

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Authority, interest on the Series 2014 Bonds will be excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2014 Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Series 2014 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).*

**\$17,390,000**

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

**PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2014**

**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 \$17,390,000 Public Improvement Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued in fully registered form, without coupons, and when issued, the Series 2014 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 2014 Bonds. Individual purchases of beneficial ownership interests in the Series 2014 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 2014 Bonds will be payable semi-annually on January 1 and July 1 of each year, commencing on January 1, 2015, calculated on the basis of a 360-day year consisting of twelve 30-day months.

The proceeds of the Series 2014 Bonds will be used to (i) refund all of the Authority's outstanding Public Improvement Revenue Refunding Bonds, Series 2004, maturing on and after July 1, 2015 (the "Refunded Bonds") and (ii) pay costs incident to the issuance and sale of the Series 2014 Bonds. Payments of principal of, premium, if any, and interest on the Series 2014 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 2014 Bonds purchased by them. See "DESCRIPTION OF THE SERIES 2014 BONDS-Book Entry Only System" herein. The Series 2014 Bonds are 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 2014 Bonds shall be secured by and 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 (as all such terms are defined herein); see "SECURITY AND SOURCES OF PAYMENT".

**The Series 2014 Bonds are not general obligations of the Authority but are limited obligations secured solely by the revenues and receipts pledged to the payment of such Series 2014 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, premium, if any, or interest on the Series 2014 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, premium, if any, or interest on the Series 2014 Bonds or other costs incident thereto. The Authority has no taxing power.**

The Series 2014 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 Saul Solomon, Director of Law, and for the Underwriters by their counsel, Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee. The Series 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 14, 2014.

**PIPER JAFFRAY & CO.****LOOP CAPITAL MARKETS, LLC**

**\$17,390,000**  
**THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF  
 NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)**

**PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2014**

<b><u>Maturity Date</u></b> <b><u>July 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Initial**</u></b> <b><u>CUSIP No.</u></b> <sup>(1)</sup>
2015	\$2,385,000	4.00%	0.21%	592090FV1
2020	3,110,000	5.00%	1.80%	592090FW9
2023	3,645,000	5.00%	2.52%	592090FX7
2025	4,035,000	5.00%	2.75%*	592090FY5
2026	4,215,000	4.00%	3.06%*	592090FZ2

\*Priced to July 1, 2024 par call.

\*\* 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.

<sup>(1)</sup> 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 2014 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 2014 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 2014 Bonds are qualified in their entirety by reference to the forms thereof included in the 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 2014 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 2014 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 IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2014 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.**

**THE SERIES 2014 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 2014 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 2014 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 2014 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 2014 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 2<sup>nd</sup> Avenue South  
Suite 103  
Nashville, TN 37210  
(615) 880-1021

Toby Compton, Executive Director  
730 2<sup>nd</sup> 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 2<sup>nd</sup> Avenue South  
Suite 205  
Nashville, TN 37210  
(615) 862-6112

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

J.D. ELLIOTT, Chair

KIM ADKINS, Vice-Chair

CATHY BENDER, Treasurer

MARGARET BEHM  
MARCUS CURRIE  
CHUCK MERIWETHER  
BOB OBROHTA  
RALPH PERREY

RIP RYMAN  
ED TEMPLE  
DUDLEY WEST  
CHRISTIE WILSON  
EMMETT WYNN

---

**Metropolitan Mayor**

THE HONORABLE KARL F. DEAN

---

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

DIANE NEIGHBORS

**Director of Finance**

RICHARD M. RIEBELING

**Director of Law**

SAUL SOLOMON

---

**Chief Accountant**

KIM MCDONIEL

**Metropolitan Treasurer**

LANNIE B. HOLLAND

**Metropolitan Clerk**

SHANNON B. HALL

**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 2014 Bonds, the purchaser should refer to the Official Statement in its entirety.**

**SUMMARY OF THE OFFERING**

THE SERIES 2014 .....	The Sports Authority of The Metropolitan Government of Nashville and Davidson County (Tennessee) \$17,390,000 Public Improvement Revenue Refunding Bonds, Series 2014.
BOOK ENTRY SYSTEM.....	The Series 2014 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 2014 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 2014 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 2014 Bonds. The credit balance will be confirmed by an initial transaction statement stating the details of the Series 2014 Bonds purchased.
DENOMINATION.....	Fully registered bonds, \$5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY .....	The Series 2014 Bonds will be delivered on or about August 14, 2014 and will be dated the delivery date.
INTEREST PAYMENTS.....	Interest is payable on January 1 and July 1, commencing on January 1, 2015.
OPTIONAL REDEMPTION .....	The Series 2014 Bonds maturing on or after July 1, 2025, are subject to redemption by the Authority prior to maturity on or after July 1, 2024, 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.
PURPOSE .....	The Series 2014 Bonds will be used to (i) refund all of the Authority’s outstanding Public Improvement Revenue Refunding Bonds, Series 2004, maturing on and after July 1, 2015, and (ii) pay costs incident to the issuance and sale of the Series 2014 Bonds.
AUTHORITY.....	The Series 2014 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, a Second Supplemental Trust Indenture dated as of January 19, 2012, a Third Supplemental Trust Indenture dated as of August 20, 2013 and a Fourth Supplemental Trust Indenture dated as of August 14, 2014 (collectively, the “Indenture”).

SECURITY .....	The Series 2014 Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations secured solely by and payable from (i) PILOT Payments, (ii) Project Parking Revenues, (iii) Basic Rent, and (iv) to the extent the foregoing revenues are not sufficient to pay debt service on the Series 2014 Bonds, from Non-Tax Revenues of the Metropolitan Government (all such terms as defined herein; see “SECURITY AND SOURCES OF PAYMENT”), all on parity with the Authority's outstanding Bonds issued pursuant to the Indenture and, in the case of Non-Tax Revenues only, on parity with the Authority’s outstanding bonds issued under the Arena Indenture (as defined herein), as more fully discussed herein.
BOND COUNSEL .....	Bass, Berry & Sims PLC, Nashville, Tennessee
TAX STATUS .....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Authority, interest on the Series 2014 Bonds will be excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2014 Bonds, see the discussion under the heading “TAX MATTERS” herein. Under existing law, the Series 2014 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 AND PAYING/ REGISTRATION AGENT .....	Regions Bank will serve as trustee and paying and registration agent for the Series 2014 Bonds

**OFFICIAL STATEMENT  
RELATING TO**

**\$17,390,000**

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

**PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2014**

**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 (Tennessee) (the "Authority") of its \$17,390,000 Public Improvement Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds").

The Series 2014 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 2014 Bonds shall be issued pursuant to a Trust Indenture, dated as of July 1, 1996 (the "Original Indenture"), by and among the Authority, the Metropolitan Government and Regions Bank, as successor trustee to First American National Bank, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Indenture, dated as of October 27, 2004 (the "First Supplemental Indenture"), as further amended and supplemented by a Second Supplemental Trust Indenture, dated as of January 19, 2012 (the "Second Supplemental Indenture"), as further amended and supplemented by a Third Supplemental Trust Indenture, dated as of August 20, 2013 (the "Third Supplemental Indenture", and, together with the Original Indenture, the First Supplemental Indenture and Second Supplemental Indenture, the "Indenture"), and, as shall be further amended and supplemented by a Fourth Supplemental Trust Indenture, dated as of August 14, 2014, to be entered into by and among the Authority, the Metropolitan Government and the Trustee (the "Fourth Supplemental Indenture"). Regions Bank shall serve as paying and registration agent for the Series 2014 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. Unless otherwise provided, terms used in this Official Statement in connection with the Series 2014 Bonds and not otherwise defined herein shall have the same meanings as given to them in the Indenture. (See APPENDIX E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE").

**DESCRIPTION OF THE SERIES 2014 BONDS**

**Purpose of the Series 2014 Bonds**

The Series 2014 Bonds are being offered to (i) refund all of the Authority's outstanding Public Improvement Revenue Refunding Bonds, Series 2004, maturing on and after July 1, 2015 (the "Refunded Bonds") and (ii) pay costs incident to the issuance and sale of the Series 2014 Bonds.

**Book-Entry-Only System**

*This section describes how ownership of the Series 2014 Bonds is to be transferred and how the principal and interest on the Series 2014 Bonds is to be paid to and credited by DTC while the Series 2014 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 Series 2014 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2014 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 2014 Bonds. The Series 2014 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014 Bond certificate will be issued for each maturity and will be deposited with DTC.*

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

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for Series 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and

proposed amendments to the Series 2014 Bond documents. For example, Beneficial Owners of Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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, certificates for the Series 2014 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 2014 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 2014 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, 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 2014 Bonds will be issued to the holders and the Series 2014 Bonds will be subject to transfer, exchange and registration provisions as set forth in the Indenture, as applicable.

THE AUTHORITY AND THE TRUSTEE, SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2014 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 2014 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 THE 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 2014 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

## **REDEMPTION OF SERIES 2014 BONDS**

### **General Provisions Regarding Redemption**

The Series 2014 Bonds shall be redeemable pursuant to the terms of the Indenture. (See APPENDIX E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"). The Authority covenants that any and all such moneys received by it which are to be used to redeem the Series 2014 Bonds shall be paid to the Trustee under the Indenture, and, in such event, the Trustee shall use any and all such moneys to redeem the Series 2014 Bonds when and as the Series 2014 Bonds shall in accordance with their terms be redeemable.

### **Optional Redemption**

The Series 2014 Bonds maturing on or after July 1, 2025 are subject to redemption by the Authority on or after July 1, 2024, 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.

### **Notice of Redemption**

Notice of redemption shall be given by the 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 2014 Bond designated for redemption. Interest on the Series 2014 Bonds, or portions of Series 2014 Bonds, shall cease to accrue from and after such redemption date and on said date there will become due and payable on the Series 2014 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 2014 Bonds designated for redemption shall not affect the validity of the proceedings for redemption. Failure of DTC, or any successor, to provide notice to any DTC Participant will not affect the validity of such redemption.

## **SECURITY AND SOURCES OF PAYMENT**

The principal of, premium, if any, and interest on the Series 2014 Bonds are secured by and payable solely from (i) PILOT Payments, (ii) 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 2014 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 the Authority's outstanding, to the extent outstanding, Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds"), Taxable Public Improvement Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds") and any parity bonds hereafter issued under the Indenture and, in the case of Non-Tax Revenues only, on parity with the outstanding bonds of the Authority issued pursuant to that certain Trust Indenture, dated as of June 1, 1998, by and among the Authority, the Metropolitan Government and U.S. Bank, as thereafter amended and supplemented (the "Arena Indenture").

The Series 2014 Bonds are not general obligations of the Authority or the Metropolitan Government but are limited obligations secured solely by the revenues and receipts pledged to such Series 2014 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, premium, if any, or interest on the Series 2014 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, premium, if any, or interest on the Series 2014 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 2014 Bonds.

