or Principal Maturity Date of each applicable year and (ii) the aggregate of such installments for each maturity of Term Bonds shall equal the aggregate principal amount of Term Bonds of such maturity.

"Authority" shall mean The Sports Authority of The Metropolitan Government of Nashville and Davidson County, a public nonprofit corporation organized and existing under and by virtue of the laws of the State and a public instrumentality of the Metropolitan Government, and its successors in interest.

"Authorized Investments" shall mean Government Obligations and any other investments that are permitted under the investment policies and practices of the Metropolitan Government.

"Basic Rent" shall mean all payments of rent or any other payments made under the Lease and pledged to the payment of the Bonds.

"Board" shall mean the Board of Directors of the Authority.

"Bond Counsel" shall mean a firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by underwriters and other purchasers of obligations issued by state and local governments selected by the Authority.

"Bond Year" shall mean with respect to the Bonds or Additional Secured Indebtedness, initially, the period from the date of issuance of a Series of Bonds or Additional Secured Indebtedness until the first Principal Maturity Date and thereafter each twelve month period beginning the day after a Principal Maturity Date.

"Bondholder", "holder" and "registered owner" shall mean the registered owner of a Bond, including any nominee of a Depository.

"Bonds" shall mean the Bonds of all Series from time to time authenticated and delivered under the Indenture, including the Series 2004 Bonds and the Series 2012A Bonds.

"Book-entry Form" or "Book-entry System" shall mean a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the Authority or the Trustee, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry " interests in those Bonds.

"Business Day" shall mean any day other than (a) Saturday or Sunday, (b) a day on which banking institutions in New York City or any other city where the principal United States office of the Credit Facility Issuer or the Trustee is located are required or authorized by law (including executive order) to close or on which the principal United States office of the Credit Facility Issuer or the Trustee is closed for a reason not related to financial condition, or (c) a day on which The New York Stock Exchange is closed.

"Certified Resolution" with respect to the Authority, shall mean a copy of a resolution certified by the Secretary/Treasurer of the Authority to have been duly passed and adopted by the Board of Directors of the Authority at a meeting duly called and convened, and, with respect to the Metropolitan Government, shall mean a copy of a resolution or ordinance certified by the Metropolitan Clerk to have been duly passed and adopted by the Metropolitan Council at a meeting duly called and convened.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all applicable regulations thereunder.

"Credit Facility" shall mean any municipal bond insurance policy, including the Municipal Bond Insurance Policy, letter of credit, surety bond, guarantee, or other agreement under which any Person other than the Authority or the Metropolitan Government provides additional security for any Series and guarantees timely payment of the principal of and interest on all or a portion of any Series.

"Credit Facility Issuer" shall mean any Person which has provided a Credit Facility relating to any Series or any particular Bonds within a Series.

"Debt Service" shall mean, for any period or payable at any time, the principal (including Amortization Installments) of, premium, if any, and interest on the Bonds, any additional Series, or the Additional Secured Indebtedness, as the context of usage shall indicate, to that period or payable at that time, whether due at maturity or redemption or otherwise.

"Debt Service Requirement" shall mean, for any Bond Year, the sum of:

(a) the amount required to pay the interest becoming due on the Bonds and any Additional Secured Indebtedness during such Bond Year; and

(b) the aggregate amount required to pay the principal becoming due on the Bonds and any Additional Secured Indebtedness for such Bond Year.

In calculating the Debt Service Requirement for any period:

(1) the Authority shall deduct from the amounts calculated in Subparagraph (a) through (b) above: (i) any amounts derived from the sale of the Bonds or Additional Secured Indebtedness and used to pay interest on the Bonds or Additional Secured Indebtedness; and

(2) the stated maturity date of any Term Bonds shall be disregarded and the Amortization Installments applicable to such Term Bonds in such Bond Year shall be deemed to mature in such Bond Year.

"Depository" shall mean any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-entry form, including, but not limited to, DTC.

"Development Agreement" shall mean the Development Agreement among the Metropolitan Government the Authority, the Houston Oilers. Inc., and Cumberland Stadium, L.P., dated as of March 7, 1996.

"Director of Finance" shall mean the duly appointed and serving Director of Finance, Acting Director of Finance or other person exercising the duties of the Director of Finance of the Metropolitan Government.

"Fiscal Year" shall mean the period commencing on July I of each year and ending on the succeeding June 30 or such other period as may be prescribed from time to time as the fiscal year for the Authority and the Metropolitan Government.

"General Fund" shall mean the General Fund of the General Services District used to account for all governmental financial resources, transactions and activity relating to the general operations of the General Services District of the Metropolitan Government which are not required to be accounted for in another fund.

"Government Obligations" shall mean

(a) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Indenture" shall mean the Trust Indenture dated as of July 1, 1996 among the Authority, the Metropolitan Government and the Trustee, as supplemented and amended by a First Supplemental Trust Indenture dated as of October 27, 2004, and a Second Supplemental Trust Indenture dated as of January 19, 2012, and as it may from time to time be further supplemented or amended by one or more additional Supplemental Indentures.

"Interest Payment Date" shall mean (a) any date on which interest is stated to be due on the Bonds or Additional Secured Indebtedness: and (b) any date on which interest becomes due thereon on account of early redemption thereof or on account of the happening of an event which under the terms of the Bonds or Additional Secured Indebtedness, requires a payment of interest to be made thereon.

"Intergovernmental Agreement" shall mean the Intergovernmental Project Agreement (Stadium Project) dated February 29, 1996, by and between the Metropolitan Government and the Authority.

"Lease" shall mean any lease agreement now or hereafter executed by the Authority, as lessor, and the Lessee, or any other agency or instrumentality of the State, as lessee, providing for the use of the Project by Tennessee State University as provided in the TSU Agreement and Stadium Lease by and among the State, the Authority, and the Metropolitan Government, dated May 27, 1997.

"Lessee" shall mean the Board of Regents of the State University and Community College System of the State and its successor or successors in interest.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the Debt Service Requirement for any future Bond Year which is greatest in dollar amount with respect to all Outstanding Bonds and Outstanding Additional Secured Indebtedness, as applicable.

"Mayor" shall mean the duly elected and serving Metropolitan Mayor of the Metropolitan Government.

"Moody's" shall mean Moody's Investors Service. Inc.; 99 Church Street, New York, New York 10007, or any successor thereto.

"Non-Tax Revenues" shall mean all income and revenues of the Metropolitan Government, which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and normal and customary accounting practices of the Metropolitan Government are deposited to and become assets of the General Fund of the Metropolitan Government derived from any source other than income and revenues derived from the exercise by the Metropolitan Government of its powers to levy and collect taxes of any kind. The term "Non-Tax Revenues" does not include State-shared taxes, revenues of any agency or instrumentality of the Metropolitan Government revenues which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board are normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of any proprietary fund or enterprise fund of the Metropolitan Government or lease payments or any other payments payable by the Lessee under the Stadium Lease by and between the Authority, as lessor and Cumberland Stadium, L.P., as lessee dated May 14, 1996. The term "Non-Tax Revenues" includes the PILOT Payments and the Project Parking Revenues.

"Officers' Certificate", with reference to the Lessee, shall mean a certificate signed by an officer of the Lessee, with reference to the Authority, shall mean a certificate signed by the Chair or the Vice-Chair and by the Secretary/Treasurer or the Assistant Secretary/Treasurer of the Authority or signed by an Authorized Authority Representative, and, with reference to the Metropolitan Government, shall mean a certificate signed by the Mayor, the Director of Finance, or an Authorized Metropolitan Government Representative.

"Outstanding", when used with reference to Bonds, shall (except for certain provisions contained in the Indenture related to demand, request, direction, insert or waiver for Bonds held by the Authority, the Metropolitan Government, the Lessee or held by any person in their control) mean as of any particular time all the Bonds authenticated and delivered by the Trustee under the Indenture, except

(a) Bonds theretofor canceled by the Trustee or delivered to the Trustee canceled or for cancellation;

(b) Bonds for the payment or redemption of which monies or Government Obligations in the necessary amount shall have been deposited in trust with the Trustee, provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in the Indenture or provisions satisfactory to the Trustee shall have been made for giving such notice; and

(c) Bonds in substitution for which other Bonds shall have been authenticated and delivered for temporary, lost, stolen or destroyed Bonds.

"Person" shall mean firms, associations, partnerships, joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"PILOT Payments" shall mean all payments made by the Department of Water and Sewerage Services of the Metropolitan Government in lieu of ad valorem taxes pursuant to Resolution No. R96-177 adopted by the Metropolitan Council on February 29, 1996.

"Principal Maturity Date" shall mean, with respect to any Series and with respect to Additional Secured Indebtedness, the annual or other periodic date on which principal matures on the Bonds or Additional Secured Indebtedness including applicable dates on which Amortization Installments are required to be applied to retire Term Bonds.

"Project" shall mean the professional football stadium and related facilities to be constructed on certain real property within the East Bank Redevelopment Project as described in the East Bank Redevelopment Plan as contained in Ordinance No. 096-163 of the Metropolitan Government, including without limitation, all buildings appurtenant thereto, all other related facilities, parking facilities, fixtures and equipment to be constructed on the Project site, all property necessary and convenient for the Project site, the demolition of structures on such site, and all architectural, engineering, legal and consulting costs incident thereto.

"Project Parking Revenues" shall mean all income, revenues, receipts and rents of the Authority or the Metropolitan Government derived from any and all parking lots and facilities of the Authority or the Metropolitan Government located in the East Bank Redevelopment Project as described in Ordinance No. 096-163, as amended, of the Metropolitan Council, whether managed by the Authority or the Metropolitan Government, or any agency or instrumentality thereof or any other Person, including any parking lot or facility leased to or from any other person.

"Rating Agency" shall mean Moody's and Standard & Poor's.

"Record Date" means, when used with respect to any Series, fifteen days preceding an Interest Payment Date or Principal Maturity Date applicable to that Series, or such other date as may be specified by a Supplemental Indenture with respect to such Series.

"Serial Bonds" shall mean any Bonds for the payment of the principal of which no fixed mandatory sinking fund or bond redemption deposits are required to be made prior to the 12-month period immediately preceding the stated date of maturity of the such Bonds.

"Series" or "Series of Bonds" shall mean the initial Series of Bonds authorized under the Indenture and any additional Series of Bonds issued pursuant to a Supplemental Indenture in accordance with the provisions of the Indenture.

"Series 2004 Bonds" shall mean the Authority's Public Improvement Revenue Refunding Bonds, Series 2004 issued and from time to time outstanding under the Indenture.

"Series 2012A Bonds" shall mean the Authority's Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Improvements) issued and from time to time outstanding under the Indenture.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group, a division of McGraw-Hill Financial Services Company, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

"State" shall mean the State of Tennessee.

"Supplemental Indenture" shall mean an indenture supplemental to the Indenture authorized pursuant to the terms of the Indenture.

"Term Bonds" shall mean the Bonds of a Series, all of which are stated to mature on one date and which are subject to retirement by operation of the Bond Fund established under the Indenture.

