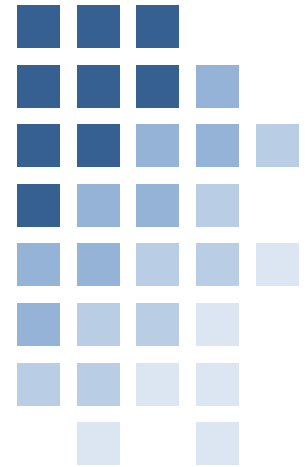
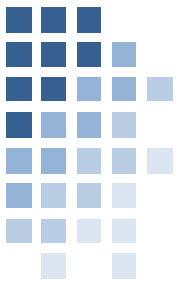


Economic and Fiscal Effects of the May Town Center

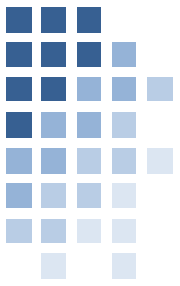
Center for Business and Economic Research
University of Tennessee
June 3, 2009





General Approach

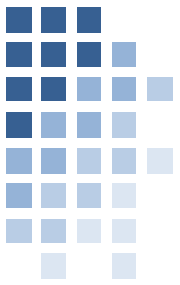
- Reporting economic analysis, not taking a position on the project
- Analysis based on the project as outlined by developer
- Are assuming that the project meets the developer's expected plans – not a feasibility analysis
- Assumes that traffic is accommodated
- Are not examining alternative sites within NDC

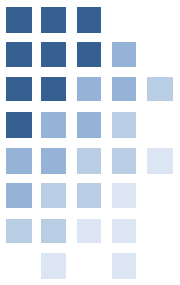


General Outline

- Overview of the Nashville MSA economic environment
- Competitive environment
- Employment and income effects
- Tax and public expenditure effects

Nashville-Davidson-Murfreesboro-Franklin, TN MSA

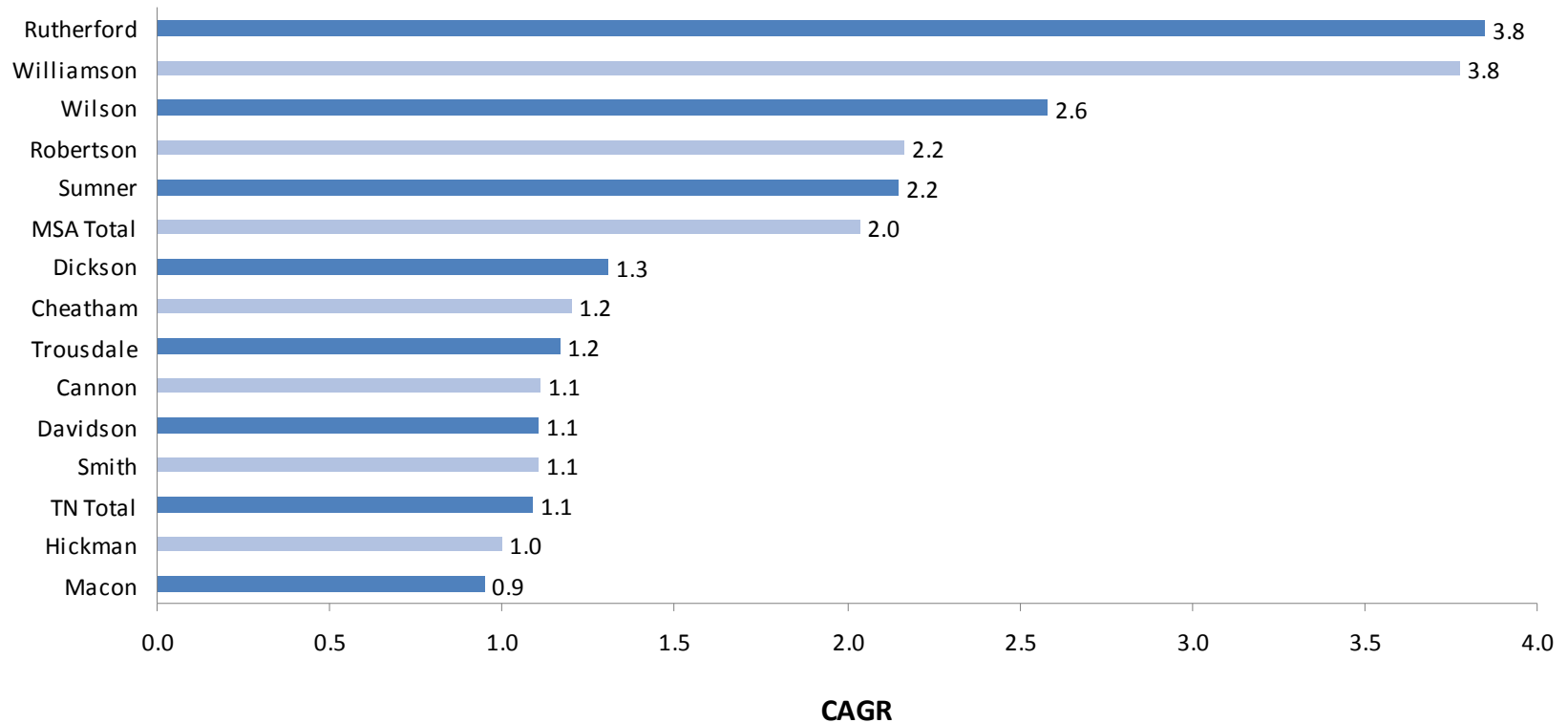
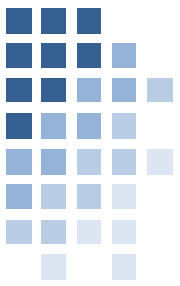




