

Report and Recommendations
for the Reuse of the
Nashville Thermal Site



Presented to
Nashville and Davidson County Metropolitan Council
by the
Thermal Site Task Force

August 6, 2004

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August 6, 2004

Vice Mayor Howard Gentry, Jr.
Members of the Metropolitan Council
225 Polk Avenue, Suite 102
Nashville, Tennessee 37203

RE: THERMAL SITE TASK FORCE – FINAL REPORT

Dear Vice Mayor Gentry and Councilmembers:

The Thermal Site Task Force created by Council Resolution No. RS2004-140 has completed its assignment and encloses the report of its activities and recommendations.

As our Task Force met, we became more aware of just how important this 11-acre(±) site is to the citizens of Nashville. Located at the new front door to our city, the development built on this site will be an important statement to those who enter our city over the new Gateway Bridge.

The Task Force members appreciated the opportunity to be involved in such an important issue facing our community and were diligent in their efforts to determine the highest and best use of this property from the five proposals submitted. We hope this report and the recommendation contained herein will help move the city forward toward a very successful development of this site.

Sincerely,



Jack L. Wood
Task Force Chairman

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Steps Taken by Thermal Site Task Force to Complete Its Assignment

Organizational Meeting – March 26, 2004 (Attachment 1.a.)

Reviewed charge from Metro Council Resolution No. RS2004-140 (Attachment 2)

Elected Task Force leadership: Jack Wood, Chair
Brenda Gilmore, Vice Chair
Jim Hastings, Secretary

(See Attachment 3 for full roster of Task Force)

Authorized a subcommittee to prepare and issue an RFI (Attachment 4) requesting development ideas for the thermal site. Deadline to submit proposals was set at May 14.

Business Meeting #1 – May 21, 2004 (Attachment 1.b.)

Established a list of criteria (Attachment 5) by which to judge any development plan received for the highest and best use of the property.

Reviewed the five development plans received and decided to invite teams for each to make a presentation to the Task Force on June 18.

Jo Ann North reported the results of an appraisal (Attachment 6) prepared by her staff, which established the fair market value of the thermal site at approximately \$11 million.

Business Meeting #2 - June 4, 2004 (Attachment 1.c.)

MDHA and Metro Planning representatives presented to the Task Force information on those projects in the immediate area that are underway or in the planning stages (i.e., Rolling Mill Hill).

Business Meeting #3 - June 18, 2004 (Attachment 1.d.)

The five developers who submitted development plans for the thermal site were each given one hour to present their proposed projects in person and answer questions from the Task Force members.

Business Meeting #4 - July 8, 2004 (Attachment 1.e.)

Task Force members reviewed a summary (Attachment 7) of their rating sheets of each of the five development plans presented. The consensus was to narrow their focus to two development plans, based on the composite rating of each development plan presented. The Task Force decided to ask these two developers to attend another meeting on July 19 and offer additional information.

Business Meeting #5 – July 19, 2004 (Attachment 1.f.)

The two finalists each gave a second presentation and answered questions from the Task Force members.

Task Force members were asked to review all of the information furnished and be ready to make a final decision at the next meeting.

A subcommittee of Claire Tucker, Phil Ryan, and Tony Giarratana was appointed to summarize the financial plan of each of the two finalists (Attachment 8).

Business Meeting #6 – July 26, 2004 (Attachment 1.g.)

A final meeting was held to discuss the two finalists and the points of each proposed development. The financial summaries prepared for each was discussed. Using a ballot given to each Task Force member present, they were asked to choose which of the two proposed developments best met the criteria of the highest and best use of the property.

The vote was 15-1, a strong consensus, in favor of the Downtown Ballpark Neighborhood Project over the Mixed-Use Development proposed by Pappas Properties.

The Task Force then discussed the format and timing of preparing their report and recommendations to the Metro Council.

Summary of Proposed Developments

Convention Center

The Greater Nashville Hotel & Lodging Association proposed a plan to build a new convention center on the thermal site. The center would include 400,000 square feet of exhibit space, with an estimated cost of \$250 million. The Mayor is now awaiting the results of a financial feasibility study to determine the resources needed to build such a facility.