"Trust Estate" or "trust estate" shall mean the property which is subject to the lien of the Indenture or intended to be subject to the lien of the Indenture as stated in the Indenture.

"Trustee" shall mean Regions Bank, a banking corporation organized under the State of Alabama, and its successors in interest, as successor trustee to First American National Bank.

"Value" of the Authorized Investments shall be determined as of the end of each month, and shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the Authority, the Trustee and the Credit Facility Issuer.

"Written Request", with reference to the Authority, shall mean a request in writing signed by an Authorized Authority Representative, and with reference to the Lessee, shall mean a request in writing signed by an Authorized Lessee Representative and, with reference to the Metropolitan Government, shall mean a request in writing signed by an Authorized Metropolitan Government Representative.

**Pledge and Assignment**

The principal of and interest and premium, if any, on the Bonds are payable from and secured by a pledge and assignment of (i) all right, title and interest of the Authority in and to the Lease (except for any rights of the Authority to reimbursement and payment of costs and expenses under the Lease, and to exemption from liability, both individual and corporate, under the Lease) and the Project Parking Revenues; (ii) all right, title and interest of the Metropolitan Government in and to the PILOT Payments, the Project Parking Revenues, to the extent of any interest therein, and Non-Tax Revenues, but only to the extent Basic Rent, Project Parking Revenues and PILOT Payments are not sufficient to pay debt service on any Interest Payment Date or Principal Maturity Date; (iii) all rents, issues, profits, income and other sums due and to become due under and pursuant to (i) and (ii); (iv) all monies and securities in any one of the funds or accounts established under the Indenture, including all monies received pursuant to any Credit Facility; and (v) all property which is by the express provisions of the Indenture required to be subject to the lien of the Indenture and any additional property that may, from time to time, by delivery or by writing of any kind, be subject to the lien of the Indenture by the Authority, by the Metropolitan Government or by anyone in their behalf.

The Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations payable solely from the revenues and income which are a part of the Trust Estate and are specifically pledged to such purpose in the manner and to the extent provided in the Indenture. Neither the State nor any political subdivision thereof, including the Authority and the Metropolitan Government, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Authority and the Metropolitan Government is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The Authority has no taxing power.

**Payment of Bonds**

The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and premium, if any, on the Bonds shall be pay able at the office of the Trustee, and payment of the interest on each Bond shall be made by the Trustee on each interest payment date to the person appearing on the registration books maintained by the Trustee as the registered owner thereof on the Record Date by check or draft mailed to such registered owner at his address as it appears on such registration books; provided, however, that a registered owner of at least $1,000,000 in principal amount of Bonds may, by written request filed with the Trustee on or before fifteen (15) days prior to the Record Date, receive payment of interest by wire transfer to a United States financial institution located in the continental United States for credit to an account maintained in the name of the registered owner at such financial institution. Any interest on any Bond which is payable but which is not punctually paid or duly provided for ("Defaulted Interest") shall cease being payable to the Person in whose name such Bond is registered at the close of business on the Record Date and instead shall be payable to the Person in whose name such Bond is registered in the Bond Register at the close of business on a Special Record Date selected by the Trustee and which shall be at least 10 days but not more than 30 days before the date selected by the Trustee for payment of such Defaulted Interest. The Trustee shall give notice by mail of the Special Record Date and date for payment of Defaulted Interest at least 10 days before the Special Record Date. Payment of the principal of and premium, if any, on all Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

**Temporary Bonds; Lost, Stolen or Destroyed Bonds**

Bonds of any Series may be initially issued in temporary form exchangeable for definitive Bonds of the same Series when ready for delivery. The temporary Bonds shall be of such denomination or denominations, without coupons, as may be determined by the Authority, and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same Series and maturity of authorized denominations. Until so exchanges, the temporary Bonds shall be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered hereunder.

In case any temporary or definitive Bond shall become mutilated, or be lost, stolen, or destroyed, tile Authority, in its discretion, shall issue, and the Trustee shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, and bearing the same or a different number, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and substitution for such lost stolen or destroyed Bond, or if any such Bond shall be about to mature, instead of issuing a substituted Bond the Authority may pay or authorize payment of such Bond without surrender thereof.

In every case the applicant shall furnish evidence satisfactory to the Authority and the Trustee of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Authority and the Trustee; and the Authority and the Trustee may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Authority for the expense incurred by it in the issue thereof.

**Additional Bonds**

The Authority covenants and agrees that no additional Series of Bonds shall be issued under the Indenture except in accordance with the terms and conditions of the Indenture. Additional Bonds may be issued on a parity and equality of lien on the Trust Estate with the Series 2004 Bonds and Series 2012A Bonds if all the following conditions are met:

(1) all of the payments into the respective funds and accounts provided for in the Indenture shall have been made in full to the date of issuance of said Additional Bonds;

(2) the Authority and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Indenture;

(3) the Additional Bonds shall be issued only for the purpose of providing funds to (i) pay the Cost of Construction of the Project, or (ii) refund any or all of the Outstanding Bonds; and

(4) following the issuance of the Additional Bonds, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds and any Additional Secured Indebtedness.

Additional Bonds authorized to be issued under the Indenture shall be in such denomination or denominations, shall contain such variant provisions, if any, as to date, maturity or serial maturities, interest rate or interest rates, redemption terms, sinking fund provisions, if any, and shall be limited to such aggregate principal amount, as shall be determined by the Board as set forth in a Supplemental Indenture approved by resolution of the Board at the time such Additional Bonds are authorized.

So long as no Event of Default is continuing under the Indenture, the Authority may issue Additional Bonds under the Indenture pursuant to the provisions and limitations set forth in the Indenture for any one or more purposes set forth in the Indenture; provided, however, that in no event shall the Authority issue any Additional Bonds if as a result of the issuance thereof the interest on the Series 2004 Bonds or any other Bonds previously issued under the Indenture, the interest on which is intended to be excludable from gross income for federal income tax purposes, will not be excludable from the gross income of the recipients thereof for federal income tax purposes.

**Additional Secured Indebtedness**

The Metropolitan Government covenants and agrees that, from and after the delivery of the Series 2012A Bonds and continuing so long as any Bonds are Outstanding, it will not issue or incur any indebtedness payable from or secured by a pledge of or lien on any of the Non-Tax Revenues, nor will it pledge any of the Non-Tax Revenues or create a lien on or security interest in any of the Non-Tax Revenues to secure by indebtedness or obligation of the Metropolitan Government the Authority, or any other Person, unless all the following conditions are met and then only with respect to Non-Tax Revenues other than PILOT Payments:

(1) all the payments into the respective funds and accounts provided for in the Indenture shall have been made in full to the date of issuance of said Additional Secured Indebtedness or the creation of the lien, security interest or pledge hereinabove described;

(2) the Authority and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Indenture; and

(3) following the issuance of such Additional Secured Indebtedness or the creation of such lien, pledge or security interest, the total amount of Noll-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to any Bonds Outstanding and all Additional Secured Indebtedness.

The Metropolitan Government covenants and agrees that so long as any Bonds are Outstanding, it will not issue or incur any indebtedness payable from or secured by a pledge of or lien on the PILOT Payments, nor will it pledge the PILOT Payments or create a lien or security interest in the PILOT Payments to secure any indebtedness or obligation of the Metropolitan Government, the Authority or any other Person.

**Ratable Security**

All Bonds of all Series from time to time Outstanding under the Indenture shall be equally and ratably secured as to principal, premium, if any, and interest by the Indenture.

**Funds**

The Indenture establishes the following trust funds which (except for the Rebate Fund) shall be subject to the lien of the Indenture: the Revenue Fund, the Bond Fund and the Rebate Fund. The Revenue Fund and the Rebate Fund shall be held by the Metropolitan Government in trust and shall be kept separate and apart from all other funds of the Metropolitan Government. The Bond Fund shall be held by the Trustee in trust and kept separate and apart from all other funds.

Pursuant to the Intergovernmental Agreement, the Metropolitan Government has agreed to establish certain funds and sub-accounts relating to the Project, funds to be used to develop and construct the Project and pay certain costs and fees associated therewith, and funds to be used to pay debt service on indebtedness issued to finance the development and construction of the Project. Under the Intergovernmental Agreement, the Metropolitan Government and the Sports Authority have agreed that the Metropolitan Government will act as the agent for the management and administration of all parking facilities at any time located on the Land, as described therein, and collection of all Project Parking Revenues in connection therewith. The Metropolitan Government covenants and agrees that upon collection of Project Parking Revenues as provided therein, the Project Parking Revenues will be applied as hereinafter set forth.

<u>Deposit and Application of PILOT Payments, Basic Rent, Project Parking Revenues and Non-Tax Revenues.</u> PILOT Payments, Project Parking Revenues and payments of Basic Rent shall be deposited as received to the Revenue Fund by the Authority and by the Metropolitan Government as applicable. On the 20th day of each month, or if such day is not a Business Day, on the next Business Day, the Trustee shall give notice to the Director of Finance, or his designee, of the amount necessary to be transferred from the Revenue Fund to the Bond Fund to make the necessary monthly deposits for payment of principal of and interest on the Bonds. To the extent the PILOT Payments, the Project Parking Revenues, the Basic Rent and other funds on deposit in the Revenue Fund are insufficient to make the necessary monthly deposits for payment of principal and interest on the Bonds (taking into account any credits as provided below), then the Director of Finance or his designee will cause Non-Tax Revenues to be reclassified from the General Fund of the Metropolitan Government to the Revenue Fund on or before the 25th of each month in an amount necessary to make up any deficiency. Prior to making such transfer of the Non-Tax Revenues in each month, the Metropolitan Government will not make any expenditures or other disposition of the monies from the Non-Tax Revenues which would cause such amounts to be insufficient to make such transfer.

Moneys on deposit in the Revenue Fund, including investment income thereon, shall be applied, on or before the 25th day of each month, subject to credits for deposits as provided below, only in the following manner and order of priority:

(1) First, for deposit into the Bond Fund, in an amount equal to one-twelfth (1/12th) of the principal due on the next succeeding Principal Maturity Date, one-twelfth (1/12th) of the Amortization Installment for Term Bonds which shall become due and payable on the next Principal Maturity Date and one-sixth (1/6th) of the interest due on the next succeeding Interest Payment Date; provided, however, such deposit shall be reduced to the extent that: (i) payment of interest on the Bonds has been provided from the proceeds of the Bonds; (ii) any other funds are on deposit in the Bond Fund and available for payment of principal of interest on and Amortization Installment of Bonds, including any investment income in the Bond Fund and any other monies deposited into the Bond Fund (including excess moneys from the Construction Fund); and (iii) funds, other than the PILOT Payments, Project Parking Revenues and Basic Rent, legally and properly appropriated to the payment of the Bonds and deposited in the Bond Fund on or before the 25th day of the month. Moneys on deposit in the Bond Fund shall be used only for the purpose of paying Debt Service on Bonds as the same shall become due and for no other purpose.