NDC Economic Characteristics

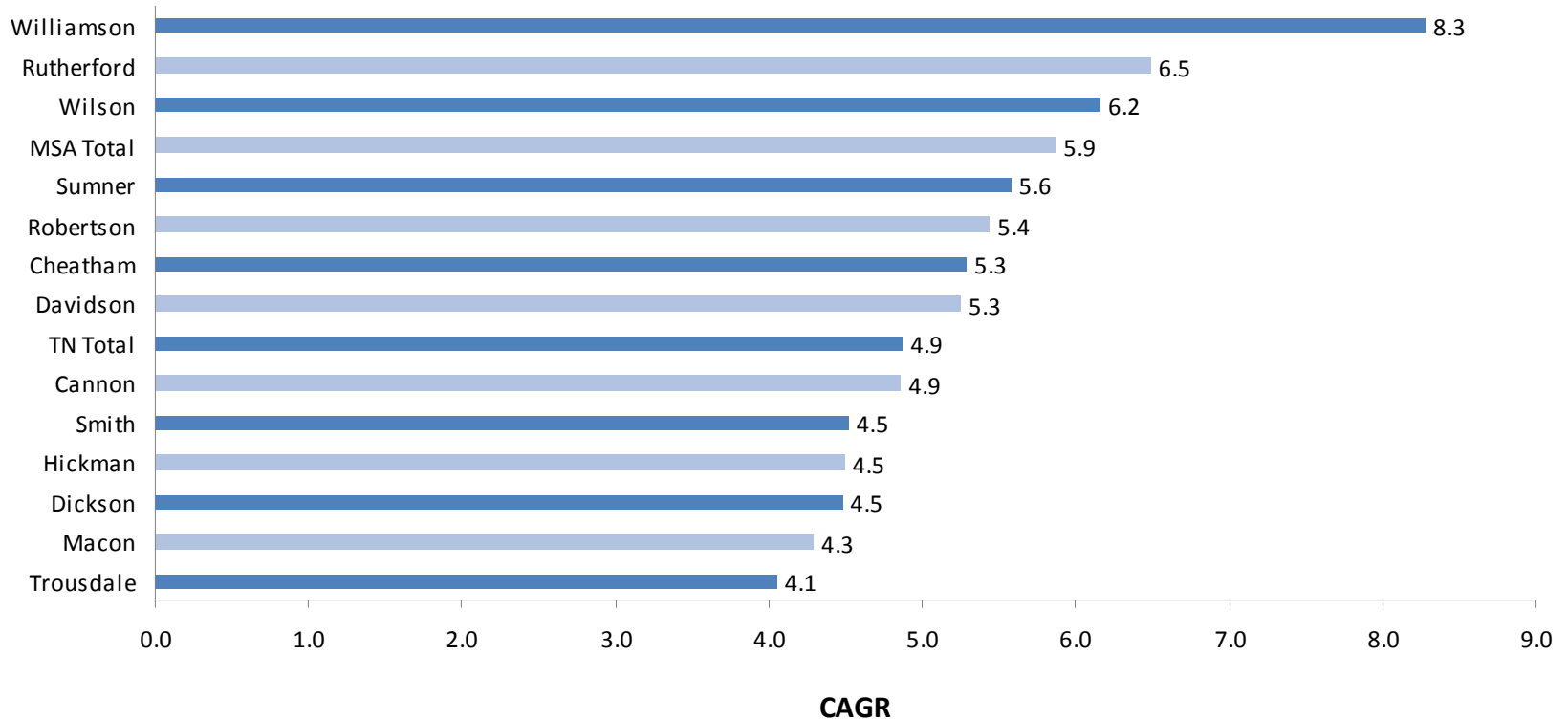
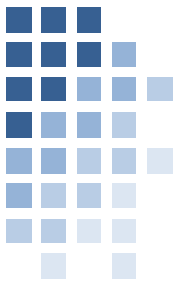
- Economic decline very sharp in the short run with 3.4% job loss in Nashville MSA during past year
- Trend loss in jobs near downtown and job gains outside downtown