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

**Schedule of Historic and Projected Non-Tax Revenues (1)(2)(3)  
Fiscal Years Ending June 30, 2010 through June 30, 2013  
And Projected Fiscal Year Ending June 30, 2014**

	Projected <u>2014 (4)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Other Payments in Lieu of Taxes	\$20,762,000	\$21,961,279	\$19,492,260	\$19,757,280	\$18,951,957
Licenses	23,720,900	23,739,786	23,530,766	23,129,546	23,542,853
Permits	14,667,600	17,303,006	15,268,103	13,288,462	12,348,783
Franchise Fees	16,932,000	17,942,470	16,248,624	17,362,571	16,998,400
Fines, Forfeitures, and Penalties	11,102,000	12,866,976	12,573,870	13,245,652	14,945,708
Revenue from the Use of Money or Property	-	86,552	20,916	14,367	49,950
Commission and Fees (3)	12,949,500	15,590,951	15,355,507	15,177,986	13,991,938
Charges for Current Services	31,597,000	27,332,023	25,609,465	27,683,764	20,714,997
Compensation from Property	412,100	2,103,455	1,509,595	502,104	770,528
Contributions and Gifts	355,300	391,814	432,325	533,958	598,824
Miscellaneous Revenue	<u>1,539,000</u>	<u>1,568,111</u>	<u>1,696,715</u>	<u>1,770,866</u>	<u>2,148,142</u>
<b>TOTAL</b>	<b><u>\$134,037,400</u></b>	<b><u>\$140,886,423</u></b>	<b><u>\$131,738,146</u></b>	<b><u>\$132,466,554</u></b>	<b><u>\$125,062,080</u></b>

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

(2) Non-Tax Revenues for purposes of this table do not include PILOT Payments (as defined herein), which are pledged solely to Bonds issued under the Indenture, or certain ticket surcharge revenues which are pledged solely to bonds issued under the Arena Indenture.

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

(4) Unaudited

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT SERVICE COVERAGE BY NON-TAX REVENUES

	<u>Budgeted 2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Non-Tax Revenues	\$134,037,400	140,886,423	131,738,146	132,466,554	125,062,080
Maximum Annual Debt Service					
Series 2012A Bonds	1,723,940	1,723,940	1,723,940	1,723,940	1,723,940
Series 2012B Bonds	1,633,230	1,638,669	1,638,669	1,638,669	1,638,669
Series 2013A Bonds	1,085,681	1,064,413	1,064,413	1,064,413	1,064,413
Series 2013B Bonds	782,276	782,276	782,276	782,276	782,276
Series 2014 Bonds	4,304,475	4,304,475	4,304,475	4,304,475	4,304,475
2010B Convention Center <sup>(1)</sup>	35,592,345	35,592,345	35,592,345	35,592,345	35,592,345
2010B Convention Center w/Subsidy <sup>(1)(2)</sup>	27,138,663	27,138,663	27,138,663	27,138,663	27,138,663
Hotel Payments <sup>(1)</sup>	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Coverage	2.23	2.34	2.19	2.20	2.08
Coverage w/Subsidy	2.59	2.73	2.55	2.56	2.42

(1) Pledge of Non-Tax Revenues in favor of this indebtedness is subordinate to the pledge of Non-Tax Revenues in favor of bonds issued under the Indenture and Arena Indenture, including the Series 2014 Bonds.

(2) Maximum annual debt service at current level of 7.2% reduction in IRS subsidy. Maximum annual debt service with IRS subsidy at time of issue is \$26,482,774.

## Series 2014 Bonds

The Series 2014 Bonds are payable from the following sources of funds on parity with the outstanding, to the extent outstanding, Series 2013B Bonds, Series 2012A Bonds, and future bonds issued on parity therewith.

**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 outstanding Series 2014 Bonds, Series 2013B Bonds, Series 2012A 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 outstanding Series 2014 Bonds, Series 2013B Bonds, Series 2012A Bonds, and any other parity bonds hereafter issued under the Indenture, all parking revenues of the Authority and the Metropolitan Government derived from parking lots and facilities of the Authority or the Metropolitan Government located in or surrounding the Project (as defined in the Indenture), which includes the professional football stadium currently known as L.P. Field and certain related facilities (the "Stadium"), 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 outstanding Series 2014 Bonds, Series 2013B Bonds, Series 2012A 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.

**Other Stadium-Related Revenues.** The Metropolitan Government, from time to time, applies other miscellaneous revenue derived from the operation of the Stadium to the payment of bonds of the Authority issued under the Indenture. These miscellaneous revenues are not pledged to the payment of the Series 2014 Bonds. By ordinance in 2009 and 2011, the Metropolitan Government approved the levy of a ticket tax upon all patrons of the Stadium in the amount of \$3.00 per ticket. Such ticket tax proceeds are not pledged to the payment of bonds issued under the Indenture and have been directed by the Metropolitan Government to first pay debt service on the Series 2012A Bonds and fund capital expenditures at the Stadium.

Ticket tax collections depend significantly on the continued presence in Nashville of the National Football League's ("NFL") 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. Certain circumstances (e.g., financial difficulties affecting the Titans or the NFL, generally) could materially impact the amount of ticket tax monies collected.

**Summary of Revenues Pledged or Directed  
to the Payment of Indenture Bonds**

<u>Stadium Revenue Sources</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
PILOT Payments	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Parking Revenues	178,705	211,275	146,463	111,955	116,509
TSU Rent	131,522	131,522	131,522	131,522	131,522
Ticket Tax Levy <sup>(1)(2)</sup>	1,688,576	2,162,380	1,603,090	1,100,720	-
Other Revenues <sup>(1)</sup>	445,933	729,552	658,577	604,414	379,862
<b>Total</b>	<b>\$6,444,736</b>	<b>\$7,234,729</b>	<b>\$6,539,652</b>	<b>\$5,948,611</b>	<b>\$4,627,893</b>

(1) Not pledged for payment of debt service for the 2014 Bonds.

(2) Directed first to pay debt service on Series 2012A Bonds and fund capital expenditures at the Stadium.

**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 2014 Bonds, Series 2013B Bonds, 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 Arena Indenture and the 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 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 monthly on the 25th day of each month; provided, however, such deposit shall be reduced to the extent that: (i) 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; or (ii) 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. (See APPENDIX E – "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 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 Rating Agencies, and the costs of administration related to the 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 2014 Bonds, Series 2013B Bonds, 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 and use of ticket tax monies) in any manner so as to adversely affect the security for the 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 bonds issued and outstanding under the Arena Indenture and the Indenture and any other 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 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. Additional Bonds may be issued on a parity and equality of lien on the Trust Estate with the Series 2014 Bonds, Series 2013B 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 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 Arena Indenture and any other 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 of Non-Tax Revenues in favor of the Series 2014 Bonds. The Convention Center Bonds and Hotel Payments constitute “Additional Secured Indebtedness” under the 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 and charges established to support debt service on the Convention Center Bonds. The maximum annual debt service on the Convention Center Bonds is approximately \$27.1 million, net of reduced direct payment subsidies currently received from the federal government as a result of the Convention Center Bonds being issued as Build America Bonds, and is approximately \$26.5 million net of the full amount of direct payment subsidies payable by federal government. 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 annual Hotel payment ranges from \$5.5 million in the first year to a maximum of \$15 million beginning in year fourteen (14) of the agreement.

The Metropolitan Government covenants in the Indenture that, so long as the 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 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 Arena Indenture and 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 described above;
- (2) The Authority and the Metropolitan Government shall be in substantial compliance with all the covenants, agreements and terms of the Arena Indenture and 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 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 are Outstanding under the Arena Indenture and the Indenture and all other 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 and equipping the acquisition, construction, and rehabilitation of sports complexes, stadiums, arenas, and other recreational facilities for the holding of professional and amateur athletic events by providing for the establishment of sports authorities to plan, promote, finance, construct, acquire and equip sports complexes, stadiums, arenas, structures, and facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Authority owns the Stadium 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 2014 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 or otherwise, except to the extent the Metropolitan Government has expressly pledged its revenues or income under the Arena Indenture and the 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 purposes, (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 2014 Bonds for the purpose described herein, and to enter into the 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 2014 Bonds, caused or incurred by the Authority in connection with the Indenture, as applicable. The Series 2014 Bonds are limited obligations of the Authority, secured solely by the sources pledged under the Indenture. The Series 2014 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 2014 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 the 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

The proceeds of the Series 2014 Bonds will be used to (i) refund all of the Refunded Bonds and (ii) pay costs incident to the issuance and sale of the Series 2014 Bonds:

### REFUNDED BONDS

<b><u>Maturity Date</u></b> <b><u>July 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Redemption</u></b> <b><u>Date</u></b>	<b><u>Redemption</u></b> <b><u>Price</u></b>
2015	\$2,815,000	3.60%	8/14/2014	100%
2020	3,540,000	4.00	8/14/2014	100
2023	4,060,000	4.25	8/14/2014	100
2026	9,090,000	4.50	8/14/2014	100

A portion of the proceeds of the sale of the Series 2014 Bonds will be deposited with the Trustee to be used to pay in full and retire the Refunded Bonds. Upon deposit of the monies with the Trustee and in compliance with provisions of the 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 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 Trustee to redeem the Refunded Bonds on August 14, 2014.

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## SOURCES AND USES OF FUNDS

The table below sets forth the sources and uses of funds in connection with the issuance of the Series 2014 Bonds.

### SOURCES

Par Amount	\$ 17,390,000.00
Original Issue Premium	<u>2,463,718.80</u>
<b>Total Sources</b>	<b>\$ <u>19,853,718.80</u></b>

### USES

Redemption of Refunded Bonds	\$ 19,603,486.72
Cost of Issuance ***	138,857.54
Underwriter's Discount	<u>111,374.54</u>
<b>Total Uses</b>	<b>\$ <u>19,853,718.80</u></b>

\*\*\* Includes legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses, a contingency amount and other costs of issuance of the Series 2014 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 2014 Bonds, and which could also affect the marketability of or the market price for, the Series 2014 Bonds.

The purchase of the Series 2014 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 2014 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 2014 Bonds.

### Ratings

There is no assurance that the ratings assigned to the Series 2014 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 2014 Bonds.

### Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2014 Bonds will be available, and no assurance can be given that the initial offering prices for the Series 2014 Bonds will continue for any period of time.

The Series 2014 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2014 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2014 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2014 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2014 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 2014 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 2014 Bonds, or in any way contesting or affecting the validity of the Series 2014 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 2014 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 2014 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 2014 Bonds, or in any way contesting or affecting the validity of the Series 2014 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 2014 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 2014 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, 2014 (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. A copy of the form of the Continuing Disclosure Certificate is attached hereto as Appendix D.

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](http://www.emma.msrb.org).

The Authority and the Metropolitan Government have 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 2014 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 2014 Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinions set forth herein under the captions "THE SERIES 2014 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 – FORM OF OPINION 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 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 2014 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**

### **Federal Taxes**

**General.** Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2014 Bonds. Their opinion under existing law, relying on certain statements by the Authority and assuming compliance by the Authority with certain covenants, is that interest on the Series 2014 Bonds:

- is excluded from a Bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"),
- is not a preference item for a Bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Code imposes requirements on the Series 2014 Bonds that the Authority must continue to meet after the Series 2014 Bonds are issued. These requirements generally involve the way that Series 2014 Bond proceeds must be invested and ultimately used. If the Authority does not meet these requirements, it is possible that a Bondholder may have to include interest on the Series 2014 Bonds in its federal gross income on a retroactive basis to the date of issue. The Authority has covenanted to do everything necessary to meet these requirements of the Code.

A Bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2014 Bonds. This is possible if a Bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a Bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2014 Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2014 Bonds, or under State, local or foreign tax law.

**Bond Premium.** If a Bondholder purchases a Series 2014 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2014 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a Bondholder's tax basis in that Series 2014 Bond will be reduced. The holder of a Series 2014 Bond that is callable before its stated maturity date may be required to amortize the bond premium over a shorter period, resulting in a lower yield on such Series 2014 Bonds. A Bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2014 Bond with bond premium, even though the Series 2014 Bond is sold for an amount less than or equal to the owner's original cost. If a Bondholder owns any Series 2014 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

**Information Reporting and Backup Withholding.** Unless the recipient is otherwise exempt, interest on the Series 2014 Bonds is subject to Federal information reporting requirements which can be generally satisfied upon the filing of a Form W-9, "Request for Taxpayer Identification Number and Certification." Failure to satisfy the information reporting requirements does not affect the excludability of the interest on the Series 2014 Bonds, but will result in a tax being withheld from the interest payment, calculated as set forth in the Code. Once the required information is provided, such amounts withheld would be allowed as a refund or credit against the Bondholder's Federal income tax.

### **State Taxes**

Under existing law, the Series 2014 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in the State of Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Series 2014 Bonds during the period the Series 2014 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2014 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.

### **Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2014 Bonds or otherwise prevent holders of the Series 2014 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2014 Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds, such as the Series 2014 Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Series 2014 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2014 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Series 2014 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2014 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **Miscellaneous**

Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors regarding the foregoing matters.

## **RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. have assigned ratings of "Aa3" with a stable outlook and "AA-" with a stable outlook, respectively, to the Series 2014 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 2014 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 2014 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 2014 Bonds.

## **UNDERWRITING**

The Underwriters of the Series 2014 Bonds have agreed, subject to certain conditions, to purchase all of the Series 2014 Bonds from the Authority at an aggregate purchase price to be paid by the Underwriters for the Series 2014 Bonds of \$19,742,344.26 (representing \$17,390,000 par amount of the Series 2014 Bonds, plus an original issue premium of \$2,463,718.80, less an Underwriters' discount of \$111,374.54).

The Bond Purchase Agreement between the Authority and the Underwriters provides, with respect to the Series 2014 Bonds, that all of the Series 2014 Bonds will be purchased by the Underwriters, if any of the Series 2014 Bonds of such issue are purchased.

The Series 2014 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 2014 Bonds to certain dealers (including dealers depositing the Series 2014 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 Series 2014 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 Series 2014 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

## **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 2014 Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2014 Bonds are contingent upon the issuance and delivery of the Series 2014 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 2014 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, 2013 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 2014 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 2014 Bonds, the security for the payment of the Series 2014 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 2014 Bonds. The Trustee has 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 TENNESSEE**

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

**APPENDIX A**

**ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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### **General Purpose Financial Statements**

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 2013, together with the independent auditors' report from Crosslin & Associates, are available through the website of the Metropolitan Government's Department of Finance at <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx> and are hereby incorporated by reference as part of this Appendix A. To the extent there are any differences between the electronically posted financial statements of the Metropolitan Government and the printed financial statements of the Metropolitan Government, the printed version shall control.

Crosslin & Associates 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.

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**APPENDIX B**

**FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT**

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# **The Metropolitan Government**

## **Organization**

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

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

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

## **Fiscal Year**

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

## **Budgeting Procedures**

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

The Mayor reviews the operating budget submitted by the Director of Finance, and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Metropolitan County Council for consideration no later than May 1<sup>st</sup>. 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 1<sup>st</sup>, 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 2013-2014 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2013-2014 and the following five fiscal years.

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

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

**District Energy System of the Metropolitan Government**

The Metropolitan Government’s District Energy System (“DES”) began operations in December 2003. DES is a district heating and cooling system that provides steam and chilled water to 40 buildings in the downtown Metropolitan Nashville area for the purposes of general heating and air conditioning. DES is managed by Constellation NewEnergy Projects (“CNE”) of Baltimore, MD. CNE has been involved in the development of many other district energy plants, including those in Chicago, Las Vegas, Old Hickory, TN, Pittsburgh and Baltimore. The Metropolitan Government is the owner of the DES and the site on which the facility is located.

The primary components of the DES include (i) the steam production subsystem consisting of four 65,000 PPH forced draft, dual-fuel boilers and associated appurtenances; (ii) the chilled water subsystem comprised of nine 2,600-ton electrical motor drive chillers, 18 single-cell, cross flow cooling towers and 6 chilled water and 5 condenser water pump/motor sets; (iii) a 69/13/8 KV supply substation and two 69/13.8 KV transformers; and (iv) 22,829 linear feet of chilled water supply, 22,829 linear feet of chilled water return piping, 22,086 linear feet of steam piping and 23,015 linear feet of condensate piping in the underground energy distribution system.

The Metropolitan Government is a customer of DES and purchased approximately 33.1% of the steam and 33.7% 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 Amounts are as follows:

Fiscal Year	Amount
2004	\$2,000,000
2005	1,698,900
2006	2,173,100
2007	2,291,300
2008	1,214,050
2009	2,256,100
2010	2,444,100
2011	2,444,100
2012	2,363,000
2013	2,358,300
2014	1,958,300*

\*Budgeted Amount

### **The Sports Authority of the Metropolitan Government**

The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority") is a public non-profit corporation and instrumentality of the Metropolitan Government organized in 1995 pursuant to Chapter 67, Title 7 of Tennessee Code Annotated, as amended; it is a Component Unit of the Metropolitan Government and is included in the Metropolitan Government's CAFR. The purpose of the Authority is to plan, promote, finance, construct, and acquire sports complexes, stadiums, arenas, and facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Authority has no taxing power.

The Authority, on behalf of the Metropolitan Government, issued revenue bonds in 1996, 1998, 2012 and 2013 to assist in the funding of certain sports projects. The proceeds of the Series 1996 Bonds were used for a portion of the construction of the Coliseum (now LP Field) for the National Football League's Tennessee Titans and Tennessee State University, the Series 1998 Bonds were issued to fund a portion of the franchise payment to the National Hockey League ("NHL") for the NHL's Nashville Predators, the Series 2012A Bonds were issued for upgrades to LP Field and the Series 2013A Bonds were issued to fund ice skating and hockey rinks in the southeastern part of Davidson County. These bond issues were primarily funded with new, dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University, a ticket surcharge at the Bridgestone Arena and a ticket surcharge at LP Field). However, a portion of the debt service as well as any deficiencies from the other pledged revenue streams for these prior bonds are backed by a pledge of the Metropolitan Government's non-tax GSD General Fund revenues. In 2004, a portion of the Authority's Series 1996 Bonds were advance refunded for debt service savings, and in 2012, the Authority's Series 1998 Bonds were refunded for debt service savings. In 2013, a portion of the Authority's Series 2004 Bonds were refunded for debt service savings. Following the 2013 refunding, the annual debt service for these bond issues was approximately \$9.1 million through 2019, \$7.5 million through 2027 and \$2.8 million thereafter until 2034. The proceeds of the Series 2014 Bonds will refund all remaining Series 2004 Bonds for debt savings, decreasing debt service requirements of the Authority through 2027. Please see "Plan of Finance" on page 14 of the Official Statement for more information regarding the refunding of the Series 2004 Bonds in connection with the Series 2014 Bonds.

### **Convention Center Authority of the Metropolitan Government**

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

On April 21, 2010, the CCA issued \$51,730,000 of its Tourism Tax Revenue Bonds, Series 2010A-1 and \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (together, the “CCA Series 2010A Bonds”), and \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the “CCA Series 2010B Bonds”), to finance the development, construction, equipping, furnishing, repair, refurbishment and opening of a new downtown convention center facility (the “Convention Center” or “Music City Center”). For more information on the Convention Center and the Omni Hotel discussed below, see “Tourism” herein. The CCA Series 2010A Bonds are payable solely from certain hotel/motel tax revenues and certain other designated tourism tax revenues (the “Tourism Tax Revenues”). The CCA Series 2010B Bonds are payable from Tourism Tax Revenues, subordinate to the payment of the CCA Series 2010A Bonds, and from Convention Center operating income. If those funds are insufficient to pay debt service when due on the CCA Series 2010B Bonds, the Metropolitan Government has pledged its non-tax GSD General Fund revenues (as it has with respect to the Authority bonds described above) to the payment of debt service on the CCA Series 2010B Bonds. The maximum annual debt service on the CCA Series 2010B Bonds is approximately \$27.1 million, net of reduced direct payment subsidies currently received from the federal government as a result of the CCA Series 2010B Bonds being issued as Build America Bonds, and is approximately \$26.5 million net of the full amount of direct payment subsidies payable by the federal government. The CCA has established a debt service reserve equal to \$26.5 million.

Omni Hotels & Resorts (“Omni”) has constructed an 800-room hotel adjacent to the Convention Center that serves as the Center’s headquarters hotel. The hotel opened on October 1, 2013. The CCA has entered into a development agreement with Omni, under which the CCA has agreed to pay approximately \$100 million in present value financial incentives for Omni to develop the hotel, which incentives are payable over the course of approximately 20 years from Omni’s completion of the hotel. The Metropolitan Government has pledged its non-tax GSD General Fund revenues (as it has with respect to the Authority bonds and the CCA Series 2010B Bonds described above) to the payment of these incentives, in the event the CCA is unable to make payment. The maximum annual incentive payment is approximately \$15 million. The incentive payments are conditioned upon Omni’s construction and continued operation of the hotel.