(2) Second, moneys shall next be used for deposit into the Rebate Fund in such amounts as are determined by the Authority to be necessary together with deposits made for such purpose by the Metropolitan Government. At the times and in the manner required by Section 148(f) of the Code, the Authority shall make or cause to be made such calculations as are necessary to determine the amount of the Authority's liability to make rebate payments to the United States with respect to each Series of Bonds and shall cause such report to be filed with

the Trustee and the Metropolitan Government. An account in the Rebate Fund may be created for each "issue" (as such term is used in the Code) of Bonds. The estimated amount needed to pay rebate thereon (taking into account amounts then in the Rebate Fund) shall be deposited by the Metropolitan Government on receipt of such estimate to the extent funds are not already on deposit in the Rebate Fund.

(3) Third, remaining moneys shall thereafter be withdrawn and used by the Authority (i) first, to pay ongoing fees and expenses of the Trustee, Rating Agencies, and the costs of administration related to the Bonds, (ii) second, to pay the Metropolitan Government any amounts paid from Non-Tax Revenues previously reclassified by the Metropolitan Government from its General Fund to the Revenue Fund to fund any deficiency in the Revenue Fund, and (iii) third, for any lawful purpose of the Authority, including the establishment and funding of any reserves for the Project.

If funds other than PILOT Payments, Project Parking Revenues and Basic Rent are legally and properly appropriated to the payment of the Bonds and deposited in the Bond Fund on or before the 25th day of the month, the amount required to be deposited to the Bond Fund from the Revenue Fund shall be reduced by the amount deposited from said appropriation.

**Construction Fund**

Under the Indenture, there is created and established by the Authority a fund to be administered by the Metropolitan Government to be designated "The Sports Authority of The Metropolitan Government of Nashville and Davidson County, Construction Fund (Stadium Project), Series 2012A" (the "Construction Fund"). The funds in the Construction Fund shall be disbursed solely to pay the Costs of Construction of the Project, including the costs of issuance of the Series 2012A Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in Authorized Investments as shall be directed by the Director of Finance or his designee. All income derived from such investments shall be retained in the Construction Fund and applied in the same manner as all other funds therein. Amounts on deposit in the Construction Fund shall be disbursed by the Director of Finance or his designee. Any amounts remaining in the Construction Fund after completion of the Project shall be transferred to the Bond Fund.

**Completion of Project**

The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee and the Authority of a certificate of an Authorized Metropolitan Government Representative. As soon as practicable after receipt of the certificate referred to in the preceding sentence, any balance remaining in the Construction Fund shall be deposited first, into the Bond Fund to be applied to any deficiency therein, and then to the payment of principal of or interest or premium on Bonds when due or upon prior redemption, or for the purchase of Bonds then Outstanding at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Bonds plus five percent (5%).

**Investment of Funds**

Any moneys held as part of the Bond Fund, the Revenue Fund and the Rebate Fund shall, to the extent permitted by law, at the oral request, promptly confirmed in writing, of and as specified by the Director of Finance, be invested and reinvested in Authorized Investments. Any such investments shall be held by or under the control of the Trustee for funds held by the Trustee and by and under the control of the Metropolitan Government for funds held by the Metropolitan Government, and shall be deemed at all times a part of the Revenue Fund, the Bond Fund. or the Rebate Fund, as the case may be, and the interest accruing thereon and any profit realized from such investments shall be credited to the respective Fund, and in the case of the Bond Fund constitute a credit against the next required payment or payments, and any loss resulting from such investments shall be charged to such Fund. The Trustee, the Authority and the Metropolitan Government, as applicable, are directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund, Revenue Fund or the Bond Fund is insufficient to pay amounts properly payable therefrom. The Trustee and the Authority covenant that at any time that they have discretion as to investment they will not knowingly use or invest the proceeds of the Bonds in any manner which will cause the Bonds, if the interest on which is intended to be excludable from gross income for federal income tax purposes, to become arbitrage bonds within the meaning of Section 148 of the Code. The Trustee may make any and all investments permitted under the Indenture through its own Bond Department.

**Remaining Amounts in Funds**

Any amounts remaining in the Bond Fund (or the Construction Fund if still in existence at such time), the Revenue Fund, or the Rebate Fund after payment in full of the principal of, interest and premium, if any, on the Bonds (or provision for payment thereof as provided in the Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid under the Indenture including rebate to the United States government, shall be promptly paid to the Metropolitan Government.

**Covenants of the Authority and the Metropolitan Government**

Payment of Bonds. The Authority covenants that it will promptly pay the principal of and interest on every Bond issued under the provisions of the Indenture at the place, on the dates and in the manner provided in the Indenture and in said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption according to the true intent and meaning thereof, and, on or before each date on which any principal of or premium, if any, or interest on any of the Bonds becomes payable, whether at stated maturity thereof, by call for redemption, by declaration or otherwise, the Authority will irrevocably deposit or cause to be deposited with the Trustee the entire amount necessary to pay all the principal, premium, if any, and interest payable on such date on all Bonds then Outstanding.

Book and Records. The Authority covenants and agrees to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the revenues received or disbursed pursuant to the Indenture and amount thereof forwarded to the Trustee, and such books shall be available for inspection by the Authority and the holder of any of the Bonds at reasonable hours and under reasonable conditions.

Representations and Covenants of the Authority as to the Lease. The Authority covenants and agrees that it will not sell, transfer, assign or otherwise dispose of all or any part of its interest in the Lease (other than to the Trustee or as specifically authorized pursuant to the provisions of the Lease) or assign, transfer or hypothecate (other than to the Trustee) any payments of Basic Rent then due or to accrue in the future under the Lease. The Authority further covenants and agrees that it will not create or consent to the creation or existence of any mortgage or lien to secure the payment of indebtedness upon the Authority's interest under the Lease or the leasehold estate created thereby or any part thereof.

Books and Records of the Metropolitan Government. The Metropolitan Government will keep books and records of the PILOT Payments, Project Parking Revenues, and Non-Tax Revenues, in which complete and correct entries shall be made in accordance with generally accepted accounting principles of all transactions relating thereto. Any registered owner shall have the right at all reasonable times to inspect all books, records, accounts and data of the Metropolitan Government relating thereto.

The Metropolitan Government shall, within 180 days after the close of each Fiscal Year, cause the books, records and accounts of the Metropolitan Government for such preceding Fiscal Year to be properly audited by independent certified public accountants, and the Metropolitan Government shall mail upon written request, and make available generally, said report or a reasonable summary thereof, to any registered owner at the cost of such registered owner.

Collection and Maintenance of PILOT Payments, Project Parking Revenues and Non-Tax Revenues. The Metropolitan Government shall collect and receive the PILOT Payments, the Project Parking Revenues, and the Non-Tax Revenues and shall not take any action or permit to be taken any action which would in any way cause the PILOT Payments or the Project Parking Revenues to be reduced in amount or, except as provided in the Indenture, applied to any purpose other than the payment of Debt Service on the Bonds. The Metropolitan Government covenants that it will not repeal or amend in any way which will adversely affect the security for the Bonds, Substitute Bill No. 096-222, Substitute Resolution No. R96-180, Resolution No. R96-177, Resolution No. RS2004-479 or Resolution No. RS2011-95. The Metropolitan Government covenants and agrees that from and after the delivery of the Bonds and continuing so long as any Bonds are Outstanding, the Metropolitan Government will maintain Non-Tax Revenues, including the PILOT Payments and the Project Parking Revenues, in an amount which equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds and any Additional Secured Indebtedness. The Metropolitan Government will take, or cause to be taken, all actions necessary to maintain its eligibility to levy , collect and receive, as applicable, the PILOT Payments, each of the Non-Tax Revenues, and its interests, if any, in the Project Parking Revenue.

Use of Revenues. So long as the Authority and the Metropolitan Government are in full compliance with all the terms, covenants and agreements set forth in the Indenture and all payments to the funds described in the Indenture are current, and the requirements of the Indenture relating to maintenance of revenues are met, the Metropolitan Government may use and apply the Non-Tax Revenues (other than PILOT Payments and the Project Parking Revenues, to the extent of its interests, if any) to such purposes and uses as the Metropolitan Government, acting by and through the Metropolitan Council, shall deem appropriate.

Further Assurances. The Authority and the Metropolitan Government will, at their cost, without expense to the Trustee or the holders of the Bonds, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged, and delivered all and every such further acts, conveyances, mortgages, assignments, transfers and assurances as the Trustee shall require, for the better assuring, conveying, mortgaging, assigning and confirming unto the Trustee the Trust Estate hereby mortgaged, conveyed or assigned or intended so to be, or which the Authority or the Metropolitan Government may be or may hereafter become bound to mortgage, convey or assign to the Trustee, or for carrying out the intention or facilitating the performance of the terms of the Indenture or the Lease.

Financing Statements. The Authority, forthwith upon the execution and delivery of the Indenture and thereafter from time to time, will, at the request of the Trustee, cause the Indenture, and each Supplemental Indenture, and all financing statements, continuation statements and other instruments required by applicable law necessary in connection therewith to be filed, registered and recorded and refiled, re-registered and rerecorded as a mortgage upon the Trust Estate, in such manner and in such places as may be required by any present or future law in order to publish notice of and fully protect the lien of the Indenture, and the title of the Trustee to the Trust Estate and in order to entitle the Bonds then outstanding to the benefits and security of the Indenture, and will cause the Lease and any supplement thereto, to be filed, registered or recorded and refiled, re-registered and rerecorded in such manner and in such places as may be required by law in order to publish notice and fully protect the validity thereof, and from time to time will perform or cause to be performed any other act as provided by law, and will execute or cause to be executed any and all further instruments, which may be necessary for such publication.

Tax Compliance. The Authority and the Metropolitan Government covenant that they will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds, if the interest on which is intended to be excludable from gross income for federal income tax purposes, will not constitute arbitrage bonds under Section 148 of the Code. The Authority and the Metropolitan Government covenant that they (a) will take or cause to be taken such actions which may be required of them for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion and that they, or persons acting for them, will among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate or penalty payments to the federal government, (iv) maintain books and records and make calculations and reports and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the

Code. The Authority is authorized to retain the services of Bond Counsel and is hereby authorized and directed to take any and all actions make calculations and rebate or penalty payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

**Events of Default**

An Event of Default shall occur under the Indenture if one or more of the following events shall happen:

(a) if default shall be made in the due and punctual payment of the principal of, or interest or premium (if any) on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority or the Metropolitan Government in the performance or observance of any other of the covenants, agreements or conditions on their part in the Indenture or in the Bonds contained, and such default shall have continued for a period of 60 days after written notice thereof specifying such default and requiring the same to be remedied, shall have been given to the Authority, to the Metropolitan Government and the Lessee by the Trustee, or to the Authority, the Trustee, the Metropolitan Government and the Lessee by the holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding; or

(c) if (i) the Authority files a petition in bankruptcy or for composition under any State or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver for itself or the whole or any part of its property, or (ii) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the Authority, of the whole or any part of its property, or approving a petition filed against the Authority seeking the bankruptcy or arrangement or reorganization of the Authority under any applicable law or statute of the United States or the State of Tennessee and such order, judgment or decree shall not be vacated, set aside or stayed within sixty days from the date of the entry thereof, or (iii) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control, and if as a result of any of the foregoing events described in clauses (i) to (iii) any court, trustee or receiver either (A) asserts jurisdiction over or attempts in any way to obtain possession of any part of the Trust Estate, including the PILOT Payments, Project Parking Revenues, Non-Tax Revenues, and Basic Rent, or (B) seeks to disaffirm or reject any obligations of the Authority under the Indenture, the Bonds or the Lease.