Population Growth, 1999-2008



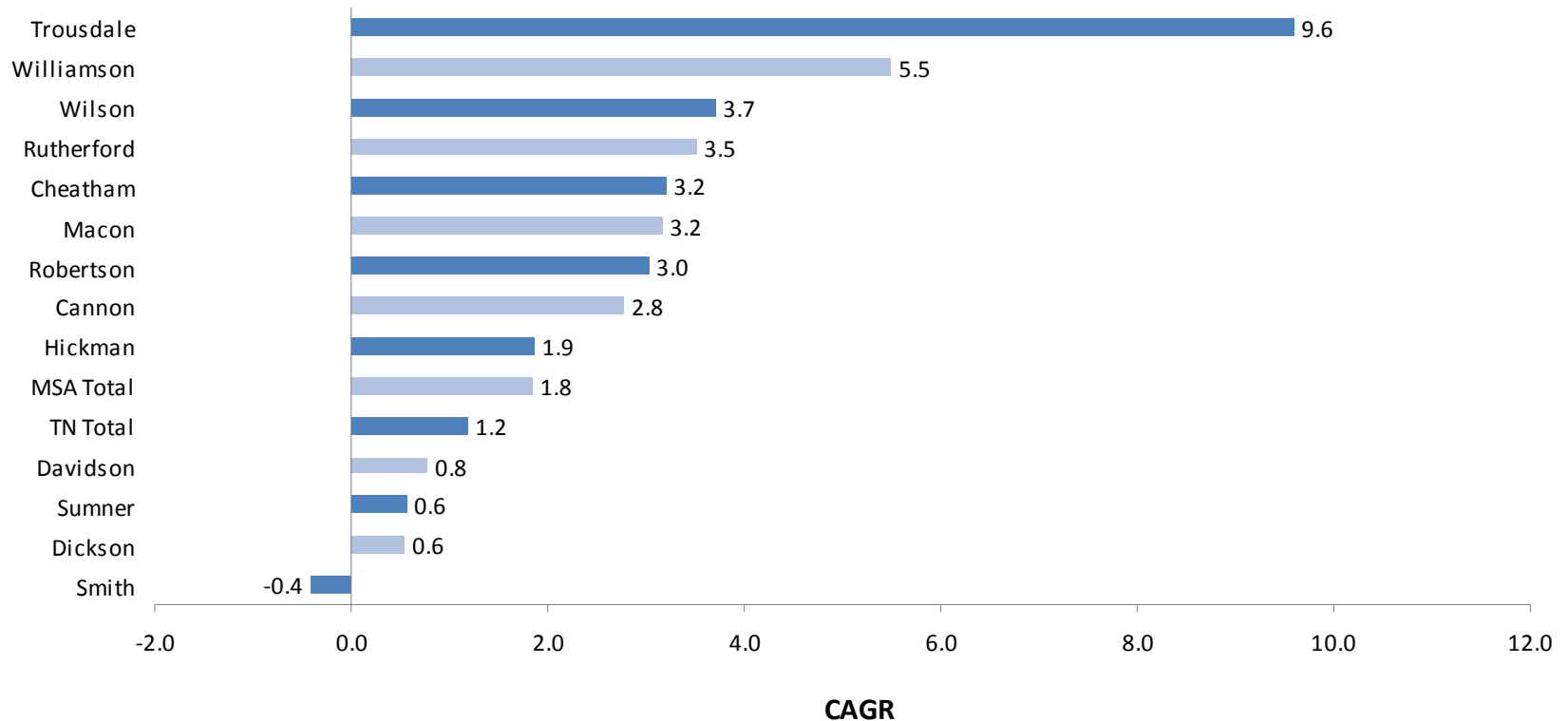
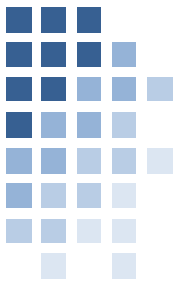
Source: U.S. Census Bureau.