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## Economic and Demographic Profile of the Metropolitan Government

### Introduction

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

### Population Growth

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

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

Area	2000	2010	Change	
			2000 – 2010	2013
Nashville/Davidson	569,891	626,681	10.0%	658,602
MSA	1,311,789	1,670,890	27.4%	1,757,912
State	5,689,283	6,346,105	11.5%	6,495,978
United States	281,421,906	308,745,538	9.7%	316,128,839

Source: Census Bureau (census.gov)

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

#### Per Capita Personal Income

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

Source – Bureau of Economic Analysis (bea.gov)

### **Economy of the Metropolitan Area**

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

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## Employment

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

### NASHVILLE MSA EMPLOYMENT BY INDUSTRY <sup>(1)</sup>

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

Source – Bureau of Labor Statics (bls.gov)

(1) Employment numbers in thousands

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

	<u>Nashville MSA</u>					<u>Tennessee</u>					<u>United States</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total All Industries <sup>(1)</sup>	808	786	757	734	726	2,750	2,714	2,661	2,615	2,620	136,368	134,104	131,842	130,275	131,233
In Percentages:															
Education & Health Services	15.74%	15.90%	16.10%	16.14%	15.83%	14.42%	14.42%	14.44%	14.30%	13.97%	15.47%	15.43%	15.43%	15.27%	14.90%
Financial Activities	6.30%	6.14%	6.26%	6.29%	6.20%	5.00%	5.07%	5.13%	5.24%	5.37%	5.78%	5.80%	5.84%	5.91%	5.97%
Government	12.80%	13.28%	13.89%	14.44%	14.41%	15.27%	15.61%	16.07%	16.55%	16.36%	16.03%	16.35%	16.75%	17.26%	17.19%
Information	2.52%	2.57%	2.55%	2.63%	2.75%	1.60%	1.58%	1.65%	1.72%	1.79%	1.97%	2.00%	2.03%	2.08%	2.14%
Leisure & Hospitality	10.89%	10.65%	10.44%	10.47%	10.54%	10.43%	10.21%	10.05%	10.02%	10.06%	10.44%	10.27%	10.13%	10.02%	9.96%
Manufacturing	8.80%	8.56%	8.29%	8.23%	8.60%	11.59%	11.55%	11.44%	11.43%	11.80%	8.80%	8.89%	8.89%	8.85%	9.03%
Professional & Business Services	15.03%	14.56%	14.09%	13.43%	12.81%	12.76%	12.40%	12.13%	11.63%	11.22%	13.61%	13.37%	13.15%	12.84%	12.63%
Trade, Transportation Utilities	19.83%	20.17%	20.14%	20.13%	20.34%	21.18%	21.18%	21.17%	21.23%	21.36%	18.97%	19.00%	19.01%	18.91%	18.98%
Other	8.09%	8.17%	8.29%	8.25%	8.53%	7.76%	7.97%	7.92%	7.89%	8.09%	8.92%	8.89%	8.86%	8.87%	9.20%

(1)Total Nonfarm Employment in thousands

Source: Bureau of Labor Statistics (bls.gov)

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Unaudited - See Accompanying Accountants' Report

Employer	June 30, 2013			June 30, 2004		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University and Medical Center	22,933	1	2.87 %	16,327	3	2.22 %
State of Tennessee	18,210	2	2.28	19,234	2	2.61
Metro Nashville-Davidson Co. Government and Public Schools	18,088	3	2.26	21,608	1	2.93
U.S. Government	12,407	4	1.55	11,116	4	1.51
Nissan North America Inc.	8,150	5	1.02	6,600	7	0.90
HCA (including Tri-Star Health System)(1)	7,000	6	0.88	9,657	5	1.31
St. Thomas Health Services	6,350	7	0.79	8,500	6	1.15
Randstad	3,495	8	0.44	-		(2)
Shoney's Inc.	3,000	9	0.38	4,000	8	0.54
The Kroger Company	2,753	10	0.34	-		(2)
CBRL Group Inc.	-	-	- (2)	3,675	9	0.50
Gaylord Entertainment Co. (1)	-	-	- (2)	3,451	10	0.47
	<u>102,386</u>		<u>12.80 %</u>	<u>104,168</u>		<u>14.15 %</u>

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.

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## Investment and Job Creation

In 2013, the Nashville Area Chamber of Commerce announced some 113 business relocations or expansions into the Nashville MSA, collectively bringing 4,868 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, shared service operations, and manufacturing operations have relocated and/ or expanded in Nashville. UBS established a shared services center in downtown Nashville, adding 1,000 new jobs. Asurion, which provides enhanced services to the wireless telecommunications industry, expanded its headquarter operations in 2013, adding 800 jobs to Nashville's employment base. Aramark, a global leader in delivering food, facility and uniform services for businesses, schools/universities, hospitals, and stadiums, relocated its new Business Services Center adding 1,500 new jobs. naviHealth, a Nashville-based startup in the health care industry, has expanded and added 175 new jobs. Total Quality Logistics, a truck brokerage service, added 105 new jobs to Davidson County. Inside Track, works with colleges and universities to improve student and institutional success, opened a Coaching Center in downtown Nashville adding 250 new jobs in 2013. AmSurg, who is a national leader in the development, management and operation of outpatient surgery centers, expanded its headquarter operations adding 50 new jobs to Nashville. Service Source expanded its downtown operations once again in 2013 adding 300 jobs in Nashville. Sony/ATV expanded adding 60 new jobs in 2013. TransCore, a global provider of toll and traffic management services, moved its corporate headquarters to downtown Nashville, adding 60 new jobs. Tyson Food Inc. expanded its meat-processing plant in Goodlettsville, adding 100 new jobs.

## Unemployment Rates

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

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

Source: Bureau of Labor Statistics (bls.gov)

2004-2013 Annual average rate

## Manufacturing

As of December 2013, an average of 71,100 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

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

## **Trade**

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with consumer spending by Nashville MSA residents exceeding \$32.0 billion. Nashville is one of the top 50 retail markets in the country. In the Nashville region, there are 245 shopping centers with 37.3 million square feet of gross leasable area. Nine of these centers are super-regional and 15 are regional.

## **Agriculture**

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

## **Transportation**

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

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

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

A commuter rail service from Lebanon, Tennessee to Nashville, approximately 32 miles, known as the Music City Star commenced transportation services in the September of 2006. It is operated under the direction of the Regional Transportation Authority, a multi-county agency. The ticket price includes Metropolitan Transportation Authority ("MTA") bus service on circulator routes in the downtown area.

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. MTA provides a comprehensive public transportation system covering the entire metropolitan area. In addition to regularly scheduled bus routes, MTA provides special transportation services for the handicapped and operates bus service in the downtown area for shoppers, tourists and downtown workers. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2013, approximately \$29.370 million and \$3.940 million, respectively, to pay approximately 55.8% 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 Metropolitan Nashville Airport Authority (the "Airport Authority") owns Nashville International and John C. Tune airports. Nashville International Airport (the "Airport") is situated approximately eight miles from downtown Nashville.

### **Airport Facts:**

- 1 million+-square-foot terminal
- 44 gates and 15 commuter aircraft parking positions

- Up to 78 commuter aircraft parking positions on 4,500 acres
- Four runways
- Ranked 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
- 45,000-plus tons of cargo in 2011
- Serving 70 markets; 50 nonstop
- 380 daily flights

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

### **Construction**

Construction in Nashville is illustrated by the table on the following page describing the number and value of building permits issued by the Department of Codes Administration of the Metropolitan Government.

Of the nine major areas of office development in Nashville, the Central Business District (“CBD”) is by far the largest, with approximately 12.5 million square feet of leasable space. The CBD achieved positive absorption of 230,000 square feet in 2013. Office vacancy in the CBD at the end of the fourth quarter of 2014 was 12.0%, down from the fourth quarter. There continues to be renewed interest in Downtown and in the new Music City Center, which has sparked new interest in office space downtown. Four other important office submarkets- Green Hills, West End, Airport North and Rivergate - in Davidson County, meanwhile have vacancy rates at 10% or lower, reflecting the overall vitality of the city and improvement over 2013. Leasing activity remains steady and growing in many Nashville office submarkets, which is a positive sign of economic recovery in Nashville. There is continued national interest in Nashville, and Tennessee’s attractiveness has been evident with new relocations, renewals and expansions.

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

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations		Other (1)		Number of Permits	Total Permit Value
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value		
	2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647	1,222		
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279	1,291	23,195,687	9,871	1,429,128,397
2005	3,794	747,525,151	865	428,627,829	4,431	462,950,966	1,434	24,073,860	10,524	1,663,177,806
2006	3,801	758,964,847	620	503,077,069	5,094	553,177,902	1,422	15,722,367	10,937	1,830,942,185
2007	5,965	851,544,710	1,453	619,951,806	2,754	267,721,486	1,469	17,293,882	11,641	1,756,511,884
2008	4,361	412,842,242	489	408,945,106	3,597	460,743,268	858	21,723,839	9,305	1,304,254,455
2009	3,149	318,357,857	495	375,074,904	1,913	205,828,855	1,730	14,464,364	7,287	913,725,980
2010	2,067	294,470,986	528	647,479,914	6,722	424,461,986	1,663	15,189,625	10,980	1,381,602,481
2011	2,166	372,440,931	444	382,483,854	3,163	377,053,306	1,840	18,738,180	7,613	1,150,716,271
2012	2,656	526,206,509	735	621,590,087	4,850	431,579,639	2,047	34,340,897	10,288	1,613,717,132
2013	3,406	737,396,336	762	493,330,146	3,405	455,745,450	2,135	23,344,644	9,708	1,709,816,576

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

Metropolitan Government Department of Code Administration

## **Medical and Cultural Facilities**

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

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

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

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

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

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

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

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

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

## **Tourism**

Tourism is a major industry in Nashville consistently ranking in the top 5 producers. The Convention and Visitors Corporation (CVC) and U. S. Travel Data Center estimate more than 12.2 million tourists came to Nashville in 2013 and spent approximately \$4.6 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Recently the city has become known as a destination for great food and culinary creativity. Excellent air service combined with geographic location and a superior highway system contribute to the city's success.

Nashville's new Music City Center opened in May 2013 and features a 350,000 square foot exhibit hall, 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), 90,000 square feet of meeting rooms, 31 loading docks and a parking garage with 1,800 spaces. MCC management and the CVC exceeded their goal of over 1 million room nights booked prior to opening of the center. The Center has generated \$135 million in direct economic impact in less than a full year of operation.

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

The new Convention Center and OMNI hotel are located downtown in the Metropolitan Government's Central Business District, and are within walking distance of many notable attractions, including, the Bridgestone Arena, the Ryman Auditorium, Frist Center for the Visual Arts, Schermerhorn Symphony Center, Musicians Hall of Fame and Museum and the Johnny Cash Museum.

Each year for 42 years the Country Music Association has coordinated a music festival known as CMA Music Festival. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased, with 80,000 attendees in 2013. The last three years ABC has broadcast a 2 hour show of highlights with Nashville featured as much as the music.

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

The downtown entertainment district features the Hard Rock Café, Jimmy Buffett's Margaretville and the Wild Horse Saloon; a concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium (2,362 seats), former home of the Grand Ole Opry, is known for outstanding acoustics. The 122 year old Ryman has become a venue of choice by entertainers visiting Nashville and six 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 highlight live bands performing 15 hours a day, 7 days a week and are in close proximity of the Bridgestone Arena (20,000 seats) and LP Field.

The Bridgestone Arena is now in its 15th year of operation as a premier entertainment facility and in 2011, 2012 and 2013 ranked 6<sup>th</sup> in the United States in concert attendance. The Arena is home of the Nashville Predators, a National Hockey League team that in 2012 played two rounds into the Stanley Cup playoffs, in its fourteenth season in Nashville.

Nashville is the headquarters of CMT (formerly Country Music Television). Their Nashville friendly programming is transmitted daily to 91 million households. Sirius XM Radio has their southern broadcast facilities inside the Bridgestone Arena where they program multiple channels in 8 studios with a potential daily audience of 49 million.

The Tennessee NFL Stadium, opened in 1999, named LP Field, is the home of the 1999 American Football Conference Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 Ohio Valley Conference Champion Tennessee State University Tigers. Now in its thirteenth year of operation, the Titans have sold out the nearly 69,000 seat Stadium for each of its games.

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

The Grand Ole Opry is America’s longest running live radio show. The Opry first broadcast in 1925 and the country music variety show now plays in a 4,372 seat theater in the Opryland complex near Opry Mills Mall and a few miles from downtown. Each show features 10 to 20 acts or performers and is broadcast on WSM terrestrial and internet radio drawing fans from around the world.