Downtown Ballpark Neighborhood Project

This project includes a new minor league baseball park for the Nashville Sounds AAA franchise on the south end of the site and a mixed-use development on the north end of the site. The mixed-use development would be developed by Struever Bros. Eccles & Rouse, Inc., from Baltimore, Maryland.

The proposed development would include 225 residential condos and 80,000 square feet of commercial space. The mixed-use development is estimated to cost \$47 million, and the stadium an additional \$38 million. The stadium would be financed with municipal bonds sold by the City and paid off through revenues generated from the project. The mixed-use portion would be privately financed.

Marina City Center

The proposed development includes a dry dock marina with 200 berths for boats of 25 to 35 feet in length. The project includes a 49-story high-rise building on the north end of the site. This structure would house 15 floors of offices, 15 floors of residential, 15 floors of hotel, and 4 floors of meeting rooms and miscellaneous space.

The south end of the site would be a ballpark similar to that proposed in the Ballpark Neighborhood Project. The estimated cost of the total project, including the ballpark, is \$160 million. This cost also includes purchasing the land for a net cost of \$10 million. This development was proposed by Maffett • Stamps, PLLC, located in Cookeville, Tennessee.

Mixed-Use Development

This development plan includes two phases of mixed-use development. The first phase, which would use approximately two-thirds of the site, includes \$30 million of residential development and \$7 million of restaurant/commercial space. The developer estimates \$8 million of public support would be needed for the infrastructure improvements to the site, along with parking. The public support is proposed through tax increment financing. Phase II, which would occur within 5 to 10 years of the completion of Phase I, would include \$55 million of residential development in two multistory buildings located on the south end of the site.

The residential and commercial parts of the project would be privately financed. This development was proposed by Pappas Properties, headquartered in Charlotte, North Carolina.

Peabody Hotel Project

This developer proposes a 10-story, 500-room luxury hotel to be built on the north end of the site. The total project cost is estimated at \$135 million. The remainder of the site could be used for an additional development, such as a ballpark. The project would be privately financed, with some public assistance through tax credits. The developer is asking for \$32 million to \$40 million of public assistance to help develop this site through tax credits, low-interest bonds, and tax increment financing.

They proposed on-site parking provided in a separate 6-story structure adjacent to the hotel and some retail space along First Avenue. This project would be developed by the Peabody Hotel Group.

Recommendations

1. The fair market value of the total site has been estimated at approximately \$11 million (Attachment 6).
2. The Task Force members, with a very strong consensus, believe the following project to be the highest and best use of the property from the five development plans presented to our group.

Downtown Ballpark Neighborhood Project

Submitted by the Nashville Sounds Baseball Club

Suggestions Submitted by Task Force Members To Accompany Their Recommendations

- The City must determine how much it is willing to invest in order to get the highest and best use of the property (i.e., donation of land, tax credits, infrastructure, etc.).
- The City must decide how much risk it is willing to accept to allow the development to proceed. Any use of the property will involve some risk to be assumed by the City, but the amount should be minimized.
- The recommended developer, Struever Bros. Eccles & Rouse, Inc., stated that more work will be required to determine the exact makeup of the mixed-use part of the development. The project must be market driven, with demand assessed for each component of the final development.
- The developer and City should get community input through public meetings as the project proceeds.
- The site should include a strong mixed-use component that strengthens the 24-hour nature of downtown.
- The site should include a strong entertainment component, such as the recommended ballpark, that is attractive to local residents.
- The site design should be seamlessly linked to adjacent development opportunities. The site is at the critical juncture of East Nashville, Downtown, Rolling Mill Hill, Rutledge Hill, and SoBro, and as such, the scale and massing of the buildings should link these areas. Buildings should properly address 1st Avenue and should step up the hill in support of the Rolling Mill Hill development. Buildings should not form a visual bookend, stopping the natural flow of development.
- Open space should be linear and draw people through the site to the river, both physically and visually.
- The riverfront must be adequately sized, open and public, and linked to surrounding greenways and linear open space systems.
- The site and structure of the ballpark should be designed to facilitate expansion, if possible, at minimal cost to accommodate a major league baseball team.
- The Peabody Hotel would be a great addition to downtown, and the Task Force felt it would be an excellent anchor to a new convention center.
- The Hotel & Lodging Association made a very persuasive presentation that a new convention center is needed in downtown Nashville, but the Task Force felt that this proposed project was not a good use of the Thermal Site. The Task Force was not, however, prioritizing the development of the Thermal Site over the building of a new convention center. Each of these proposed developments would be beneficial to our city and should be considered independently on their own merits.