Nominal Personal Income Growth, 1999-2007

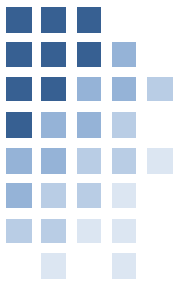


Source: Bureau of Economic Analysis.

Nonfarm Employment Growth, 1999-2007



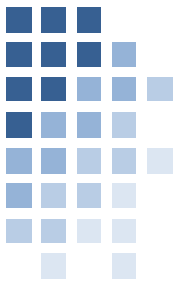
Source: Bureau of Economic Analysis.



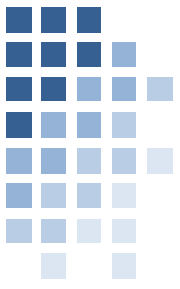
MTC is planned to be: Build Out Projections

	50% Built Out	75% Built Out	100% Built Out
	2012 – 2023	2024 – 2027	2028 – 2031
	Phases I – III	Phase IV	Phase V
Office (Sq. Ft.)	5,000,000	6,700,000	8,000,000
Residential (Units)	4,000	6,250	8,000
Retail (Sq. Ft.)	300,000	575,000	600,000
Hotel (Keys)	300	600	600

Competitive Environment

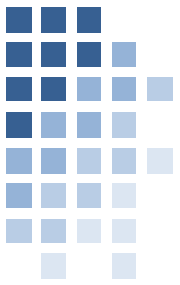


- Businesses choose a region and then a location
- Businesses make location decisions while considering factors such as:
 - Infrastructure
 - Thriving business community
 - Quality of life for their employees
 - Access
 - Quantity and quality of space



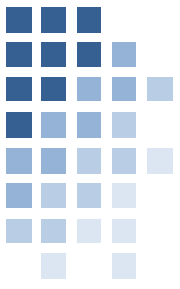
Competitive Environment

- Locations in five counties have the potential to compete with MTC: Davidson, Williamson, Rutherford, Sumner and Wilson counties
- Will compete to some extent with Downtown, Green Hills, and West End/Belle Meade
- Williamson County and the Cool Springs area offer the greatest competitive threat to MTC's concept
- Rutherford, Sumner and Wilson will be less competitive



Alternative Sites Considered

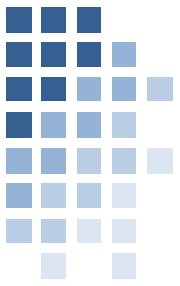
- Downtown Nashville
- Metro Center
- Green Hills/Music Row
- West End/Belle Meade
- Brentwood
- Cool Springs/Franklin
- Murfreesboro and Smyrna
- Hendersonville and Gallatin
- Mount Juliet



Outline of Economic Analysis

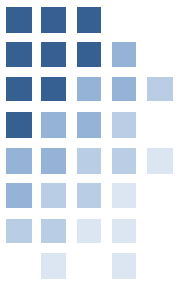
- I. Examine construction and operating phases
- II. Estimate jobs created and incomes earned
- III. Estimate net new taxes and additional public service costs
- IV. Analysis in 2009 dollars
- V. Construction estimates are cumulative through the respective phases – not in present value
- VI. Operating estimates are for a representative year at the particular phase of development

Construction Phase Estimates



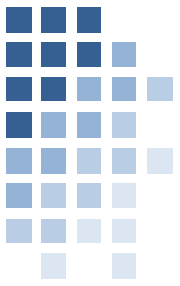
- Composed of:
 - Direct effects
 - Indirect effects
 - Multiplier/induced effects
- Measure net new jobs and income in Davidson County, not directly the same as those received by Davidson County residents
- Adjusted for construction that would have been in Davidson County without MTC
- Considerably less than 60 percent go to Davidson County residents

Estimated New Construction Jobs for Davidson County

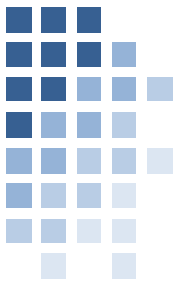


	50% Built Out	75% Built Out	100% Built Out
Office	16,551	22,178	26,481
Residential	10,650	16,639	21,298
Retail	794	1,523	1,589
Hotel	578	1,157	1,157
<i>Total</i>	<i>28,573</i>	<i>41,497</i>	<i>50,525</i>