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

The Adventure Science Center and the Nashville Zoo provide opportunities for adults and children to learn how science and wildlife affect their lives. The Center features a state-of-the-art Planetarium as well as exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing a multi-year, multi-million dollar expansion program which will make it one of the largest zoos in the country. The Zoo property is built around the historic 1810 Croft Home and features an ever-expanding display of animals from throughout the world.

The Nashville MSA has more than 322 hotels and motels offering more than 37,140 rooms. In addition to the 800 room OMNI Hotel, a 255 room Hyatt Place opened in fall of 2013 near the new Music City Center and a 194 room Hilton Garden Inn opened in the Vanderbilt area. Developers are in the due diligence stage for 9 additional hotel properties in the downtown area. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,881 hotel rooms, 263,000 square feet of exhibit space and 300,000 square feet of meeting space.

**MSA HOTEL AND MOTEL ROOMS / OCCUPANCY RATE**

Calendar Year	Rooms Available	Occupancy Rate
1998	30,122	61.90%
1999	31,106	61.00%
2000	32,385	59.90%
2001	33,316	56.50%
2002	33,474	56.90%
2003	32,661	58.50%
2004	32,727	60.70%
2005	32,983	62.30%
2006	33,052	66.20%
2007	33,056	66.90%
2008	34,921	62.50%
2009	35,662	57.00%
2010	35,639	59.50%
2011	35,727	63.50%
2012	36,263	66.80%
2013	37,142	69.80%

Source: Nashville Conventions and Visitors Bureau

## Education

The school system had its beginning in 1963 with the merger of Nashville and Davidson County. The Nashville public schools make up the second largest school system in Tennessee. In the 2012-2013 school year, Nashville had 153 public schools, with more than 81,000 students and 5,300 teachers. In addition, there are approximately 70 independent schools, which are attended by over 2,600 students from pre-kindergarten through 12<sup>th</sup> grade.

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

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

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Cheryl D. Mayes	Chair	2014
Anna Shepherd	Vice-Chair	2014
Dr. Jo Ann Brannon	Member	2014
Amy Frogge	Member	2016
Sharon Dixon Gentry, Ed.D.	Member	2016
Michael W. Hayes	Member	2014
Elissa Kim	Member	2016
Will Pinkston	Member	2016
Jill Speering	Member	2016

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

**SCHOOL SYSTEM**  
**Public Education Facilities**  
**2012-2013**

<u>Education Level</u>	<u>Number of Schools</u>	<u>School Year Enrollment</u>
Pre-School	**	141
Pre-Kindergarten	**	1,978
Elementary	72	34,793
Middle	33	22,656
High	25	19,895
Alternative	3	***
Exceptional Education	4	1,570
Charter Schools	15	***
Total	153	81,033

\*\*No Separate Facilities

\*\*\*Included in grade totals

**SCHOOL SYSTEM**  
**Public Schools Enrollment and Attendance**

School Year	Enrollment	Average Attendance
2000-2001	69,457	65,289
2001-2002	69,700	66,319
2002-2003	70,028	66,554
2003-2004	70,760	65,857
2004-2005	71,651	65,960
2005-2006	72,735	67,530
2006-2007	74,163	69,360
2007-2008	74,733	70,231
2008-2009	75,043	69,686
2009-2010	76,329	70,979
2010-2011	78,096	73,808
2011-2012	79,117	75,072
2012-2013	81,077	76,946

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually. Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

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## Financial

### Accounting

Pursuant to the Charter, independent auditors annually audit the financial statements of the Metropolitan Government. The Basic Financial Statements and other financial information, which are presented in the Comprehensive Annual Financial Report (CAFR), are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and with those standards and procedures recommended by the State Comptroller of the Treasury. Copies of CAFRs are available on the Metropolitan Government's website, <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx>.

The Metropolitan Government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Metropolitan Government reports the following major enterprise funds:

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

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

Additionally, the Metropolitan Government reports the following fund types:

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

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

**Agency funds** are used to account for assets held by elected officials as agents for individuals, collections by the Metropolitan Government due to the purchasers of certain outstanding property tax receivables, funds held by the Sheriff's Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

## Revenues

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, fees, and State of Tennessee (the "State") and Federal payments. During the fiscal year ended June 30, 2013, property taxes totaled \$892.4 million dollars and accounted for 56.60% of all revenues available to the GSD General Fund and for GSD Debt Service; 87.76% of all revenues available to the USD General and Debt Service Funds; 40.75% of revenues available to the Schools funds, including Debt Service; and 0.50% of revenues available to the other governmental funds. Sales tax collections totaled \$301.4 million in the fiscal year ended June 30, 2013. A description of each major revenue category available to both the GSD and USD follows:

**Property Taxes** – The levy is without legal limit. An amendment to the Charter states that certain increases in the ad valorem tax rate must be approved by referendum.

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

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

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

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

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

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

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

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

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

Years Ended June 30

	2013	2012	2011	2010	2009
<b>REVENUES:</b>					
Property taxes	\$480,982,166	\$443,340,151	\$438,412,159	\$444,069,326	\$435,605,556
Local option sales tax	97,752,470	91,050,593	81,191,512	79,665,435	86,346,221
Other taxes, licenses and permits	115,430,380	107,705,008	101,931,24	92,273,405	98,494,812
Fines, forfeits and penalties	12,866,976	12,573,870	13,245,652	14,945,708	13,325,113
Revenue from use of money of property	86,552	20,916	20,882	82,193	1,053,155
Revenue from other governmental agencies	83,258,475	77,327,122	78,494,810	76,934,508	89,947,232
Commissions and fees	15,590,951	15,355,507	15,177,986	13,991,938	16,599,245
Charges for current services	28,890,730	27,011,407	29,115,469	26,036,703	29,213,374
Compensation for loss, sale or damage to property	2,103,455	1,509,595	502,104	770,528	314,660
Contributions and gifts	391,814	432,325	533,958	598,824	604,355
Miscellaneous	1,568,111	1,697,115	1,770,865	2,148,142	1,615,211
<b>Total Revenues</b>	<b>838,922,080</b>	<b>\$778,023,609</b>	<b>\$760,396,642</b>	<b>\$751,516,710</b>	<b>\$773,118,934</b>
<b>EXPENDITURES</b>					
General Government	26,138,400	\$26,010,451	\$24,920,818	\$23,676,884	\$26,623,136
Fiscal administration	22,164,457	21,912,507	23,760,394	22,499,859	24,112,437
Administration of Justice	55,703,453	53,575,166	55,407,798	54,590,759	56,871,162
Law enforcement and care of prisoners	231,121,038	219,993,520	215,945,118	206,419,773	211,373,327
Fire prevention and control	110,753,856	108,609,078	109,108,267	104,214,957	107,034,837
Regulation and inspection	7,685,912	7,760,963	7,867,410	7,492,864	7,951,586
Conservation of natural resources	398,931	333,713	340,296	352,001	407,442
Public welfare	7,814,574	7,735,922	6,658,098	6,391,205	7,460,432
Public health and hospitals	65,669,538	60,411,628	62,481,289	93,805,990	83,419,885
Public library system	21,430,534	20,363,498	19,769,677	18,445,049	19,891,826
Public works, highway, and street	30,497,505	29,171,348	29,563,956	30,946,270	33,787,255
Recreational and cultural	33,609,697	32,214,593	31,849,947	31,368,718	35,539,361
Employee benefits	76,165,493	72,920,868	69,327,218	64,637,576	62,420,127
Miscellaneous	80,080,144	75,985,530	71,067,149	55,652,301	40,260,803
<b>Total Expenditures</b>	<b>769,233,532</b>	<b>\$736,998,785</b>	<b>\$728,067,435</b>	<b>\$720,494,206</b>	<b>\$717,153,616</b>
Excess (Deficiency) of revenues over expenditures	69,688,548	41,024,824	32,329,207	31,022,504	55,965,318
Transfers in	36,857,090	40,553,865	41,898,124	17,158,395	21,859,528
Transfers out	(76,751,375)	(78,320,831)	(67,640,036)	(67,008,567)	(61,216,302)
<b>Total Other Financing Sources (Uses)</b>	<b>(39,894,285)</b>	<b>(37,766,966)</b>	<b>(25,741,912)</b>	<b>(49,850,172)</b>	<b>(39,356,774)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	29,794,263	3,257,858	6,587,295	(18,827,668)	16,608,544
FUND BALANCE, beginning of year	70,744,022	67,486,144	60,898,849	79,726,517	63,117,973
FUND BALANCE, end of year	<u>\$100,538,265</u>	<u>\$70,744,002</u>	<u>\$67,486,144</u>	<u>\$60,898,849</u>	<u>\$79,726,517</u>

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

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

Years Ended June 30

REVENUES:	2013	2012	2011	2010	2009
Property taxes	\$277,467,379	\$225,243,162	\$223,021,552	\$226,114,328	\$221,223,164
Local option sales tax	201,896,100	188,282,638	175,271,993	171,369,784	159,185,602
Other taxes, licenses and permits	59,271,893	55,099,243	45,451,041	43,909,306	45,074,681
Fines, forfeits and penalties	5,479,124	3,256,519	4,834,363	3,414,841	3,765,696
Revenue from the use of money or property	64,148	22,113	96,206	225,106	1,890,504
Revenue from other governmental agencies	460,861,393	481,894,104	465,985,670	403,564,662	357,587,139
Commissions and fees (2)	8,620,598	8,646,969	8,282,460	8,010,122	8,450,307
Charges for current services	29,709,668	29,298,030	27,477,875	23,678,064	21,084,956
Compensation for loss, sale or damage to property	1,698,946	968,076	833,531	402,567	364,704
Contributions and gifts	6,163,884	4,716,714	2,998,162	4,094,898	8,495,946
Bond Interest tax credit	-	861,853	-	-	-
Miscellaneous	513,816	572,582	697,845	558,235	584,535
<b>Total revenues</b>	<b>\$1,051,746,949</b>	<b>\$998,862,003</b>	<b>\$954,950,698</b>	<b>\$885,341,913</b>	<b>\$827,707,234</b>
<b>EXPENDITURES</b>					
General government	55,691,027	69,071,765	96,225,824	65,277,671	33,412,252
Fiscal administration	151,790	-	-	-	-
Administration of justice	12,776,019	-	-	-	-
Law enforcement and care of prisoners	28,263,321	35,283,366	33,779,726	32,594,686	28,063,131
Fire prevention and control	2,698,298	-	-	-	-
Regulation and inspection	371,494	-	-	-	143,542
Public welfare	32,241,772	31,433,222	34,727,797	36,555,083	30,464,332
Public health and hospitals	24,087,867	25,564,284	23,538,028	20,288,888	18,155,999
Public library system	898,004	814,644	772,565	571,944	673,024
Public works, highways and streets	27,753,624	22,621,447	28,587,767	20,092,811	29,416,834
Recreational and cultural	2,500,800	2,239,899	1,780,171	1,867,132	1,772,931
Education	832,358,297	797,821,823	777,006,808	740,545,641	720,904,319
Capital outlay	30,927,789	49,352,454	47,615,352	36,365,815	26,537,782
<b>Total Expenditures</b>	<b>1,050,720,102</b>	<b>1,034,202,904</b>	<b>1,044,034,038</b>	<b>954,159,671</b>	<b>889,544,146</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,026,847</b>	<b>(35,340,901)</b>	<b>(89,083,340)</b>	<b>(68,817,758)</b>	<b>(61,836,912)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recovery	-	-	37,000,000	15,000,000	-
Transfers in	112,746,251	113,965,491	93,818,289	67,848,554	56,684,091
Transfers out	(72,698,705)	(60,474,881)	(52,154,173)	(65,664,990)	(37,016,989)
<b>Total Other Financing Sources (Uses)</b>	<b>40,047,546</b>	<b>53,490,610</b>	<b>78,664,116</b>	<b>17,183,564</b>	<b>19,667,102</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>41,074,393</b>	<b>18,149,709</b>	<b>(10,419,224)</b>	<b>(51,634,194)</b>	<b>(42,169,810)</b>
<b>FUND BALANCE, beginning of year, as restated</b>	<b>118,729,893</b>	<b>100,580,184</b>	<b>110,999,408</b>	<b>162,633,602</b>	<b>204,803,412</b>
<b>FUND BALANCE, end of year</b>	<b>\$159,804,286</b>	<b>\$118,729,893</b>	<b>\$100,580,184</b>	<b>\$110,999,408</b>	<b>\$162,633,602</b>