**Organizational Meeting Minutes
Nashville Thermal Site Task Force
March 26, 2004**

The organizational meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of Barge Waggoner Sumner & Cannon.

Participants:

Gary Alexander for Scott Ramsey	Hugh Harper	Martin Simmons (via phone)
Rick Bernhardt	Jeanie Hastings for Jim Hastings	Butch Spyridon
Eric Beyer	Mike Jameson	Claire Tucker
Jennifer Carlat, assisting Bernhardt	J. B. Loring	Tom Turner for Mike Neal
Won Choi	Dianne McDerman, assisting Wood	Edward Whitmore
Howard Gentry	Pat Nolan for Hank Dye	Jack Wood
Tony Giarratana	Jo Ann North	
Brenda Gilmore	Phil Ryan	

Wood called the meeting to order at 12:05 p.m. by welcoming the participants. He noted that McDerman would be taking minutes of this organizational meeting. He then turned the meeting over to Howard Gentry, who welcomed those in attendance and thanked the Task Force members for agreeing to serve. He acknowledged that he didn't anticipate attending future meetings.

Discussion Items:

Charge of Task Force: Gentry explained the purpose of the Task Force, which is to explore the options and opportunities for the development of the downtown Thermal Plant property and to make recommendations to the Metro Council regarding the highest and best use of the property. Council's charge to the Task Force is (1) to establish the current fair market value of the Thermal Plant property; (2) to solicit and review any and all proposals for the development of the property, and (3) to report its findings and recommendations to the Metropolitan Council regarding the Task Force's findings not later than sixty (60) days of convening. The first official business meeting of the Task Force will mark the convening of its operations.

Location, Time, and Frequency of Meetings: Regular business meetings of the Task Force will be held at the offices of the Nashville Downtown Partnership, One Nashville Place, Suite G-150. The first official business meeting is scheduled for noon on May 21, 2004. Lunch will be available to Task Force members at 11:30 a.m. The dates and frequency of future meetings will be determined at that time, based on the number of RFIs received. All meetings are open to the public and media.

Organization of Task Force: Gentry explained that Resolution No. RS2004-140 resulted from Council's decision to develop this Task Force. He was asked by Council to appoint members of the Task Force, with specific criteria for each. There will be two subcommittees

- **Appraisal Subcommittee** consists of Jo Ann North (Chair), Phil Ryan, and Butch Spyridon. North noted that with no budget, the Task Force may have to depend on her office to establish value of the property (land only) rather than hiring an independent

appraiser. Spyridon will check his budget and ask Mike Neal about funds from the 2010 budget to possibly pay for a commercial appraisal of the Thermal Site.

- *RFI Subcommittee* consists of Claire Tucker (Chair), Mike Jameson, and Rick Bernhardt.

Procedure for Soliciting Proposals with Deadline: A Request for Information (RFI) will be prepared by the RFI Subcommittee and emailed to all Task Force members for review as soon as possible. Gentry noted Council did not establish a budget for this Task Force but that the RFI could be issued through the Metro system, according to David Manning. The RFI will be issued and all proposals must be submitted and distributed to Task Force members for review prior to the May 21 business meeting. Information requested shall include (1) use and configuration on the property; (2) how it will be financed; (3) effect on tax basis (i.e., will it pay or generate taxes) and benefit to the community; and (4) a timeline. It was suggested that these items might be weighted in the evaluation process. Establishing guidelines/standards for the RFI responses is necessary to expedite the review process, and following those guidelines/standards is required in order to be considered. Cost estimates should be made based on the Thermal Site being environmentally clean and all demolition already done. Responses can include or exclude use of the current police precinct property, but those including use of that property must also include the cost to relocate the police precinct.