Estimated Construction Earnings in Nashville-Davidson County (2009 Dollars)

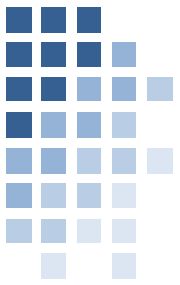


	50% Built Out	75% Built Out	100% Built Out
Earnings	\$973,948,274	\$1,414,453,505	\$1,722,187,898



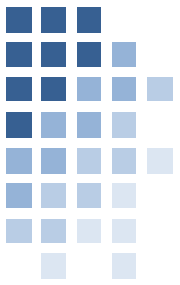
Operating Phases Estimates

- Composed of:
 - Direct effects
 - Indirect effects
 - Multiplier/induced effects
- Measure net new jobs and income in Davidson County, not directly the same as those received by Davidson County residents
- Adjusted for jobs that would have been in Davidson County without MTC
- About 60 percent go to Davidson County residents



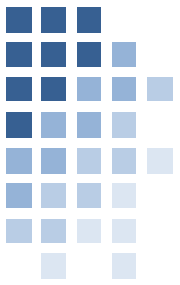
Maximum Total Employment at MTC

Activity	50% Built Out	75% Built Out	100% Built Out
Office	16,875	22,613	27,000
Retail & Restaurant	540	1,035	1,080
Hotel	240	480	480
<i>Totals</i>	<i>17,655</i>	<i>24,128</i>	<i>28,560</i>

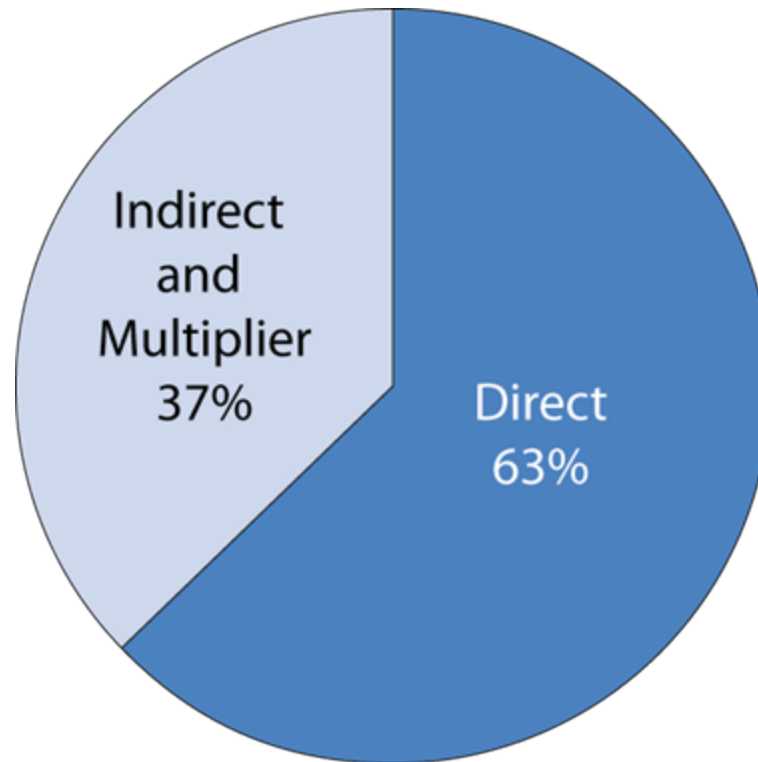


Net New Employment in Davidson County

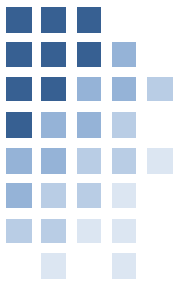
Activity	50% Built Out	75% Built Out	100% Built Out
Office	13,419	17,981	21,470
Retail & Restaurant	362	694	724
Hotel	128	318	318
<i>Total</i>	<i>13,909</i>	<i>18,993</i>	<i>22,512</i>