(1) Certain numbers have been re-classified for comparative purposes.  
Source: The Metropolitan Government CAFR for each fiscal year

The Metropolitan Government of Nashville and Davidson County

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

	Years Ended June 30				
REVENUES:	2013	2012	2011	2010	2009
Property Taxes	\$133,949,349	\$122,191,565	\$120,804,490	\$122,698,575	\$118,575,150
Local option sales tax	1,782,042	1,961,289	1,643,404	5,143,018	19,041,127
Other taxes, licenses and permits	-	-	-	-	126,816
Fines, forfeits and penalties	306,638	422,692	494,577	554,813	434,021
Revenue from the use of money of property	324,354	198,825	117,865	169,738	778,297
Revenue from other governmental agencies	9,395,046	8,203,784	5,708,388	4,100,815	4,073,441
Compensation for loss, sale, or damage to Property	-	-	-	-	-
Charges for current services	-	-	-	972,094	838,699
Bond interest tax credit	4,900,351	5,033,674	5,327,305	-	-
Miscellaneous	-	-	-	-	2,403,916
<b>Total Revenues</b>	<b>\$150,657,780</b>	<b>\$138,011,829</b>	<b>\$134,096,029</b>	<b>\$133,639,053</b>	<b>\$146,271,469</b>
EXPENDITURES					
Principal retirement	44,743,407	12,943,203	3,397,777	85,889,567	85,914,567
Interest	93,272,037	93,879,521	85,123,862	80,611,709	83,169,612
Fiscal charges	3,716,622	3,257,031	3,406,148	906,832	3,604,978
Debt issue costs	2,704,649	2,207,494	1,925,066	4,347,663	240,000
<b>Total Expenditures</b>	<b>\$144,436,715</b>	<b>\$112,287,249</b>	<b>\$93,852,853</b>	<b>\$171,755,771</b>	<b>\$172,929,157</b>
Excess (deficiency) of revenues over expenditures	6,221,065	25,724,580	40,243,176	(38,116,718)	(26,657,688)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	382,598,457	316,085,913	290,201,755	189,895,243	59,140,000
Payments to refunded bond escrow agent	(433,836,850)	(383,595,322)	(331,757,177)	(206,868,923)	(58,900,000)
Bond issue premium (discount)	53,750,807	67,444,362	43,480,488	18,244,966	-
Transfers in	16,407,137	15,724,752	13,996,949	18,831,042	17,578,067
Transfers out	(16,978,806)	(51,793,700)	(44,160,500)	-	(4,010,200)
<b>Total Other Financing Sources (Uses)</b>	<b>1,940,745</b>	<b>(36,133,995)</b>	<b>(28,238,485)</b>	<b>20,102,328</b>	<b>13,807,867</b>
Excess (deficiency) of revenues and other Sources over expenditures and other uses	8,161,810	(10,409,415)	12,004,691	(18,014,390)	(12,849,821)
FUND BALANCE, beginning of year	29,168,318	39,577,733	27,573,042	45,587,432	58,437,253
<b>FUND BALANCE, end of year</b>	<b>\$37,330,128</b>	<b>\$29,168,318</b>	<b>\$39,577,733</b>	<b>\$27,573,042</b>	<b>\$45,587,432</b>

(1) Includes the Correctional Facility Revenue Bonds.

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

## **Investment Policy**

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

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

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

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

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

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## Debt Calculations

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
COMPUTATION OF NET GENERAL OBLIGATION DEBT  
JUNE 30, 2013

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$	702,620,096
For General Purposes		1,364,222,925
Urban Services District:		
For General Purposes		<u>196,077,069</u>
Total Gross General Obligation Debt	\$	2,262,920,090
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes		9,479,123
For General Purposes		19,222,308
Urban Services District:		
For General Purposes		<u>8,628,697</u>
Total Amounts Available In Debt Service Funds		<u>37,330,128</u>
Net General Obligation Debt	\$	<u><u>2,225,589,962</u></u>

(1) Excludes general obligation debt funded by business-type activities.  
Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2013

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

**DEBT RATIOS**

AS OF JUNE 30, 2013

Total Debt (1)

Debt to Estimated Market Value	3.58%
Debt to Assessed Value	11.81%
Debt per Capita	\$ 3,490.57

Net Debt

Debt to Estimated Market Value	3.52%
Debt to Assessed Value	11.62%
Debt per Capita	\$ 3,432.99

The above table is based upon:

Estimated Market Value	\$ 63,259,449,113
Assessed Value	\$ 19,160,522,585
Population	648,295

- (1) Please refer to pages H-16-17 (Estimated Market Value), H-26 and H-32 in the 2013 CAFR.
- (2) Source: US Department of Commerce, Bureau of the Census and Labor.

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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
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	1,287,630	136,955	14,915	1,135,760	8.46%	1,956.67
2005-06	576,382	15,533,719	1,608,390	83,596	9,350	1,515,444	9.76%	2,629.24
2006-07	578,698	15,897,957	1,510,825	70,969	7,565	1,432,291	9.01%	2,475.02
2007-08	619,626	16,152,729	1,725,785	56,803	7,170	1,661,812	10.29%	2,681.96
2008-09	626,144	16,554,354	1,585,025	43,962	6,890	1,534,173	9.27%	2,450.19
2009-10	635,710	19,222,371	1,910,500	25,950	6,391	1,878,159	9.77%	2,954.43
2010-11	626,681	19,208,515	1,895,530	37,955	6,195	1,851,380	9.64%	2,954.26
2011-12	635,475	19,104,264	1,923,680	29,168	6,336	1,888,176	9.88%	2,971.28
2012-13	648,295	19,160,523	2,323,100	67,330	60,180	2,225,590	11.62%	3,432.99

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

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The following table sets forth annual debt service requirements by district of the Metropolitan Government on outstanding general obligation bonds secured by ad valorem taxes. No bonds of the Authority, including this issue, are secured by ad valorem taxes.

**TOTAL DEBT SERVICE**

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2013  
Secured by Ad Valorem Taxes

Year Ending June 30	GSD		USD	Total GSD and USD
	School Purposes	General Purposes	General Purposes	
2014	\$ 63,780,328	108,558,764	22,106,880	194,445,972
2015	69,969,892	120,240,479	24,504,694	214,715,065
2016	70,781,011	118,638,773	20,954,500	210,374,284
2017	73,357,019	119,291,076	22,685,118	215,333,213
2018	72,491,952	115,769,944	24,242,907	212,504,803
2019	72,234,747	116,796,795	23,347,325	212,378,867
2020	63,784,216	119,862,087	21,352,670	204,998,973
2021	63,371,995	120,049,652	21,576,945	204,998,592
2022	62,721,281	117,202,049	21,073,499	200,996,829
2023	59,218,975	121,559,985	21,216,933	201,995,893
2024	64,672,198	117,952,308	22,371,366	204,995,872
2025	60,074,142	114,625,015	21,690,273	196,389,430
2026	49,896,518	99,585,716	19,531,425	169,013,659
2027	41,201,744	85,412,804	19,873,242	146,487,790
2028	34,630,628	82,364,900	18,762,093	135,757,621
2029	20,886,632	52,203,597	15,000,933	88,091,162
2030	19,348,702	54,065,111	14,127,315	87,541,128
2031	10,405,135	62,119,087	9,822,755	82,346,977
2032	10,241,362	61,795,231	9,718,164	81,754,757
2033	10,072,178	61,465,773	9,604,563	81,142,514
2034	9,895,500	19,371,903	9,493,971	38,761,374
2035	9,712,051	19,012,788	5,983,087	34,707,926
	<u>\$ 1,012,748,206</u>	<u>\$ 2,007,943,837</u>	<u>\$ 399,040,658</u>	<u>\$ 3,419,732,701</u>

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

## Principal Property Taxpayers

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

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

#### Unaudited- See Accompanying Accountants' Report

Taxpayer	December 31, 2012				December 31, 2003			
	2012 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2003 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	\$ N/A	\$ 28,079,617	1	3.49 %	\$ N/A	\$ 18,796,439	1	3.27 %
RHP Hotels Inc.	282,303,960	13,068,919	2	1.26	-	-	(2)	-
Columbia/HCA	311,862,070	12,425,328	3	1.65	102,365,222	4,702,260	4	0.82
AT&T	169,256,472	7,813,554	4	1.02	-	-	(2)	-
Piedmont Natural Gas	18,685,996	4,608,217	5	0.47	74,342,409	3,277,746	6	0.57
Opry Mills Co.	86,495,741	3,560,336	6	0.21	68,960,000	2,648,064	8	0.46
Vanderbilt	71,438,500	3,329,433	7	0.44	-	-	(2)	-
Green Hills Mall	53,698,840	2,502,366	8	0.21	-	-	(2)	-
Walmart Stores	48,358,800	2,255,555	9	0.21	-	-	(2)	-
Verizon	51,777,423	2,091,807	10	0.29	-	-	(2)	-
Gaylord	-	-	(2)	-	283,333,838	10,118,923	2	1.76
Bellsouth	-	-	(2)	-	176,197,090	7,892,432	3	1.37
CBL & Associates	-	-	(2)	-	102,966,354	4,384,540	5	0.76
PREFCO XIV LTD	-	-	(2)	-	58,415,390	2,763,048	7	0.48
BEL-EQR	-	-	(2)	-	49,465,808	2,265,534	9	0.39
E.I. Dupont	-	-	(2)	-	37,503,300	1,438,185	10	0.25
	<u>\$ 1,093,877,802</u>	<u>\$ 79,735,132</u>		<u>9.25 %</u>	<u>\$ 953,549,411</u>	<u>\$ 58,287,171</u>		<u>10.13%</u>

Source: Tax Assessor's Office, Trustee Office

- (1) The amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.
- (2) Values for taxpayers that are outside the top ten ranking are excluded.

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

### **Overview**

Metro employees participate in one of three main pension plan groups:

1. Metro Active Plans
2. Tennessee Consolidated Retirement System (TCRS) for Metro Schools Certificated Employees (Teachers)
3. Closed Plans maintained under the Guaranteed Payment Program

The Metro Active Plans consist of two divisions – A and B. Division A was established at the inception of the Government on April 1, 1963 and implemented on November 4, 1964. At that time, all employees of the former city and county governments were given the option of continuing as participants of the pension plans of those organizations or transferring to the Metro Plan Division A. Division A of the Metro Plan was closed to new members on July 1, 1995.