**Rights and Remedies**

The Trustee, in case of the happening of an Event of Default, may, and upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction, shall exercise any or all rights of the Authority under the Indenture.

The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds and/or the Indenture. All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the holders of the Bonds.

The Trustee is appointed, and the successive respective holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds or on behalf of all holders of the Bonds, as a class, any proof of debt amendment to proof of debt, petition or other documents; to receive payment of all sums becoming distributable on account thereof; and to execute any other papers and documents and to do and perform any and all acts and things for and in behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee. The Trustee shall have full power of substitution and delegation in respect of any such powers. Upon the occurrence of an event of default under the Lease the Trustee may enforce any and all rights of the Authority thereunder.

Application of Moneys. The proceeds of any remedial action taken pursuant to the Indenture shall be paid to and applied by the Trustee as follows:

(1) To the payment of all reasonable costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made under the Indenture by the Trustee or by any holder or holders of the Bonds, and of all taxes, assessments or liens superior to the lien of these presents;

(2) To the payment to the persons entitled thereto of all installments of interest then due and pay able in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

(3) To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on the principal amount of the Bonds at the respective rates specified therein from the respective dates upon which the Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on
any particular date, together with the interest, then to the payment first of the interest, ratably, according to the amount of the interest due on that date, and then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the persons entitled thereto without any discrimination.

(4) To the payment of the surplus, if any, to the Metropolitan Government, their successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

No Waivers. No delay or omission of the Trustee or of any holder of any of the Bonds to exercise any right or power arising from any default on the part of the Authority shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Bondholders of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided in the Indenture. No remedy under the Indenture is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given under the Indenture or otherwise existing.

Limitation on Suits. No Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the foreclosure of the Indenture, for the appointment of a receiver of the Trust Estate, or for the enforcement of any of the provisions of the Indenture or of any remedies under the Indenture in respect to the Trust Estate unless (a) the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding have requested the Trustee in writing to take such action; (b) the holders of the Bonds shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and (c) the Trustee shall have neglected for 60 days after its receipt of such written notice and offer of indemnity to take such action; provided, however, that the right of any holder of any Bond to receive payment of the principal thereof and/or premium, if any, and/or interest thereon on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such holder.

Metropolitan Government's Authority to Perform Authority's Covenants. With regard to any alleged default concerning which notice is given to the Metropolitan Government, the Authority grants the Metropolitan Government full authority for the account of the Authority to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

**The Trustee**

The Trustee shall, prior to an Event of Default, and after the curing of all such Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any such Event of Default (which has not been cured) exercise such rights and powers vested in it by the Indenture and may in its discretion, but shall have no affirmative duty to, take such other actions as it deems to be in the best interest of the Bondholders, exercising such discretion with the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be liable for other than its own willful misconduct or gross negligence. The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding or to exercise any of the trusts or powers unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby.

The Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements in the Indenture or in the Lease or any contracts or securities assigned or conveyed to or mortgaged with the Trustee under the Indenture contained to be performed or observed by the Authority or the Metropolitan Government or any path to the Lease or such contracts or securities; nor shall the Trustee have any obligation, duty or liability under any of such agreements. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or event of default other than a failure to pay principal of or interest on the Bonds unless the Trustee shall receive from the Authority or the Metropolitan Government or the holder of any Bond written notice stating that a default or event of default under the Indenture has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is no such default or event of default.

The Trustee shall not be under any obligation to give any consent, enter into any agreement, release any property or to take any other action which is discretionary with the Trustee under the provisions of the Indenture except on written request of the holders of not less than any applicable specified percentage provided for in the Indenture or if no percentage is specified then 66-2/3% in principal amount of the Bonds Outstanding. The Trustee makes no representations as to the validity or sufficiency of the Indenture, the Lease or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds.

The obligations of the Authority under the Indenture to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness under the Indenture. Such additional indebtedness shall while an Event of Default is continuing have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such.

There shall at all times be a trustee under the Indenture which shall be a corporation organized and doing business under the laws of the United States or any State authorized under such laws to exercise corporate trust powers, having a reported capital and surplus of at least $100,000,000, subject to supervision or examination by federal or state authority and acceptable to the Credit Facility Issuer, if any. In case at any time the Trustee shall cease to be eligible, the Trustee shall resign immediately.

The Trustee may at any time resign by giving written notice by first class mail to the Authority, the Lessee, the Credit Facility Issuer, if any, and the registered owner of each Bond. Upon receiving such notice of resignation, the Authority, with the prior written approval of the Metropolitan Government and the Credit Facility Issuer, if any, shall promptly appoint a successor Trustee by an instrument in writing executed by order of its Board of Directors. If no successor Trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee who must be acceptable to the Metropolitan Government and to the Credit Facility Issuer, if any.

The Authority or the Metropolitan Government may at any time remove the Trustee and appoint a successor Trustee, who must be acceptable to the Metropolitan Government and the Credit Facility Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders. The Trustee may be removed at any time, at the request of the Credit Facility Issuer, if any, for any breach of the trusts accepted by it. Upon such a removal, the Authority, with the prior written approval of the Metropolitan Government and the Credit Facility Issuer, if any, shall promptly appoint a successor trustee by an instrument in writing executed by order of its Board of Directors.

**Supplemental Indentures**

The Authority, when authorized by resolution of its Board of Directors, and the Metropolitan Government, when authorized by resolution or ordinance of the Metropolitan Council and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Indenture, may enter into a Supplemental Indenture which thereafter shall form a part of the Indenture, for any one or more or all of the following purposes:

(1) to add to the covenants and agreements of the Authority and the Metropolitan Government in the Indenture, other covenants and agreements thereafter to be observed or to surrender any right or power reserved or conferred in the Indenture upon the Authority or the Metropolitan Government;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture and which shall not adversely affect the interests of the holders of the Bonds;

(3) to subject, describe or resdecribe any property subjected or to be subjected to the lien of the Indenture;

(4) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture or Supplemental Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(5) to provide for additional Series of Bonds to the extent permitted by the Indenture; and

(6) in connection with any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Any Supplemental Indenture authorized by the above provisions may be executed by the Authority, the Metropolitan Government and the Trustee without the consent of the holders of any of the Bonds at the time outstanding, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

With the consent of the holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time outstanding, the Authority, when authorized by a resolution of its Board of Directors, and the Metropolitan Government when authorized by resolution or ordinance of the Metropolitan Council and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture and/or providing for additional Series of Bonds to the extent permitted by the Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time of payment of such interest or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each Bond so affected, or (2) reduce the aforesaid percentage of holders of Bonds required to approve any such Supplemental Indenture, or (3) permit the creation of any lien on the properties assigned under the Indenture prior to or on a parity with the lien of the Indenture (except for the issuance of Additional Bonds) or deprive the holders of the Bonds of the lien created by the Indenture upon said properties, without the consent of the holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certified Resolution authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee shall join with the Authority and the Metropolitan Government in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture. It shall not be necessary for the consent of the Bondholders to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Upon the execution of any Supplemental Indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee, the Metropolitan Government and all holders of Bonds outstanding thereunder shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

**Defeasance**

If the Authority shall pay and discharge the entire indebtedness on all or any portion of any Series of Bonds Outstanding in any one or more of the following ways:

A. By well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on all or any portion of any Series of Bonds Outstanding, as and when the same become due and payable;

B. By depositing or causing to be deposited with the Trustee or with an escrow agent with the same qualifications required of a trustee under the Indenture, in trust, at or before the date of maturity or redemption, sufficient money or Government Obligations the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem all or any portion of any Series of Bonds Outstanding and to pay interest thereon until the maturity or redemption date; and/or

C. By delivering to the Trustee, for cancellation by it, all or any Series of Bonds Outstanding; and if the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority with respect to all or any portion of any Series of Bonds, then and in that case the Indenture shall cease, determine and become null and void with respect to all or such portion of such Series of Bonds, and thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee of an Officers' Certificate of the Authority and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Indenture with respect to all or any portion of such Series of Bonds have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture with respect to all or any portion of such Series of Bonds. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Authority for any expenditures which it may thereafter incur in connection herewith.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Upon the deposit with the Trustee, in trust, at or before maturity, of moneys or Government Obligations in the necessary amount to pay or redeem all or any Series of Bonds Outstanding (whether upon or prior to their maturity or the redemption date of such Bonds), and to pay interest thereon until the maturity or redemption date provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in the Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment.

**Limitation on Liability**

Anything in the Indenture to the contrary notwithstanding, the performance by the Authority and the Metropolitan Government of all duties and obligations imposed upon them by the Indenture, the exercise by them of all powers granted to them under the Indenture, the carrying out of all covenants, agreements, and promises made by them under the Indenture, and the liability of the Authority and the Metropolitan Government for all warranties and other covenants hereunder, shall be limited solely to the Trust Estate, including revenues and receipts which are a part thereof, and neither the Authority nor the Metropolitan Government shall be required to effectuate any of their duties, obligations, powers or covenants under the Indenture except to the extent of the Trust Estate and such revenues and receipts.

**No Recourse Against Directors, Metropolitan Government and Authority**

No recourse under or upon any obligation, covenant or agreement contained in the Indenture, or in any Bond hereby secured, or under any judgment obtained against the Authority, or the Metropolitan Government or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Indenture, shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Authority, or the Metropolitan Government either directly or through the Authority or the Metropolitan Government, or otherwise, for the payment for or to the Authority or the Metropolitan Government or any receiver thereof, or for or to the holder of any Bond or otherwise, of any sum that may be due and unpaid by the Authority upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Authority or the Metropolitan Government or any receiver thereof, or for or to the holder of any Bond or otherwise, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issue of such Bonds.

**Amendment**

Upon the discharge of the Series 2004 Bonds, the definitions of “Debt Service” and “Debt Service Requirement” in the Indenture shall be amended so that the interest component in both Debt Service and Debt Service Requirement shall be calculated net of any payments received or to be received from the federal government of a percentage of such interest.

**Governing Law**

The Indenture shall be governed exclusively by the provisions set forth in the Indenture and by the applicable laws of the State of Tennessee.

# APPENDIX G

## SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

## SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING INDENTURE

The Authority's Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Improvements) (the "Series 2012B Bonds") will be issued pursuant to the Refunding Indenture, which specifies the details of provisions of the Series 2012B Bonds and the terms and conditions pursuant to which the Series 2012B Bonds will be issued. The following, together with other information contained herein, briefly summarizes certain terms and provisions of the Refunding Indenture. Such summary is not to be considered a complete explanation of the terms and provisions of the Refunding Indenture. Reference is made to the Refunding Indenture for a complete statement of the terms, provisions and conditions thereof.