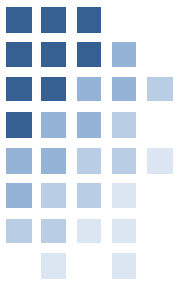
Net New Employment in Davidson County



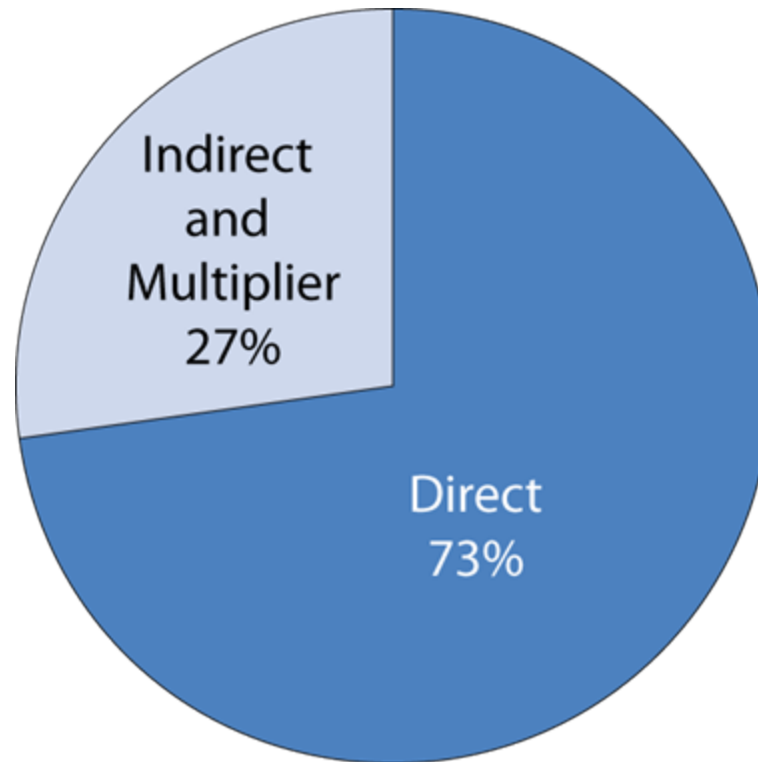
Estimated Earnings from Operations in Davidson County (2009 Dollars)

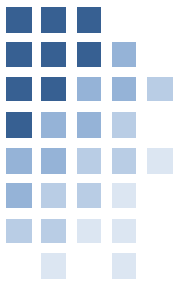


	50% Built Out	75% Built Out	100% Built Out
<i>Direct Effects</i>			
Office	439,147,058	588,457,058	702,635,293
Retail	9,106,676	17,454,463	18,213,353
Hotel	2,946,144	5,892,287	5,892,287
Subtotal	451,199,878	611,803,809	726,740,934
<i>Indirect Effects</i>			
Office	161,562,203	216,493,352	258,499,524
Retail	4,462,727	8,553,560	8,925,454
Hotel	1,247,250	2,494,500	2,494,500
Subtotal	167,272,179	227,541,411	269,919,478
Total	618,472,058	839,345,220	996,660,411