On July 1, 1995, Division B of the Metro Active Plans was established for all non-certified employees of the Metropolitan Nashville Public Schools and all other Metropolitan Government employees. Metropolitan Government employees who were members of Division A were given the option to transfer to Division B as of January 1, 1996. At that time, 95% of the approximately 11,300 employees elected to transfer to Division B.

The Metro Active Plan Division B is a non-contributory, defined benefit plan, covering approximately 13,000 current employees and 10,300 retired and deferred vested employees. The Active Plan covers all employees of the Metropolitan Government other than teachers. Contributions attributable to employees of the general government (approximately 75% of total) are funded from Metro's operating fund and revenues. The balance of contributions (approximately 25%) is attributable to Metro employees at enterprise funds and other non-operating funded agencies of the Metropolitan Government (e.g. contributions for water and sewer department employees and funded from water and sewer revenues).

Metropolitan Nashville Public School's (MNPS) teachers participate in the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple-employer, contributory, defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). Approximately 6,630 current teachers and 2,350 retired teachers are covered by TCRS. TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

The TCRS employer contribution rate is established at an actuarially determined rate and set every two years by the TCRS Board of Trustees. MNPS is required to make contributions based on the established rate directly to TCRS. The Metropolitan Government funds this contribution from its operating funds and revenues, through its annual funding of MNPS's education budget. The employer rate for the fiscal year ending June 30, 2013 was 9.05% of annual covered payroll. The employer's contributions to TCRS for the years ending June 30, 2013, and 2012, were \$31,637,282, and \$31,044,714 respectively, equal to the required contributions for each year. The Employer's Contribution Rate for Fiscal Year 2013 and 2014 is 8.88%. Teachers are required by state statute to contribute 5% of salary to the plan.

The Closed Plans are defined benefit plans collectively covering one active employee and approximately 2,044 retired employees. Contributions to the Closed Plans are funded from Metro's operating fund through the Guaranteed Payment Plan and contributions from the State of Tennessee.

## Metro Active Plan

### **Benefits**

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime annual benefit is calculated as 1.75% X final average earnings X years of credited service. Final average earnings are the highest 60 consecutive months of credited service divided by 5. Benefits fully vest on completing 5 years of service. Employees with a date of hire on or after January 1, 2013 will become fully vested on completing 10 years of service.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime annual benefit is the sum of 2% of final average earnings X years of credited police and fire service up to 25 years; plus 1.75% of final average earnings X year of credited police and fire service over 25 years. Final average earnings is the highest 60 consecutive months of credited service divided by 5. Benefits fully vest upon completing 5 years of service. Employees with a date of hire on or after January 1, 2013 will become fully vested on completing 10 years of service.

An early retirement pension is available for retired employees if the retirement occurs prior to the eligibility of normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years credited employee service. Benefits are reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age.

Any employee who terminates after completion of required years of service to be vested and before eligibility for normal or early retirement is eligible to receive a monthly deferred pension commencing on the first day of the month following the attainment of unreduced retirement age computed and payable in accordance with the plan.

### **Funding**

**Minimum Required Employer Contribution:** The Metropolitan Code of Ordinance requires the Metropolitan Government to contribute to the Metro Active Plans each fiscal year an amount equal to a percentage of the annual payroll of members who are eligible employees and who are covered for pension benefits the percentage to be known as the "employer contribution rate." The employer contribution rate applicable for any fiscal year is determined by resolution of the benefit board at a public meeting held at least four months prior to the beginning date of such fiscal year and filed with the Metropolitan Clerk and must be no less than the smaller of (1) three-tenths of one percent plus the employer contribution rate applicable to the prior fiscal year, or (2) an employer contribution rate, which shall be the ratio of the actuarially determined contribution level to the amount of the valuation payroll, on the basis of an actuarial valuation of the system made as of the last day of the fiscal year preceding the adoption of the contribution rate. The actuarially determined contribution level equals the sum of normal cost and a percentage of unfunded past service liabilities, such percentage to be determined by the board at a level at least equal to the actuarial valuation interest rate. The actuarial valuation must be made by a qualified or accredited actuary according to accepted and sound actuarial principles and methods and based on actuarial assumptions which have been recommended by the actuary and approved by the Benefit Board.

**Historic Employer Contribution:** Metro has historically made employer contributions at a rate higher than the minimum required contribution. Metro's policy has been to make annual contributions to the Active Plans equal to the actuary's recommended rate, sufficient to amortize the unfunded liability over the 40 year period commencing in 1978. Beginning with the plan year ended June 30, 2006, the Benefit Board adopted a level unfunded liability amortization period of 15 years. The level amortization period is designed to reduce contribution volatility compared with a continuing decline in the amortization period. The chart below shows the annual employer contribution rate (in both percentage of employee salary and aggregate dollar terms) for the past 10 years. The employer contribution rate for fiscal year 2012-2013 is 15.938%. The Metropolitan Government expects that its contribution rate for 2013-2014 will increase to 17.1%. This increase results from the combination of (1) the anticipated changes in actuarial assumptions described below (which in isolation would reduce the contribution rate) and (2) the increase in unfunded liability described below.

**Historical Metro Contributions  
Metro Active Plan**

Fiscal Year Ending June 30	Contribution Rate	Contribution Amount
2013	15.938%	\$82,653,128
2012	15.416%	81,636,995
2011	15.416%	81,502,645
2010	13.012%	72,253,372
2009	13.012%	72,561,790
2008	16.658%	90,922,719
2007	16.637%	85,427,968
2006	13.857%	68,674,155
2005	12.171%	58,894,435
2004	9.265%	44,902,059
2003	6.610%	30,123,759

**Key Actuarial Assumptions**

- Current actuarial assumptions include a discount rate of 7.5%, cost-of-living adjustments (COLA) of 2.50% for Division A and 1.50% for Division B, salary increases averaging 4.0% annually and five year smoothing of gains and losses.

**Schedule of Funding Progress**

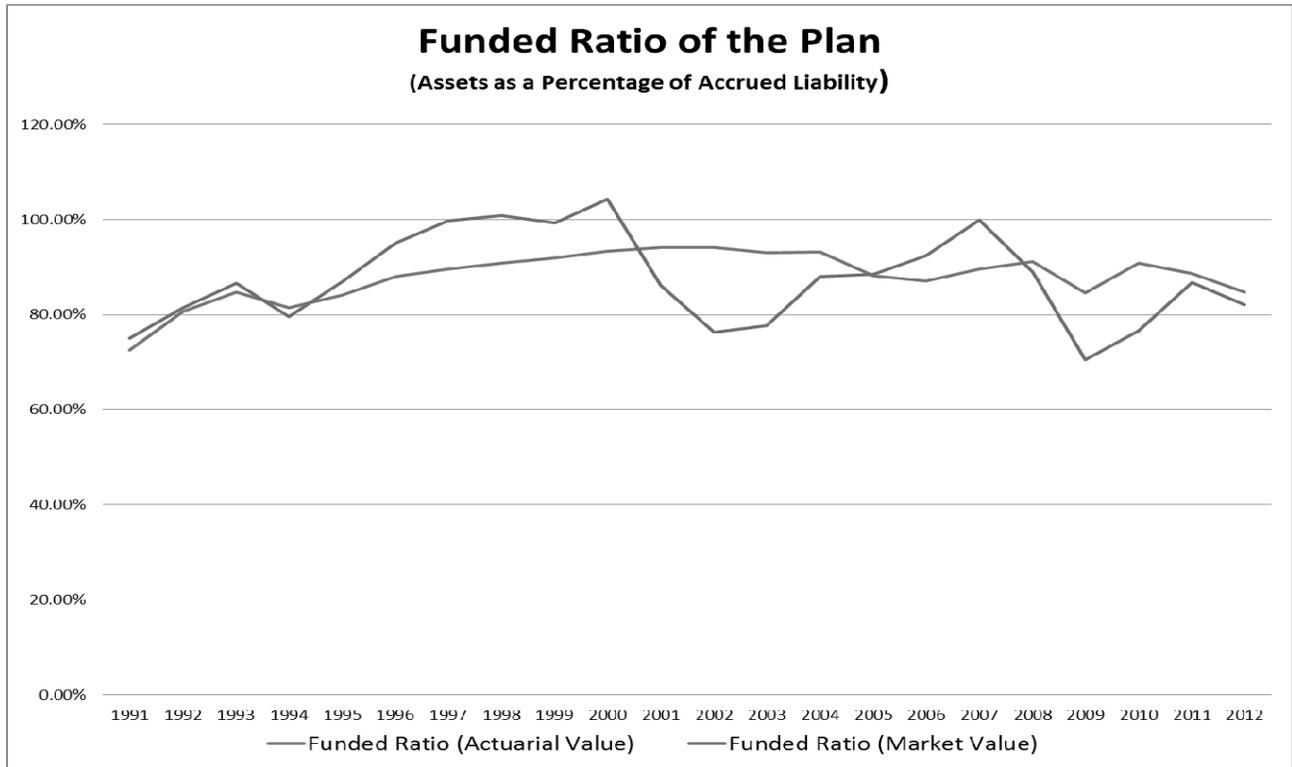
The table below provides a 10 year history of funding progress:

**Metropolitan Government of Nashville and Davidson County Tennessee Pension Plan  
Schedule of Funding Progress  
June 30, 2013**

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

The increase in the Unfunded Actuarial Accrued Liability as of June 30, 2012 results from Active Plan investments underperforming versus actuarially assumed investment returns.

The graph below provides a historical comparison of the plans funded ratio based on actuarial and market values of assets as a percentage of accrued liability.



*Source: Bryan, Pendleton, Swats & McAllister, LLC*

Additional statistical information for the Active Plans can be found in the Metropolitan Government’s CAFR, a link to which is included in this Official Statement.

**TCRS**

**Benefits**

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

## Funding Sources

Teachers – 5% of salaries

Metro, via funding of the MNPS school budget, contributes an amount equal to the percentage of certified payroll set by the TCRS each year. The certified percentage results from a bi-annual TCRS actuarial report and equals normal cost, accrued liability cost and administrative costs (minus teacher contributions).

## Actuarial Information

Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a percent of Payroll
2013	\$19,493,800	\$20,300,591	\$ 806,790	96.03%	\$3,747,221	21.53%
2011	18,388,337	19,423,152	1,034,815	94.67	3,626,582	28.53
2009	16,031,755	17,118,650	1,086,895	93.65	3,523,942	30.84
2007	15,993,095	15,998,286	5,191	99.97	3,241,772	0.16
2005	14,464,578	14,464,578	0	100	3,000,297	na
2003	13,509,863	13,509,863	0	100	2,762,152	na
2001	12,629,990	12,629,990	0	100	2,560,093	na

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

## Annual Contributions

Required TCRS contributions in 2012 and 2013 were 9.05% of salary, or \$31,044,714 and \$31,637,282.

Required TCRS contributions in 2014 will be 8.88% of salary, or approximately \$30,659,615.