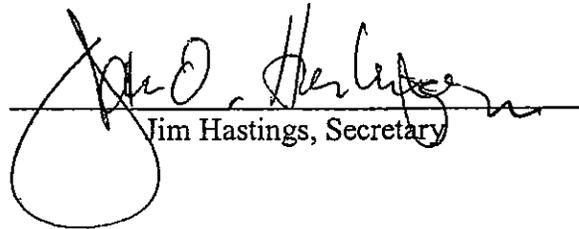
Gentry noted that the Task Force has the authority to solicit proposals and can call those who have previously submitted proposals to give them the opportunity to respond to the RFI in the format required for review by the Task Force.

Establish Date and Time of First Official Business Meeting: May 21, 2004 @ noon

Elect Task Force Leadership: Jack Wood was elected Chairman; Brenda Gilmore, Vice Chair; and Jim Hastings, Secretary.

Notification of Media: Gentry noted that such notification will be handled by the Metropolitan Clerk (see Section 4 of Resolution).

Meeting adjourned at 1:05 p.m.


Jim Hastings, Secretary

**Business Meeting Minutes
Nashville Thermal Site Task Force
May 21, 2004**

The first business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

Greer Broemel for Eric Beyer	Mike Jameson	Martin Simmons
Hank Dye	Dianne McDerman, assisting Wood	Butch Spyridon
Tony Giarratana	Mike Neal	Claire Tucker
Ann Hammond for Rick Bernhardt	Jo Ann North	Jack Wood
Hugh Harper	Scott Ramsey	
Jim Hastings	Phil Ryan	

Wood called the meeting to order at 12:00 noon by welcoming the participants and guests. He thanked the Nashville Downtown Partnership for providing the space and lunch for today's meeting and noted that Dianne McDerman would again be taking minutes. Several guests identified themselves, some of whom were attending on behalf of one of the proposals and others as concerned citizens.

Review of Agenda: Wood went over the agenda and asked for any additions. Receiving none, he then suggested that the Task Force let representatives for each proposal address the group at the next two meetings once it is determined that the proposals meet the criteria.

Approval of Minutes from 3/26/04 Meeting: Wood asked for any revisions to the draft minutes but received none. Mike Neal moved to accept the minutes as presented. Phil Ryan seconded. Motion carried.

Establishing Criteria for Evaluating RFI Responses; Establishing Highest & Best Use of Site: Wood suggested that Rick Bernhardt and Phil Ryan make a presentation at the next meeting as to plans for Rolling Mill Hill and the Franklin Street Corridor so that the Task Force can take into consideration things going on around the site when determining the best use of this property. Members of the Task Force suggested that any development on the site should include the items listed below.

Enhance a vibrant downtown	Multiuse development
Expand property tax base	Be a year-round draw
Increase tax revenue and employment	Be a draw to local and out-of-town population
Complement surrounding development	Consider residential component
Serve as a draw to downtown	Consider aesthetics
Catalyst for additional development	Create urban edge along Gateway
Capitalize on river, serving as door to the city	Attract tourists and be embraced by the entire
Center for transportation (water, rail, street)	community rather than by a small number

Claire Tucker's RFI Subcommittee will consider these items when establishing a method by which proposals will be evaluated. Wood noted that the highest and best use could be a combination of or different from the proposals submitted, but the same evaluation would apply.

Determining if Proposals Received Comply with RFI Requirements: Wood noted that the Task Force is not evaluating the proposals today but will determine which of those meet the criteria noted in the RFI and should be invited to make a presentation to the Task Force.

It was agreed that representatives of all five proposals/letters of interest would be invited to make a presentation to the Task Force at a future meeting.

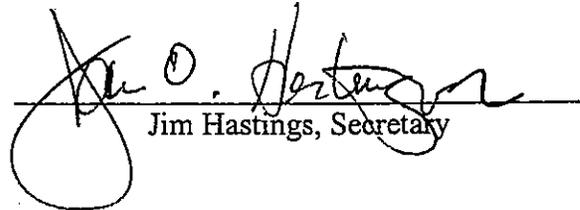
Proposed Meetings for Proposal Presentations: Wood suggested two meetings, the first on June 4, with a presentation by Phil Ryan and Rick Bernhardt, followed by two proposal presentations. All presenters will be asked for specific information on use, financing, and what they want to do to make this project work. Martin Simmons noted that the Task Force also needs to know what is planned in the area, including the other side of the river. Local property owner Michael Hayes will also be invited to make a presentation as to what his firm, C. B. Ragland Company, plans to do with their property in the immediate area.