Earnings from Operations Davidson County

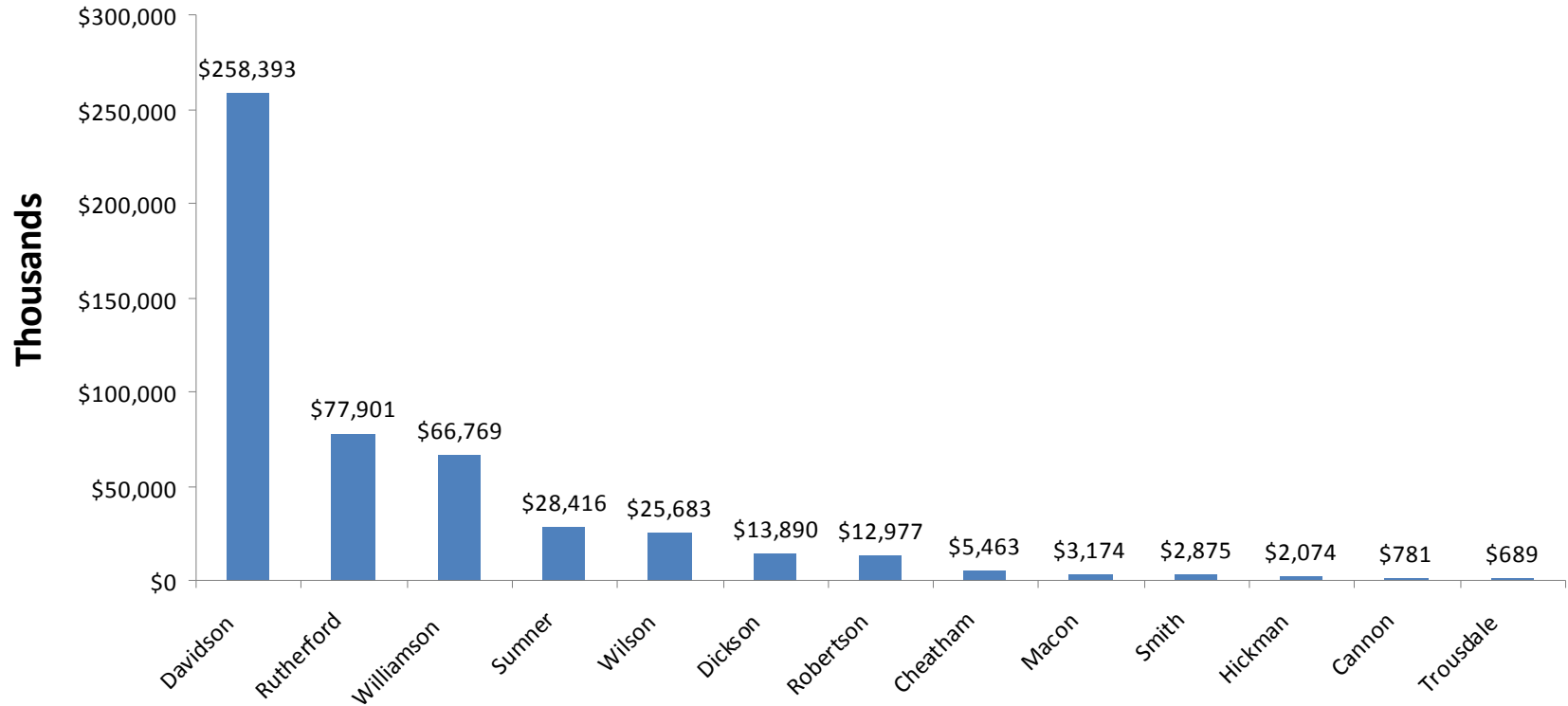
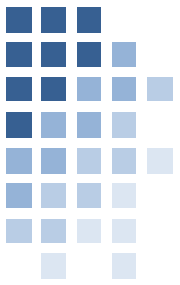




Fiscal Effects

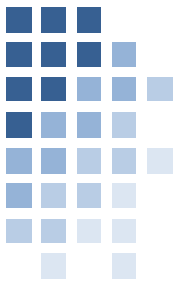
- Sales tax revenue
- Property tax revenue
- Infrastructure costs
- Public service operating costs

Local Sales Tax Collections by Nashville MSA Counties, FY 2008



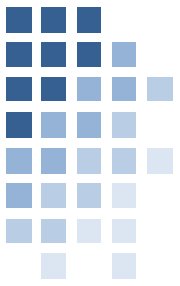
Source: Tennessee Department of Revenue

Cumulative Local Sales Tax Revenue Generated During MTC Construction (2009 Dollars)



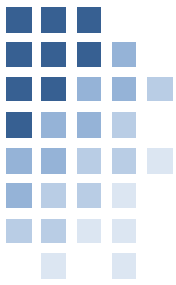
Local Sales Tax Revenue	50% Built Out	75% Built Out	100% Built Out
Construction Materials	8,405,793	12,216,118	14,867,166
Worker Spending	5,460,928	7,930,841	9,656,308
<i>Total</i>	<i>13,866,721</i>	<i>20,146,959</i>	<i>24,523,474</i>

Estimated Non-Recurring Shortfall (in thousands and 2009 Dollars)



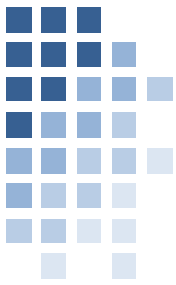
Non-recurring Tax Revenues from Construction Activities	24,523
Major infrastructure expenditures	37,867
Shortfall	-13,344

Annual Local Sales Tax and Property Tax Revenue from MTC Operations (2009 Dollars)