### Definitions

"Act" shall mean Chapter 67 of Title 7 of Tennessee Code Annotated, as it may be amended from time to time.

"Additional Bonds" shall mean any Bonds issued pursuant to the specific terms of the Refunding Indenture.

"Additional Secured Indebtedness" shall mean any indebtedness or obligation of the Metropolitan Government, the Authority or any other Person, other than the Bonds, payable from or secured by a pledge of, lien on, or security interest in any of the Non-Tax Revenues.

"Amortization Installment" shall mean, with respect to each maturity of Term Bonds of any Series of Bonds or Additional Secured Indebtedness, the principal amounts of such Term Bonds to be retired in consecutive years by mandatory redemption; provided, that (i) each such Amortization Installment shall be deemed to be due on the Interest Payment Date or Principal Maturity Date of each applicable year and (ii) the aggregate of such installments for each maturity of Term Bonds shall equal the aggregate principal amount of Term Bonds of such maturity.

"Arena" shall mean, the multi-purpose arena located at Fifth Avenue and Broadway within the boundaries of the Metropolitan Government, and more fully described in the NHL Team Documents.

"Authority" shall mean The Sports Authority of The Metropolitan Government of Nashville and Davidson County, a public nonprofit corporation organized and existing under and by virtue of the laws of the State and a public instrumentality of the Metropolitan Government, and its successors in interest.

"Authorized Authority Representative" shall mean, the Chair, Vice-Chair, Secretary/Treasury or Assistant Secretary/Treasurer of the Authority or such other person or persons who from time to time are designated to act on behalf of the Authority in a certificate delivered to the Trustee and signed by the Chair or Vice-Chair of the Authority giving the name and the specimen signature of the person or persons so designated.

"Authorized Metropolitan Government Representative" shall mean the Mayor, the Director of Finance or any other person from time to time designated to act on behalf of the Metropolitan Government in a certificate delivered to the Trustee and signed by the Mayor and attested by the Metropolitan Clerk giving the name and specimen signature of any such person so designated.

"Authorized Investments" shall mean Government Obligations and any other investments which are permitted under the investment policies and practices of the Metropolitan Government.

"Board" shall mean the Board of Directors of the Authority.

"Bond Counsel" shall mean a firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by underwriters and other purchasers of obligations issued by state and local governments selected by the Authority.

"Bond Fund" shall mean, the Bond and Interest Sinking Fund established pursuant to Section 5.01 of the Refunding Indenture and summarized herein.

"Bond Year" shall mean with respect to the Bonds or Additional Secured Indebtedness, initially, the period from the date of issuance of a Series of Bonds or Additional Secured Indebtedness until the first Principal Maturity Date and thereafter each twelve-month period beginning the day after a Principal Maturity Date.

"Bondholder", "holder" and "registered owner" shall mean the registered owner of a Bond, including any nominee of a Depository.

"Bonds" shall mean the Bonds of all Series from time to time authenticated and delivered under the Refunding Indenture.

"Book-entry Form" or "Book-entry System" shall mean a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the Authority or the Trustee, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds.

"Business Day" shall mean any day other than (a) Saturday or Sunday, (b) a day on which banking institutions in New York City or any other city where the principal United States office of the Credit Facility Issuer or the Trustee is located are required or authorized by law (including executive order) to close or on which the principal United States office of the Credit Facility Issuer or the Trustee is closed for a reason not related to financial condition, or (c) a day on which The New York Stock Exchange is closed.

"Certified Resolution" with respect to the Authority, shall mean a copy of a resolution certified by the Secretary/Treasurer of the Authority to have been duly passed and adopted by the Board of Directors of the Authority at a meeting duly called and convened, and, with respect to the Metropolitan Government, shall mean a copy of a resolution or ordinance certified by the Metropolitan Clerk to have been duly passed and adopted by the Metropolitan County Council at a meeting duly called and convened.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all applicable regulations thereunder.

"Costs" shall mean:

(a) The Inducement Fee;

(b) Fees and expenses incurred in connection with the issuance and administration of the Bonds, including but not limited to, fees and expenses of the underwriter for the Bonds and its counsel, the Credit Facility Issuer and its counsel, the Authority and its counsel, Bond Counsel, the Trustee and its counsel, the financial advisor to the Authority and the Metropolitan Government and the Credit Facility premium, printing costs and Rating Agency fees; and

(c) Any other costs permitted to be financed pursuant to the Act.

"Credit Facility" shall mean any municipal bond insurance policy, letter of credit, surety bond, guarantee, or other agreement under which any Person other than the Authority or the Metropolitan Government provides additional security for any Series and guarantees timely payment of the principal of and interest on all or a portion of any Series.

"Credit Facility Issuer" shall mean any Person which has provided a Credit Facility relating to any Series or any particular Bonds within a Series.

"Debt Service" shall mean, for any period or payable at any time, the principal (including Amortization Installments) of, premium, if any, and interest (net of any payments received or to be received from the federal government of a percentage of such interest) on the Bonds, any additional Series, or the Additional Secured Indebtedness, as the context of usage shall indicate, to that period or payable at that time, whether due at maturity or redemption or otherwise.

"Debt Service Requirement" shall mean, for any Bond Year, the sum of:

(a) the amount required to pay the interest(net of any payments received or to be received from the federal government of a percentage of such interest) becoming due on the Bonds and any Additional Secured Indebtedness during such Bond Year; and

(b) the aggregate amount required to pay the principal becoming due on the Bonds and any Additional Secured Indebtedness for such Bond Year.

In calculating the Debt Service Requirement for any period:

(1) the Authority shall deduct from the amounts calculated in Subparagraph (a) through (b) above: (i) any amounts derived from the sale of the Bonds or Additional Secured Indebtedness and used to pay interest on the Bonds or Additional Secured Indebtedness; and

(2) the stated maturity date of any Term Bonds shall be disregarded and the Amortization Installments applicable to such Term Bonds in such Bond Year shall be deemed to mature in such Bond Year.

"Depository" shall mean any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-entry Form, including, but not limited to, DTC.

"Development Agreement" shall mean the Development Agreement, dated as of June 25, 1993, by and among the Authority, the NHL Team Owner and the Manager.

"Director of Finance" shall mean the duly appointed and serving Director of Finance, Acting Director of Finance or other person exercising the duties of the Director of Finance of the Metropolitan Government.

"DTC" shall mean The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participant(s)" shall mean securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

"Event of Default" shall mean an event described in Section 7.01 of the Refunding Indenture and summarized herein.

"Fiscal Year" shall mean the period commencing on July 1 of each year and ending on the succeeding June 30 or such other period as may be prescribed from time to time as the fiscal year for the Authority and the Metropolitan Government.

"General Fund" shall mean the General Fund of the General Services District of the Metropolitan Government used to account for all governmental financial resources, transactions and activity relating to the general operations of the General Services District of the Metropolitan Government which are not required to be accounted for in another fund.

"Government Obligations" shall mean

(a) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Inducement Fee" shall mean the sum of $20,000,000 payable by the Authority to the NHL Team Owner, pursuant to the Development Agreement, as partial inducement for the NHL Team Owner to license and use the Arena for the home games of its National Hockey League team and facilitate the location of the team in the Arena.

"Interest Payment Date" shall mean (a) any date on which interest is stated to be due on the Bonds or Additional Secured Indebtedness; and (b) any date on which interest becomes due thereon on account of early redemption thereof or on account of the happening of an event which under the terms of the Bonds or Additional Secured Indebtedness, requires a payment of interest to be made thereon.

"Intergovernmental Project Agreement" shall mean the Intergovernmental Project Agreement (Arena Project), dated September 17, 1996, by and between the Metropolitan Government and the Authority, as amended by Amendment One to Intergovernmental Project Agreement (Arena Project), dated January 21, 1998.

"Manager" shall mean Powers Management, L.L.C., a Tennessee limited liability company, and its successors and assigns.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the Debt Service Requirement for any future Bond Year which is greatest in dollar amount with respect to all Outstanding Bonds and Outstanding Additional Secured Indebtedness, as applicable.

"Mayor" shall mean the duly elected and serving Metropolitan County Mayor of the Metropolitan Government.

"Moody's" shall mean Moody's Investors Service, Inc., 99 Church Street, New York, New York, 10007, or any successor thereto.

"NHL Team Documents" shall mean the Development Agreement, the Operation and Management Agreement and the Use Agreement.

"NHL Team Owner" shall mean Predators Holdings, LLC, a Tennessee limited liability company, as successor to Nashville Hockey Club Limited Partnership, a Wisconsin limited partnership.

"Non-Tax Revenues" shall mean all income and revenues of the Metropolitan Government, which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and normal and customary accounting practices of the Metropolitan Government are deposited to and become assets of the General Fund of the Metropolitan Government, derived from any source other than income and revenues derived from the exercise by the Metropolitan Government of its powers to levy and collect taxes of any kind. The term "Non-Tax Revenues" does not include State-shared taxes, revenues of any agency or instrumentality of the Metropolitan Government, revenues which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and the normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of any proprietary fund or enterprise fund of the Metropolitan Government, payments made by the Department of Water and Sewerage Services of the Metropolitan Government in lieu of ad valorem taxes pursuant to Resolution No. R96-177, adopted by the Metropolitan County Council on February 29, 1996, or Ticket Surcharge Revenues.

"Operating and Management Agreement" shall mean the Operating and Management Agreement, dated as of June 25, 1997, by and between the Authority and the Manager.

"Opinion of Counsel" shall mean a written opinion of counsel who may, but need not, be Bond Counsel, counsel for the Authority, or counsel for the Metropolitan Government.

"Officers' Certificate", with reference to the Authority, shall mean a certificate signed by the Chair or the Vice-Chair and by the Secretary/Treasurer or the Assistant Secretary/Treasurer of the Authority or signed by an Authorized Authority Representative, and, with reference to the Metropolitan Government, shall mean a certificate signed by the Mayor, the Director of Finance, or an Authorized Metropolitan Government Representative.

"Outstanding", when used with reference to Bonds, shall (except for certain provisions contained in the Refunding Indenture related to demand, request, direction, insert or waiver for Bonds held by the Authority, the Metropolitan Government, or held by any person in their control) mean as of any particular time all the Bonds authenticated and delivered by the Trustee under the Refunding Indenture, except

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee canceled or for cancellation;

(b) Bonds for the payment or redemption of which moneys or Government Obligations in the necessary amount shall have been deposited in trust with the Trustee, provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in the Refunding Indenture or provisions satisfactory to the Trustee shall have been made for giving such notice; and

(c) Bonds in substitution for which other Bonds shall have been authenticated and delivered for temporary, lost, stolen or destroyed Bonds.

"Person" shall mean firms, associations, partnerships, joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Principal Maturity Date" shall mean, with respect to any Series and with respect to Additional Secured Indebtedness, the annual or other periodic date on which principal matures on the Bonds or Additional Secured Indebtedness including applicable dates on which Amortization Installments are required to be applied to retire Term Bonds.