Fair Market Value of the Thermal Property: Jo Ann North's office prepared an appraisal of the property, which values the site including the land occupied by the police precinct at almost \$11 million; the appraised value excluding the land occupied by the police precinct is almost \$10 million. It was noted that the Mayor's office had an appraisal done by Norman Hall, who also valued it at around \$11 million. Wood will contact David Manning on behalf of the Task Force to ask the position of the Mayor's office on relocating the precinct.

Input from the General Public on Issues Facing the Task Force: Wood presented a letter from Mary Louise Tidwell, a local citizen who expressed her desire to use this land for a greenway, park, etc. Michael Hayes is concerned that his property would be needed for the new convention center plan. Stan Scott expressed his concern that the taxpayers' interest be protected.

Martin Simmons asked about any projections in the rapid transit arena that should be considered. The Task Force discussed whether adequate notice had been given to anyone who would want to submit a plan. Mike Jameson noted that Metro Council announced 3 or 4 years ago that the Thermal Plant would be closed and that they started soliciting proposals at that time.

Meeting adjourned at 1:00 p.m.


Jim Hastings, Secretary

**Business Meeting Minutes
Nashville Thermal Site Task Force
June 4, 2004**

The second business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

Rick Bernhardt	Brenda Gilmore	Martin Simmons
Eric Beyer	Hugh Harper	Butch Spyridon
Joe Cain for Phil Ryan	Jim Hastings	Claire Tucker
Won Choi	Mike Jameson	Shelby White for Mike Neal
Hank Dye	Dianne McDerman, assisting Wood	Jack Wood
Tony Giarratana	George Rooker for Jo Ann North	

Wood called the meeting to order at 12:07 p.m. by welcoming everyone and thanking the Nashville Downtown Partnership for again providing the space and having lunch brought in. He noted that Dianne McDerman would again be taking minutes. Several guests identified themselves, some of whom were attending on behalf of one of the proposals submitted, some from the media, and others as concerned citizens.

Review of Agenda: Wood went over the agenda and asked for any additions but received none.

Approval of Minutes from 5/21/04 Meeting: Receiving no revisions, Jim Hastings moved to accept the minutes as presented. Butch Spyridon seconded. Motion carried.

Presentation by MDHA and Metro Planning on Planned Developments in the Area of the Nashville Thermal Site: Wood noted that this presentation is to educate the Task Force on what is likely to be built adjacent to and near the thermal site. He then turned the meeting over to Rick Bernhardt who, assisted by Jennifer Carlat, shared information on the Rolling Mill Hill development, Hermitage Avenue, and other "ideas" for the area.

Joe Cain noted that MDHA is serving as developer of the Rolling Mill Hill property and that the State owns only one area on the far side of this property. He noted that there are no plans to widen Hermitage Avenue. He noted that because the rail is between Rolling Mill Hill and the Cumberland River, approval from the Corps of Engineers was not needed. Rick Bernhardt noted that the Lebanon Commuter is scheduled to begin operation in late summer 2005. Concern was expressed over the closing of the Demonbreun Street Bridge and its impact on this site since Demonbreun dead ends at the thermal site. MDHA is working to make sure that the transportation depot doesn't create a problem for this site, an issue that Butch Spyridon wants to be addressed with developers. The terminal will be under the Shelby Street Bridge near the current location of the carousel. There are also plans for a grocery store but the residents must first be there to support it. It was noted that Gateway design guidelines must be considered in any development. Wood noted that Mike Hayes/C. B. Ragland owns substantial property in the area and is working with other owners on a master plan, but he was unable to attend today's meeting to present any of their plans.

Finalize Criteria for Evaluating Proposed Developments on the Nashville Thermal Site:

Claire Tucker presented the evaluation criteria and asked for any suggested revisions. Once Task Force members have had time to review the criteria, they should send any feedback to Claire by Friday, June 11, so that evaluation forms (revised if necessary) can be ready for the June 18 presentations. These items will eventually be weighted but not necessarily before the presentations. Won Choi suggested that local residents be asked how they feel about these items. Jim Hastings suggested that Metro determine if they should actually sell the land or look for a long-term lease. Tony Giarratana said a land lease would mean rental property rather than purchase, but that property under a long-term ground lease is taxable.