## Trends

It is anticipated that there will be upward pressure in the employer contribution rates in future actuarial valuations as the difference between the market value of assets and the actuarial value of assets that are being deferred are recognized. At June 30, 2011 \$1.5 billion of market losses for the state-wide Teachers group are being deferred. Metro's share of these losses will be recognized in future valuations.

## Additional Information

Additional information about TCRS can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

## Closed Plans – Guaranteed Payment Plan

The Metro Council created the Guaranteed Payment Plan effective July 1, 2000 to ensure actuarially sound funding for a group of five closed plans supervised by the Metro Benefit Board and the Board of Education. Under the Guaranteed Payment Plan, unfunded liabilities of the aggregate plan are amortized over a period of no more than thirty years beginning with the effective date. Payments for each constituent plan are transferred to a payment account from which distributions are disbursed to the constituent plans as necessary to satisfy current benefit needs and funding objectives of the Guaranteed Payment Plan. Appropriations made by Metro and the Board of Education to fund obligations of the aggregate plan may not be reduced until all plan obligations are fully amortized. Plan improvements adopted subsequent to inception are to be funded over a period ending June 30, 2030.

The five plans included in the Guaranteed Payment Plan are:

Metropolitan Board of Education Teacher Retirement Plan  
 Davidson County Board of Education Retirement Plan  
 Nashville City Teachers Retirement Plan  
 Former Davidson County Pension System  
 Former City of Nashville Pension System

**Current Funded Status**

**Metro's Liability  
 At June 30, 2012**  
 (Dollars in Thousands)

	Present Value of Future Benefits*	Present Value of Future Employee Contributions	Actuarial Value of Assets	Remaining Liability
Metro Teachers	\$207,805	\$0	\$53,321	\$154,484
County Teachers	32,510	0	5,930	26,580
City Teachers	17,809	0	3,769	14,040
City Employees	55,674	0	7,275	48,399
County Employees	11,786	0	1,557	10,229
<b>Total</b>	<b>\$325,584</b>	<b>\$0</b>	<b>\$71,852</b>	<b>\$253,732</b>

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

Based on current valuation, the expected amortization period is approximately 11 years.

**Historical Contributions**

**Contributions  
 Metro Closed Plans**

Fiscal Year Ending June 30	Metro Contributions	State Contributions
2013	\$33,521,052	18,130,962
2012	33,520,844	18,769,087
2011	33,529,553	19,333,186
2010	33,519,574	19,643,816
2009	33,513,758	20,106,215
2008	33,507,435	20,635,657
2007	33,486,214	21,017,217
2006	33,474,046	21,260,495
2005	33,519,098	21,699,309
2004	33,577,400	21,143,526
2003	33,577,329	20,983,034

Additional statistical information for the Closed Plans can be found in the Metropolitan Government's CAFR, a link to which is included in this Official Statement.

The Metropolitan Government currently provides various other post-employment benefits (“OPEB”) other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro Medical Benefit Plan, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. For employees hired January 1, 2013 or later, the Metropolitan Government contribution is based on years of service and ranges from 25% for a retiree with less than 15 years of service to 75% for a retiree with 20 or more years of service. No later than January 1, 2014, Metro will implement a Medicare Part D or Employer Group Waiver Plan for eligible retirees that is expected to reduce OPEB liability once implemented. 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, 2013, benefits paid totaled \$46,709,200.

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, 2013, benefits paid totaled \$18,171,949.

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, 2013, amounts related to OPEB were (all amounts in thousands):

	Metro Plan	School Plan
Net OPEB Obligation	\$ 768,874	\$ 150,534
Actuarial Accrued Liability (AAL)	1,888,322	427,916
Unfunded AAL	1,888,322	427,916
Annual Required Contribution	175,948	35,832

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2012 valuation date and census data
- Actual dependent coverage information
  - 4.5% rate of return (net of administrative expenses), 2.75% rate of inflation, and 4% of projected increases in salary
  - Health care cost trend rate: 8% graded to 5% for other medical expenses, 11% graded to 5% for prescription drugs, 4% each year for dental and vision expenses

## **Public Employees' Representation**

As of June 30, 2013, the Metropolitan Government and the Metropolitan Board of Education (the "MBE") employed approximately 18,037 persons of whom approximately 10,172 worked full-time for the MBE and 7,865 worked full-time for the Metropolitan Government. Approximately 98% of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,931 active employees, of which 1,429 are sworn personnel. Approximately 1,137 sworn officers (or 79.56%) 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 2,071 (or 31%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 844 (or 21%) of the non-teaching employees are members of the Service Employees International Union; and 171 (or 4%) are in the Steel Workers Union.

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

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

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**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

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[Form of Bond Counsel Opinion]

August 14, 2014

The Sports Authority of The Metropolitan  
Government of Nashville and Davidson County  
c/o Saul Solomon  
Director of Law, Metropolitan Government  
Nashville, Tennessee

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

Piper Jaffray & Co.  
Nashville, Tennessee

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 \$17,390,000 in aggregate principal amount of its Public Improvement Revenue Refunding Bonds, Series 2014, 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; a Second Supplemental Trust Indenture, dated as of January 19, 2012, among the Issuer, the Metropolitan Government and the Trustee; and a Third Supplemental Trust Indenture, dated as of August 20, 2013, among the Issuer, the Metropolitan Government and the Trustee (collectively, the "Indenture"), and as further supplemented and amended by a Fourth 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 June 18, 2014. 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, September 17, 2004, December 6, 2011 and July 18, 2013 (such resolutions, together with the June 18, 2014 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. RS2014-1141 of the Metropolitan County Council of the Metropolitan Government (the "Metro Council"), adopted on July 1, 2014 (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, Resolution No. RS2004-479 of the Metro Council, adopted on September 17, 2004; Resolution No. RS2011-95 of the Metro Council, adopted on December 6, 2011, and Resolution No. RS2013-769 of the Metro Council, adopted on July 16, 2013 (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 "Series 2004 Bonds"), Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project) (the "Series 2012A Bonds") and Public Improvement Revenue Refunding Bonds, Series 2013B (Taxable) (the "Series 2013B 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 Series 2004 Bonds, Series 2012A Bonds and Series 2013B 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) and Public Facility Revenue Improvement Bonds, Series 2013A (Taxable), 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 Series 2004 Bonds, Series 2012A Bonds and Series 2013B Bonds.

7. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 7, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

8. 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

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**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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**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 this 14<sup>th</sup> day of August, 2014 by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") in connection with the issuance of the Public Improvement Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") of The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority"). The Series 2014 Bonds shall be issued pursuant to a Trust Indenture, dated as of July 1, 1996 (the "Original Indenture"), by and among the Authority, the Metropolitan Government and Regions Bank, as successor trustee to First American National Bank, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Indenture, dated as of October 27, 2004 (the "First Supplemental Indenture"), as further amended and supplemented by a Second Supplemental Trust Indenture, dated as of January 19, 2012 (the "Second Supplemental Indenture"), as further amended and supplemented by a Third Supplemental Trust Indenture, dated as of August 20, 2013 (the "Third Supplemental Indenture"), and, as further amended and supplemented by a Fourth Supplemental Trust Indenture, dated as of the date hereof (the "Fourth Supplemental Indenture" and, together with the Original Indenture, Second Supplemental Indenture and the Third Supplemental Indenture, the "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 2014 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, which apply to any capitalized term used in this Disclosure Certificate in connection with the Series 2014 Bonds, 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 2014 Bond (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2014 Bond 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 July 30, 2014, relating to the Series 2014 Bonds.

"Participating Underwriter" shall collectively mean Piper Jaffray & Co. and Loop Capital Markets, 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, 2014, the Metropolitan Government shall provide an Annual Report to the MSRB at [emma.msrb.org](http://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) and (ii) Non-Tax Revenues (as such term is defined in the Indenture).
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 2014 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](http://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. Modifications to rights of Bondholders, if material;
- g. Bond calls, if material, and tender offers;
- h. Defeasances;
- i. Release, substitution, or sale of property securing repayment of the securities, if material;
- j. Rating changes;
- k. Bankruptcy, insolvency, receivership or similar event of the obligated person;

l. 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

m. 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 2014 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)(f) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to the MSRB and any State Depository.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the 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 Indenture, 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 to the extent permitted by applicable law, 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 2014 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 2014 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](http://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:

\_\_\_\_\_  
Saul Solomon, Director of Law

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**APPENDIX E**  
**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The Authority's Public Improvement Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") will be issued pursuant to the Indenture, which specifies the details of provisions of the Series 2014 Bonds and the terms and conditions pursuant to which the Series 2014 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 2012A Bonds, Series 2013B Bonds and Series 2014 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 2012A Bonds, Series 2013B Bonds and Series 2014 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 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 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.

"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., 100 Broadway, New York, New York, 10005, 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 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.

"Series 2013B Bonds" shall mean the Authority's Public Improvement Revenue Refunding Bonds, Series 2013B (Taxable) issued and from time to time outstanding under the Indenture.

"Series 2014 Bonds" shall mean the Authority's Public Improvement Revenue Refunding Bonds, Series 2014 issued and from time to time outstanding under the Indenture.

"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, a Second Supplemental Trust Indenture dated as of January 19, 2012, a Third Supplemental Trust Indenture dated as of August 20, 2013, and a Fourth Supplemental Trust Indenture dated as of August 14, 2014, and as it may from time to time be further supplemented or amended by one or more additional Supplemental Indentures.

"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 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 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 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 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 2012A, Series 2013B Bonds and Series 2014 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 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 2014 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 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.

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.

Deposit and Application of PILOT Payments, Basic Rent, Project Parking Revenues and Non-Tax Revenues. 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.

### **Proceeds of Series 2014 Bonds**

Pursuant to the Indenture, proceeds of the Series 2014 Bonds in an amount, which together with investment earnings thereon and legally available funds of the Authority or the Metropolitan Government, if any, will be sufficient to pay principal of and interest on the portion of Series 2004 Bonds being refunded by the Series 2014 Bonds, shall be transferred to the Trustee to be used to refund all or a portion of the outstanding Series 2004 Bonds. The remainder of the proceeds of the Series 2014 Bonds shall be used to pay the costs of issuance and sale of the Series 2014 Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2014 Bonds and the refunding of the refunded Series 2004 Bonds.

### **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, 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 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 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 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 redescribe 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.

#### **Governing Law**

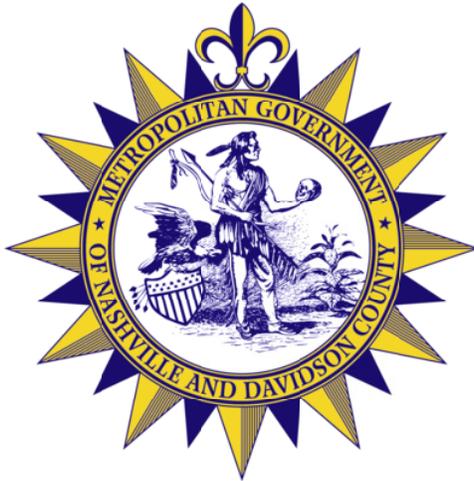
The Indenture shall be governed exclusively by the provisions set forth in the Indenture and by the applicable laws of the State of Tennessee.

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