"Proceeds Fund" shall mean the Series 2012 Bonds Proceeds Fund established pursuant to the Refunding Indenture and summarized herein.

"Rating Agency" shall mean Moody's and Standard & Poor's.

"Record Date" means, when used with respect to any Series, fifteen days preceding an Interest Payment Date or Principal Maturity Date applicable to that Series, or such other date as may be specified by a Supplemental Indenture with respect to such Series.

"Refunding Indenture" shall mean the Trust Indenture dated as of June 1, 1998 among the Authority, the Metropolitan Government and the Trustee, as supplemented and amended by a First Supplemental Trust Indenture dated of January 19, 2012, and as it may from time to time be further supplemented or amended by one or more Supplemental Indentures.

"Revenue Fund" shall mean the Ticket Surcharge Revenue Fund established pursuant to Section 5.01 of the Refunding Indenture and summarized herein.

"Serial Bonds" shall mean any Bonds for the payment of the principal of which no fixed mandatory sinking fund or bond redemption deposits are required to be made prior to the 12-month period immediately preceding the stated date of maturity of the such Bonds.

"Series" or "Series of Bonds" shall mean the initial Series of Bonds authorized under the Refunding Indenture and any additional Series of Bonds issued pursuant to a Supplemental Indenture in accordance with the provisions of the Refunding Indenture.

"Series 1998 Bonds" shall mean the Taxable Public Facility Revenue Bonds, Series 1998 of the Authority issued under the Refunding Indenture and refunded by the Series 2012B Bonds.

"Series 2012B Bonds" shall mean the Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Improvements) of the Authority issued and from time to time outstanding under the Refunding Indenture.

"State" shall mean the State of Tennessee.

"Supplemental Indenture" shall mean an indenture supplemental to the Refunding Indenture authorized pursuant to the terms of the Refunding Indenture.

"Term Bonds" shall mean the Bonds of a Series, all of which are stated to mature on one date and which are subject to retirement by operation of the Bond Fund established under the Refunding Indenture.

"Ticket Surcharge Revenues" shall mean the income and revenues derived by the Authority from the imposition and collection of a surcharge on the sale of tickets for events at the Arena in the amounts, for the events and subject to the limitations set forth in and more fully described in a resolution of the Board of the Authority adopted on August 16, 1996, as amended by resolution adopted June 24, 1997, and the Intergovernmental Project Agreement.

"Trust Estate" or "trust estate" shall mean the property which is subject to the lien of Refunding Indenture or intended to be subject to the lien of the Refunding Indenture as stated in the Refunding Indenture.

"Trustee" or “Refunding Trustee” shall mean U.S. Bank National Association, and its successors in interest, as successor trustee to SouthTrust Bank National Association, Birmingham, Alabama.

"Use Agreement" shall mean the License and Use Agreement, dated as of June 25, 1997, by and between the Authority and the NHL Team Owner.

"Value" of the Authorized Investments shall be determined as of the end of each month, and shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the Authority, the Trustee and the Credit Facility Issuer.

"Written Request", with reference to the Authority, shall mean a request in writing signed by an Authorized Authority Representative and, with reference to the Metropolitan Government, shall mean a request in writing signed by an Authorized Metropolitan Government Representative.

**Pledge and Assignment**

The principal of, and premium, if any, and interest on the Bonds are payable from and secured by a pledge and assignment of (i) all right, title and interest of the Authority in and to the Ticket Surcharge Revenues; (ii) all right, title and interest of the Metropolitan Government in and to the Non-Tax Revenues, but only to the extent Ticket Surcharge Revenues are not sufficient to pay debt service on any Interest Payment Date or Principal Maturity Date; (iii) all rents, issues, profits, income and other sums due and to become due under and pursuant to (i) and (ii); (iv) all monies and securities in any one of the funds or accounts established under the Refunding Indenture, including all monies received pursuant to any Credit Facility; and (v) all property which is by the express provisions of the Refunding Indenture required to be subject to the lien of the Refunding Indenture and any additional property that may, from time to time, by delivery or by writing of any kind, be subject to the lien of the Refunding Indenture by the Authority, by the Metropolitan Government or by anyone in their behalf.

The Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations payable solely from the revenues and income which are a part of the Trust Estate and are specifically pledged to such purpose in the manner and to the extent provided in the Refunding Indenture. Neither the State nor any political subdivision thereof, including the Authority and the Metropolitan Government, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Authority and the Metropolitan Government, is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The Authority has no taxing power.

**Payment of Bonds**

The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and premium, if any, on the Bonds shall be payable at the office of the Trustee, and payment of the interest on each Bond shall be made by the Trustee on each interest payment date to the person appearing on the registration books maintained by the Trustee as the registered owner thereof on the Record Date by check or draft mailed to such registered owner at his address as it appears on such registration books; provided, however, that a registered owner of at least $1,000,000 in principal amount of Bonds may, by written request filed with the Trustee on or before fifteen (15) days prior to the Record Date, receive payment of interest by wire transfer to a United States financial institution located in the continental United States for credit to an account maintained in the name of the registered owner at such financial institution. Any interest on any Bond which is payable but which is not punctually paid or duly provided for ("Defaulted Interest") shall cease being payable to the Person in whose name such Bond is registered at the close of business on the Record Date and instead shall be payable to the Person in whose name such Bond is registered in the Bond Register at the close of business on a Special Record Date selected by the Trustee and which shall be at least 10 days but not more than 30 days before the date selected by the Trustee for payment of such Defaulted Interest. The Trustee shall give notice by mail of the Special Record Date and date for payment of Defaulted Interest at least 10 days before the Special Record Date. Payment of the principal of and premium, if any, on all Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

**Temporary Bonds; Lost, Stolen or Destroyed Bonds**

Bonds of any Series may be initially issued in temporary form exchangeable for definitive Bonds of the same Series when ready for delivery. The temporary Bonds shall be of such denomination or denominations, without coupons, as may be determined by the Authority, and may contain such reference to any of the provisions of the Refunding Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same Series and maturity of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Refunding Indenture as definitive Bonds authenticated and delivered hereunder.

In case any temporary or definitive Bond shall become mutilated, or be lost, stolen, or destroyed, the Authority, in its discretion, shall issue, and the Trustee shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, and bearing the same or a different number, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and substitution for such lost, stolen or destroyed Bond, or if any such Bond shall be about to mature, instead of issuing a substituted Bond the Authority may pay or authorize payment of such Bond without surrender thereof.

In every case the applicant shall furnish evidence satisfactory to the Authority and the Trustee of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Authority and the Trustee; and the Authority and the Trustee may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Authority for the expense incurred by it in the issue thereof.

## Additional Bonds

The Authority covenants and agrees that no additional Series of Bonds shall be issued under the Refunding Indenture except in accordance with the terms and conditions of the Refunding Indenture. Additional Bonds may be issued on a parity and equality of lien on the Trust Estate with the Series 2012B Bonds if all the following conditions are met:

(1) all of the payments into the respective funds and accounts provided for in the Refunding Indenture shall have been made in full to the date of issuance of said Additional Bonds;

(2) the Authority and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Refunding Indenture;

(3) the Additional Bonds shall be issued only for the purpose of providing funds to (i) pay the Costs, or (ii) refund any or all of the Outstanding Bonds; and

(4) following the issuance of the Additional Bonds, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the Outstanding Bonds and any Additional Secured Indebtedness.

Additional Bonds authorized to be issued under the Refunding Indenture shall be in such denomination or denominations, shall contain such variant provisions, if any, as to date, maturity or serial maturities, interest rate or interest rates, redemption terms, sinking fund provisions, if any, and shall be limited to such aggregate principal amount, as shall be determined by the Board as set forth in a Supplemental Indenture approved by resolution of the Board at the time such Additional Bonds are authorized.

So long as no Event of Default is continuing under the Refunding Indenture, the Authority may issue Additional Bonds under the Refunding Indenture pursuant to the provisions and limitations set forth in the Refunding Indenture for any one or more purposes set forth in the Refunding Indenture; provided, however, that in no event shall the Authority issue any Additional Bonds if as a result of the issuance thereof the interest on any Bonds previously issued under the Refunding Indenture, the interest on which is intended to be excludable from gross income for federal income tax purposes, will not be excludable from the gross income of the recipients thereof for federal income tax purposes.

**Additional Secured Indebtedness**

The Metropolitan Government covenants and agrees that, from and after the delivery of the Series 2012B Bonds and continuing so long as any Bonds are Outstanding, it will not issue or incur any indebtedness payable

from or secured by a pledge of or lien on any of the Non-Tax Revenues, nor will it pledge any of the Non-Tax Revenues or create a lien on or security interest in any of the Non-Tax Revenues to secure by indebtedness or obligation of the Metropolitan Government, the Authority, or any other Person, unless all the following conditions are met:

(1) all the payments into the respective funds and accounts provided for in the Refunding Indenture, as supplemented, shall have been made in full to the date of issuance of said Additional Secured Indebtedness or the creation of the lien, security interest or pledge hereinabove described;

(2) the Authority and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Refunding Indenture, as supplemented; and

(4) following the issuance of such Additional Secured Indebtedness or the creation of such lien, pledge or security interest, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded Fiscal Year of the Metropolitan Government equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to any Bonds Outstanding and all Additional Secured Indebtedness.

**Ratable Security**

All Bonds of all Series from time to time Outstanding under the Refunding Indenture shall be equally and ratably secured as to principal, premium, if any, and interest by the Refunding Indenture.

**Funds**

The Refunding Indenture establishes the following trust funds which shall be subject to the lien of the Refunding Indenture:

(1) Ticket Surcharge Revenue Fund (the "Revenue Fund");

(2) Bond and Interest Sinking Fund (the "Bond Fund"); and

(3) Series 2012B Bonds Proceeds Fund (the "Proceeds Fund").

The Revenue Fund and the Proceeds Fund shall be held by the Authority in trust and shall be kept separate and apart from all other funds of the Authority and the Metropolitan Government. The Bond Fund shall be held by the Trustee in trust and kept separate and apart from all other funds of the Trustee.

Pursuant to the Intergovernmental Project Agreement, until otherwise determined by the Director of Finance, the Metropolitan Government and the Authority have agreed that the Metropolitan Government will act as the agent for the management and administration of all funds of the Authority created herein.

**Revenue Fund and Bond Fund**

The Revenue Fund is established for the purpose of creating a depository for all Ticket Surcharge Revenues received by the Authority. The Ticket Surcharge Revenues shall be deposited directly to the Revenue Fund upon receipt thereof by the Authority or the Metropolitan Government, acting as agent for the Authority. On the 20th day of each month, or if such day is not a Business Day, on the next Business Day, the Trustee shall give notice to the Director of Finance, or his designee, of the amount necessary to be transferred from the Revenue Fund to the Bond

Fund to make the necessary monthly deposits for payment of principal of and interest on the Bonds. To the extent the Ticket Surcharge Revenues and other funds on deposit in the Revenue Fund are insufficient to make the necessary monthly deposits for payment of principal of and interest on the Bonds (taking into account any credits as provided below), then the Director of Finance or his designee will cause Non-Tax Revenues to be reclassified from the General Fund of the Metropolitan Government to the Revenue Fund on or before the 25th of each month in an amount necessary to make up any deficiency. Prior to making such transfer of the Non-Tax Revenues in each

month, the Metropolitan Government will not make any expenditures or other disposition of the monies from the Non-Tax Revenues which would cause such amounts to be insufficient to make such transfer.