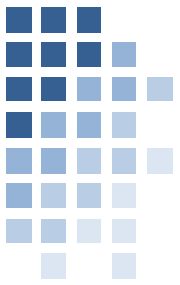


Category	50% Built Out	75% Built Out	100% Built Out
Local Sales Tax Revenue	5,558,983	7,554,107	8,969,944
<i>Property Tax Revenue</i>			
Residential Property	5,652,267	8,435,584	10,738,701
Commercial Property	21,310,422	29,540,434	34,741,644
Tangible Personal Property	781,180	1,136,072	1,394,365
<i>Total Property Tax Revenue</i>	<i>27,743,870</i>	<i>39,112,090</i>	<i>46,874,710</i>
<i>Total Sales Tax and Property Tax Revenue</i>	<i>33,302,853</i>	<i>46,666,197</i>	<i>55,844,654</i>

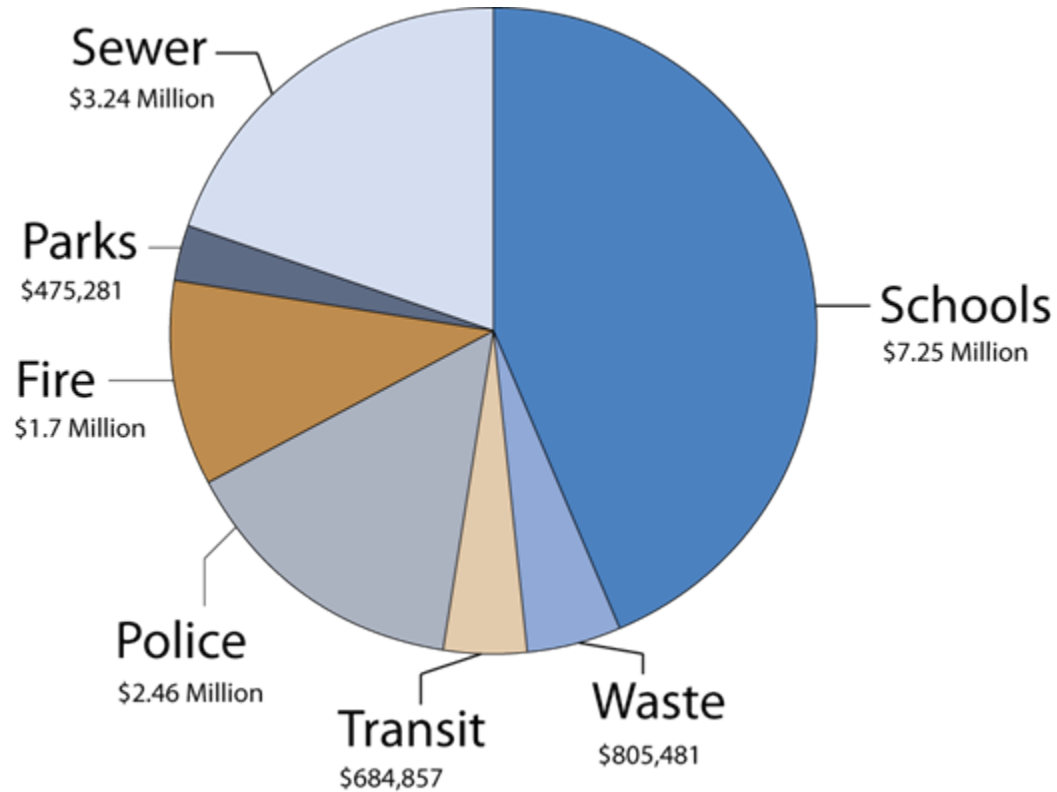
Nashville/Davidson County May Town Annual Operation and Maintenance Costs



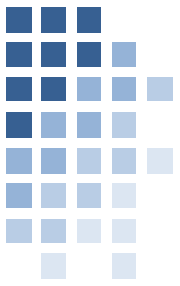
Sectors	50% Built Out	75% Built Out	100% Built Out
	Phases I – III	Phase IV	Phase V
Schooling	\$7,246	\$11,355	\$14,535
Sewer, water, and other utilities	3,240	4,382	5,238
Police	2,458	3,324	3,974
Fire	1,697	2,295	2,744
Waste Removal and disposal	805	1,191	1,451
Transit	684	926	1,107
Parks	475	642	768
<i>Total</i>	<i>\$16,607</i>	<i>24,117</i>	<i>29,819</i>



Non-Highway Phase III Expenditures by Sector



Ongoing Annual Cost of County Services versus Tax Revenues (2009 Dollars)



	50% Built Out	75% Built Out	100% Built Out
Total Annual Sales and Property Tax Revenues	33,303	46,666	55,845
Annual Cost of County Services	16,607	24,117	29,819
Net New Tax Revenue	16,696	\$22,549	\$26,026