Moneys on deposit in the Revenue Fund, including investment income thereon, shall be applied, on or before the 25th day of each month, subject to credits for deposits as provided below, only in the following manner and order of priority:

(1) First, for deposit into the Bond Fund, in an amount equal to one-twelfth (1/12th) of the principal due on the next succeeding Principal Maturity Date, one-twelfth (1/12th) of the Amortization Installment for Term Bonds which shall become due and payable on the next Principal Maturity Date and one-sixth (1/6th) of the interest due on the next succeeding Interest Payment Date; provided, however, such deposit shall be reduced to the extent that: (i) payment of interest on the Bonds has been provided from the proceeds of the Bonds; (ii) any other funds are on deposit in the Bond Fund and available for payment of principal or Amortization Installment of or interest on the Bonds, including any investment income in the Bond Fund and any other monies deposited into the Bond Fund; and (iii) funds, other than the Ticket Surcharge Revenues, have been legally and properly appropriated to the payment of the Bonds and deposited in the Bond Fund on or before the 25th day of the month. Notwithstanding the foregoing, for the period commencing with the month next following the delivery of the Series 2012B Bonds to and including June 25, 2012, each monthly deposit to the Bond Fund shall be an amount that, together with other monthly deposits of the same amount during such period and all amounts deposited therein at closing and investment earnings thereon will be equal to the full amount of interest coming due on the Series 2012B Bonds on July 1, 2012 and one-half of the principal coming due on the Series 2012B Bonds on July 1, 2012. Moneys on deposit in the Bond Fund shall be used only for the purpose of paying Debt Service on Bonds as the same shall become due and for no other purpose.

(2) Second, on said date, or less frequently as the Director of Finance shall direct, remaining moneys shall thereafter be withdrawn and used by the Authority (i) first, to pay ongoing fees and expenses of the Trustee and the any other costs of administration related to the Bonds, (ii) second, to reimburse the Metropolitan Government for Non-Tax Revenues previously reclassified from its General Fund and paid by the Metropolitan Government to the Revenue Fund pursuant to Section 5.02(b) of the Refunding Indenture, (iii) third, to pay expenses of operating and maintaining the Arena and (iv) fourth, for any lawful purpose of the Authority (subject to the written approval of the Mayor or the Director of Finance).

**Proceeds Fund**

The Proceeds Fund is established for the purpose of creating a depository for that portion of the Series 2012B Bond proceeds not deposited to the Bond Fund to pay accrued interest. The funds in the Proceeds Fund shall be disbursed to pay in full and redeem the Series 1998 Bonds. The remainder of said proceeds shall be used to pay the costs of issuance of the Series 2012B Bonds. Money in the Proceeds Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Proceeds Fund. Moneys in the Proceeds Fund shall be invested in Authorized Investments as shall be directed by the Director of Finance or his designee. All income derived from such investments shall be retained in the Proceeds Fund and applied in the same manner as all other funds therein. Amounts on deposit in the Proceeds Fund shall be disbursed by the Director of Finance or his designee. Any amounts remaining in the Proceeds Fund after payment of all Costs and the redemption of the Series 1998 Bonds shall be transferred to the Bond Fund.

**Investment of Funds**

Any moneys held as part of the Funds created pursuant to the terms of the Refunding Indenture shall be invested and reinvested in Authorized Investments as specified by the Metropolitan Treasurer, or the designee thereof. Except with respect to the Bond Fund, any such investments shall be held by or under the control of the Metropolitan Government, and all investments in all the Funds created hereunder shall be deemed at all times a part of the respective Fund. The interest accruing thereon and any profit realized from such investments shall be credited to the respective Fund, and in the case of the Bond Fund constitute a credit against the next payment or payments

required under the Refunding Indenture, and any loss resulting from such investments shall be charged to such Fund. The Trustee, the Authority and the Metropolitan Government, as applicable, are directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any of the Funds becomes insufficient to pay amounts properly payable therefrom. Investments of funds in the Bond Fund shall be made by the Trustee upon receipt of oral instructions from the Metropolitan Treasurer, or the designee thereof, promptly confirmed in writing.

**Remaining Amounts in Funds**

Any amounts remaining in the Bond Fund or the Revenue Fund after payment in full of the principal of, interest and premium, if any, on the Bonds (or provision for payment thereof has been made as provided in the Refunding Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid under the Refunding Indenture shall be applied as set forth in paragraph (2) above under the heading "Revenue Fund and Bond Fund."

**Covenants of the Authority and the Metropolitan Government**

Payment of Bonds. The Authority covenants that it will promptly pay the principal of and interest on every Bond issued under the provisions of the Refunding Indenture at the place, on the dates and in the manner provided in the Refunding Indenture and in said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption according to the true intent and meaning thereof, and, on or before each date on which any principal of or premium, if any, or interest on any of the Bonds becomes payable, whether at stated maturity thereof, by call for redemption, by declaration or otherwise, the Authority will irrevocably deposit or cause to be deposited with the Trustee the entire amount necessary to pay all the principal, premium, if any, and interest payable on such date on all Bonds then Outstanding.

Books and Records. The Authority or the Metropolitan Government will keep books and records of the Ticket Surcharge Revenues and Non-Tax Revenues, in which complete and correct entries shall be made in accordance with generally accepted accounting principles of all transactions relating thereto. The Trustee shall have the right at all reasonable times to inspect all books, records, accounts and data of the Metropolitan Government relating thereto.

The Metropolitan Government shall, within 180 days after the close of each Fiscal Year, cause the books, records and accounts of the Metropolitan Government for such preceding Fiscal Year to be properly audited by independent certified public accountants, and the Metropolitan Government shall mail upon written request, and make available generally, said report or a reasonable summary thereof, to any registered owner at the cost of such registered owner.

Collection and Maintenance of Ticket Surcharge Revenues and Non-Tax Revenues. The Authority or the Metropolitan Government shall collect and receive the Ticket Surcharge Revenues and neither the Authority nor the Metropolitan Government shall take any action or permit to be taken any action which would in any way cause the Ticket Surcharge Revenues to be reduced in amount or, except as provided in the Refunding Indenture, applied to any purpose other than the payment of Debt Service on the Bonds. The Metropolitan Government covenants and agrees that so long as any Bonds are Outstanding, the Metropolitan Government will maintain Non-Tax Revenues, in an amount which equals or exceeds two (2) times the Maximum Debt Service Requirement with respect to the

Outstanding Bonds and any Additional Secured Indebtedness. The Metropolitan Government and the Authority will take, or cause to be taken, all actions necessary to maintain their respective eligibilities to levy, collect and receive, as applicable, the Ticket Surcharge Revenues and each of the Non-Tax Revenues.

Use of Revenues. So long as the Authority and the Metropolitan Government are in full compliance with all the terms, covenants and agreements set forth in the Refunding Indenture and all payments to the funds described in the Refunding Indenture are current, and the requirements of the Refunding Indenture relating to maintenance of revenues are met, the Metropolitan Government may use and apply the Non-Tax Revenues to such purposes and uses as the Metropolitan Government, acting by and through the Metropolitan Council, shall deem appropriate.

Further Assurances. The Authority and the Metropolitan Government will, at their cost, without expense to the Trustee or the holders of the Bonds, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged, and delivered all and every such further acts, conveyances, mortgages, assignments, transfers and assurances as the Trustee shall require, for the better assuring, conveying, mortgaging, assigning and confirming unto the Trustee the Trust Estate hereby mortgaged, conveyed or assigned or intended so to be, or which the Authority or the Metropolitan Government may be or may hereafter become bound to mortgage, convey or assign to the Trustee, or for carrying out the intention or facilitating the performance of the terms of the Refunding Indenture or the Lease.

Financing Statements. The Authority, forthwith upon the execution and delivery of the Refunding Indenture and thereafter from time to time, will, at the request of the Trustee, cause the Refunding Indenture, and each Supplemental Indenture, and all financing statements, continuation statements and other instruments required by applicable law necessary in connection therewith to be filed, registered and recorded and refiled, re-registered and rerecorded as a mortgage upon the Trust Estate, in such manner and in such places as may be required by any present or future law in order to publish notice of and fully protect the lien of the Refunding Indenture, and the title of the Trustee to the Trust Estate and in order to entitle the Bonds then Outstanding to the benefits and security of the Refunding Indenture, and from time to time will perform or cause to be performed any other act as provided by law, and will execute or cause to be executed any and all further instruments, which may be necessary for such publication, protection and entitlement.

The Authority will pay or cause to be paid all filings, registration and recording taxes and fees incident to such filings, refilings, registration, re-registration, recording and rerecording and all expenses incidental to the preparation, execution and acknowledgment of the Refunding Indenture, any instrument of further assurance and any supplements to any of said instruments and all federal or state stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Refunding Indenture, the Bonds, any instrument of further assurance, and any supplements to any of said instruments. It shall be the duty of the Trustee to prepare and file any continuation statements which may be required from time to time under the Tennessee Uniform Commercial Code in order to continue the perfection of any security interest created by the Refunding Indenture.

**Events of Default**

An Event of Default shall occur under the Refunding Indenture if one or more of the following events shall happen:

(a) if default shall be made in the due and punctual payment of the principal of, or interest or premium (if any) on any Bond when and as the same shall become due and payable;

(b) subject to the right of the Metropolitan Government to perform any covenant of the Authority as set forth in Section 7.06 of the Refunding Indenture, if default shall be made by the Authority or the Metropolitan Government in the performance or observance of any other of the covenants, agreements or conditions on their part in the Refunding Indenture or in the Bonds contained, and such default shall have continued for a period of 60 days after written notice thereof specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the Metropolitan Government by the Trustee, or to the Authority, the Trustee, and the Metropolitan Government by the holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding; or

(c) if (i) the Authority files a petition in bankruptcy or for composition under any State or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver for itself or the whole or any part of its property, or (ii) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the Authority, of the whole or any part of its property, or approving a petition filed against the Authority seeking the bankruptcy or arrangement or reorganization of the Authority under any applicable law or statute of the United States or the State of Tennessee and such order, judgment or decree shall not be vacated, set aside or stayed within sixty days from the date of the entry thereof, or (iii) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control, and if as a result of any of the foregoing events described in clauses (i) to (iii) any court, trustee or receiver either (A) asserts jurisdiction over or attempts in any way to obtain possession of any part of the Trust Estate, including the Ticket Surcharge Revenues and Non-Tax Revenues, or (B) seeks to disaffirm or reject any obligations of the Authority under the Refunding Indenture or the Bonds.

**Rights and Remedies**

The Trustee, in case of the happening of an Event of Default, may, and upon the written request of the holders of not less than 25% in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, shall exercise any or all rights of the Authority under the Refunding Indenture.

The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Refunding Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Refunding Indenture or in aid of the execution of any power granted in the Refunding Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds and/or the Refunding Indenture. All rights of action under the Refunding Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the holders of the Bonds.

The Trustee is appointed, and the successive respective holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective holders of the Bonds, with authority to make or file, in the respective names of the holders of the Bonds or on behalf of all holders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents; to receive payment of all sums becoming distributable on account thereof; and to execute any other papers and documents and to do and perform any and all acts and things for and in behalf of all holders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee. The Trustee shall have full power of substitution and delegation in respect of any such powers.

Any proceeds realized pursuant to the Refunding Indenture shall be applied as follows:

(1) To the payment of all reasonable costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made under the Refunding Indenture by the Trustee or by any holder or holders of the Bonds, and of all taxes, assessments or liens superior to the lien of these presents;

(2) To the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

(3) To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Refunding Indenture), in the order of their due dates, with interest on the principal amount of the Bonds at the respective rates specified therein from the respective dates upon which the Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with the interest, then to the payment first of the interest, ratably, according to the amount of the interest due on that date, and then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the persons entitled thereto without any discrimination.

(4) To the payment of the surplus, if any, to the Metropolitan Government, their successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

No Waivers. No delay or omission of the Trustee or of any holder of any of the Bonds to exercise any right or power arising from any default on the part of the Authority shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Bondholders of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided in the Refunding Indenture. No remedy under the Refunding Indenture is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given under the Refunding Indenture or otherwise existing.

Limitation on Suits. No Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the foreclosure of the Refunding Indenture, for the appointment of a receiver of the Trust Estate, or for the enforcement of any of the provisions of the Refunding Indenture or of any remedies under the Refunding Indenture in respect to the Trust Estate unless (a) the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding have requested the Trustee in writing to take such action; (b) the holders of the Bonds shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and (c) sixty (60) days have elapsed following receipt by the Trustee of such written notice and offer of indemnity during which the Trustee has not taken such action; provided, however, that the right of any holder of any Bond to receive payment of the principal thereof and/or premium, if any, and/or interest thereon on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such holder.

Metropolitan Government's Authority to Perform Authority's Covenants. With regard to any alleged default concerning which notice is given to the Metropolitan Government, the Authority grants the Metropolitan Government full authority for the account of the Authority to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

**The Trustee**

The Trustee shall, prior to an Event of Default, and after the curing of all such Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Refunding Indenture. The Trustee shall, during the existence of any such Event of Default (which has not been cured) exercise such rights and powers vested in it by the Refunding Indenture and may in its discretion, but shall have no affirmative duty to, take such other actions as it deems to be in the best interest of the Bondholders, exercising such discretion with the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be liable for other than its own willful misconduct or gross negligence. The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding or to exercise any of the trusts or powers unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby.

The Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements in the Refunding Indenture or in the Lease or any contracts or securities assigned or conveyed to or mortgaged with the Trustee under the Refunding Indenture contained to be performed or observed by the Authority or the Metropolitan Government; nor shall the Trustee have any obligation, duty or liability under any of such agreements. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default other than a failure to pay principal of or interest on the Bonds unless the Trustee shall receive from the Authority or the Metropolitan Government or the holder of any Bond written notice stating that a default or Event of Default under the Refunding Indenture has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is no such default or Event of Default.

The Trustee shall not be under any obligation to give any consent, enter into any agreement, release any property or to take any other action which is discretionary with the Trustee under the provisions of the Refunding Indenture except on written request of the holders of not less than any applicable specified percentage provided for in the Refunding Indenture or if no percentage is specified then 66-2/3% in principal amount of the Bonds Outstanding. The Trustee makes no representations as to the validity or sufficiency of the Refunding Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds.

The obligations of the Authority under the Refunding Indenture to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness under the Refunding Indenture. Such additional indebtedness shall while an Event of Default is continuing have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such.

There shall at all times be a trustee under the Refunding Indenture which shall be a corporation organized and doing business under the laws of the United States or any State authorized under such laws to exercise corporate trust powers, having a reported capital and surplus of at least $100,000,000, subject to supervision or examination by federal or state authority and acceptable to the Credit Facility Issuer, if any. In case at any time the Trustee shall cease to be eligible, the Trustee shall resign immediately.

The Trustee may at any time resign by giving written notice by first class mail to the Authority, the Credit Facility Issuer, if any, and the registered owner of each Bond. Upon receiving such notice of resignation, the Authority, with the prior written approval of the Metropolitan Government and the Credit Facility Issuer, if any, shall promptly appoint a successor Trustee by an instrument in writing executed by order of its Board of Directors. If no successor Trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder of a Bond or Bonds for at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee who must be acceptable to the Metropolitan Government and to the Credit Facility Issuer, if any.

The Authority or the Metropolitan Government may at any time remove the Trustee and appoint a successor Trustee, who must be acceptable to the Metropolitan Government and the Credit Facility Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders. The Trustee may be removed at any time, at the request of the Credit Facility Issuer, if any, for any breach of the trusts accepted by it. Upon such a removal, the Authority, with the prior written approval of the Metropolitan Government and the Credit Facility Issuer, if any, shall promptly appoint a successor trustee by an instrument in writing executed by order of its Board of Directors.

**Supplemental Indentures**

The Authority, when authorized by resolution of its Board of Directors, and the Metropolitan Government, when authorized by resolution or ordinance of the Metropolitan County Council, and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Refunding Indenture, may enter into a Supplemental

Indenture which thereafter shall form a part of the Refunding Indenture, for any one or more or all of the following purposes, provided the rights of none of the owners of the Bonds are adversely affected thereby:

(1) to add to the covenants and agreements of the Authority and the Metropolitan Government in the Refunding Indenture, other covenants and agreements thereafter to be observed or to surrender any right or power reserved or conferred in the Refunding Indenture upon the Authority or the Metropolitan Government;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in the Refunding Indenture, or in regard to matters or questions arising under the Refunding Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Refunding Indenture and which shall not adversely affect the interests of the holders of the Bonds;

(3) to subject, describe or redescribe any property subjected or to be subjected to the lien of the Refunding Indenture;

(4) to modify, amend or supplement the Refunding Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Refunding Indenture or Supplemental Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Refunding Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(5) to provide for additional Series of Bonds to the extent permitted by the Refunding Indenture; and

(6) in connection with any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Any Supplemental Indenture authorized by the above provisions may be executed by the Authority, the Metropolitan Government and the Trustee without the consent of the holders of any of the Bonds at the time Outstanding, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Refunding Indenture or otherwise.

With the consent of the holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding, the Authority, when authorized by a resolution of its Board of Directors, and the Metropolitan Government when authorized by resolution or ordinance of the Metropolitan County Council and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the Refunding Indenture or of any Supplemental Indenture and/or providing for additional Series of Bonds to the extent permitted by the Refunding Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time of payment of such interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each Bond so affected, or (2) reduce the aforesaid percentage of holders of Bonds required to approve any such Supplemental Indenture, or (3) permit the creation of any lien on the properties assigned under the Refunding Indenture prior to or on a parity with the lien of the Refunding Indenture (except for the issuance of Additional Bonds) or deprive the holders of the Bonds of the lien created by the Refunding Indenture upon said properties, without the consent of the holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certified Resolution authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee shall join with the Authority and the Metropolitan Government in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Refunding Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture. It shall not be necessary for the consent of the Bondholders to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Upon the execution of any Supplemental Indenture, the Refunding Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Refunding Indenture of the Authority, the Trustee the Metropolitan Government and all holders of Bonds outstanding thereunder shall thereafter be determined, exercised and enforced under the Refunding Indenture subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Refunding Indenture for any and all purposes.

**Defeasance**

If the Authority shall pay and discharge the entire indebtedness on all or any portion of any Series of Bonds Outstanding in any one or more of the following ways:

A. By well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on all or any portion of any Series of Bonds Outstanding, as and when the same become due and payable;

B. By depositing or causing to be deposited with the Trustee or with an escrow agent with the same qualifications required of a trustee under the Refunding Indenture, in trust, at or before the date of maturity or redemption, sufficient money or Government Obligations the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem all or any portion of any Series of Bonds Outstanding and to pay interest thereon until the maturity or redemption date; and/or

C. By delivering to the Trustee, for cancellation by it, all or any Series of Bonds Outstanding;

and if the Authority shall also pay or cause to be paid all other sums payable under the Refunding Indenture by the Authority with respect to all or any portion of any Series of Bonds, then and in that case the Refunding Indenture shall cease, determine and become null and void with respect to all or such portion of such Series of Bonds, and thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee of an Officers' Certificate of the Authority and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Refunding Indenture with respect to all or any portion of such Series of Bonds have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Refunding Indenture with respect to all or any portion of such Series of Bonds. The satisfaction and discharge of the Refunding Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Authority for any expenditures which it may thereafter incur in connection therewith.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Upon the deposit with the Trustee, in trust, at or before maturity, of moneys or Government Obligations in the necessary amount to pay or redeem all or any Series of Bonds Outstanding (whether upon or prior to their maturity or the redemption date of such Bonds), and to pay interest thereon until the maturity or redemption date provided that if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in the Refunding Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment.

**Payments by Credit Facility Issuer**

Notwithstanding anything in the Refunding Indenture to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Credit Facility Issuer pursuant to the Credit Facility, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of the Credit Facility Issuer, and the credit Facility Issuer shall be subrogated to the rights of such registered owners.

**Limitation on Liability**

Anything in the Refunding Indenture to the contrary notwithstanding, the performance by the Authority and the Metropolitan Government of all duties and obligations imposed upon them by the Refunding Indenture, the exercise by them of all powers granted to them under the Refunding Indenture, the carrying out of all covenants, agreements, and promises made by them under the Refunding Indenture, and the liability of the Authority and the Metropolitan Government for all warranties and other covenants hereunder, shall be limited solely to the Trust Estate, including revenues and receipts which are a part thereof, and neither the Authority nor the Metropolitan Government shall be required to effectuate any of their duties, obligations, powers or covenants under the Refunding Indenture except to the extent of the Trust Estate and such revenues and receipts.

**No Recourse Against Directors, Metropolitan Government and Authority**

No recourse under or upon any obligation, covenant or agreement contained in the Refunding Indenture, or in any Bond hereby secured, or under any judgment obtained against the Authority, or the Metropolitan Government or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Refunding Indenture, shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Authority, or the Metropolitan Government either directly or through the Authority or the Metropolitan Government, or otherwise, for the payment for or to the Authority or the Metropolitan Government or any receiver thereof, or for or to the holder of any Bond or otherwise, of any sum that may be due and unpaid by the Authority upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Authority or the Metropolitan Government or any receiver thereof, or for or to the holder of any Bond or otherwise, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of the Refunding Indenture and the issue of such Bonds.

**Governing Law**

The Refunding Indenture shall be governed exclusively by the provisions set forth in the Refunding Indenture and by the applicable laws of the State of Tennessee.

MIX
From responsible sources
FSC™ C017146

Printed by: ImageMaster
www.ImageMaster.com