Schedule for June 18 Meeting: Wood suggested that Task Force members arrive by 9 a.m. on June 18 in order to accommodate the schedule of presentations (below). The consensus of the Task Force is to have the presentations taped. Brenda Gilmore will encourage Vice Mayor Gentry to have Metro do the taping for free and suggested that it would also be good to have it on public access TV.

9:30 a.m. to 10:30 a.m.: Mixed-Use Development; Pappas Properties

10:45 a.m. to 11:45 a.m.: Peabody Hotel; Peabody Hotel Group

12:45 p.m. to 1:45 p.m.: Downtown Ballpark Neighborhood Project; Nashville Sounds Baseball Club

2:00 p.m. to 3:00 p.m.: Nashville Convention Center; Greater Nashville Hotel & Lodging Association

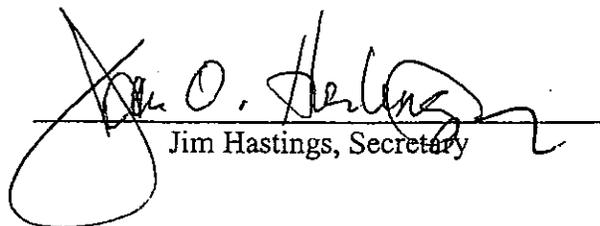
3:15 p.m. to 4:15 p.m.: Metro-Nashville Marina City Center; Maffett • Stamp, PLLC

Wood suggested at least two more meetings following the June 18 presentations. It was agreed that these meetings would be scheduled for July 1 and July 8 at noon, leaving time for any subsequent meetings prior to the end of the 60 days allowed for the Task Force to complete the task assigned.

Input from General Public: Milt Capps made a brief presentation and urged the Task Force to consider inclusion of a World Trade Center, not in competition with the other suggested uses, but as a value-added feature, giving Nashville strong international exposure. He noted that franchises for this are available and thinks that international exposure of what is going on in Nashville will justify this. He will be glad to pursue this pro bono.

Wood noted that one caller suggested turning this site into an entertainment complex, such as a scaled-down version of Branson Missouri.

Meeting adjourned at 1:25 p.m.


Jim Hastings, Secretary

Business Meeting Minutes
Nashville Thermal Site Task Force
June 18, 2004

The third business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

Rick Bernhardt	Jim Hastings	Martin Simmons
Eric Beyer	Mike Jameson	Butch Spyridon
Won Choi	Dianne McDerman, assisting Wood	Claire Tucker
Hank Dye	Jo Ann North	Shelby White for Mike Neal
Tony Giarratana	Scott Ramsey	Jack Wood
Hugh Harper	Phil Ryan	

Wood called the meeting to order at 9:12 a.m. by welcoming everyone and thanking the Nashville Downtown Partnership for again providing the space. He noted that Dianne McDerman would again be taking minutes. Several guests, presenters, and interested citizens also attended, as well as several media representatives.

Review of Agenda: Wood went over the agenda and reviewed the schedule of the day's presentations.

Approval of Minutes from 6/04/04 Meeting: Butch Spyridon moved to accept the minutes as revised; Rick Bernhardt seconded. Motion carried.

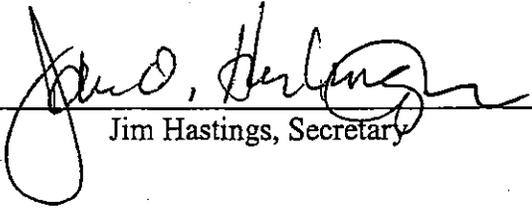
Presentations: Representatives for each submitted proposal (Mixed-Use Development—Pappas Properties; Peabody Hotel—Peabody Hotel Group; Downtown Ballpark Neighborhood Project—Nashville Sounds Baseball Club; Nashville Convention Center—Greater Nashville Hotel & Lodging Association; Metro-Nashville Marina City Center—Maffett • Stamp, PLLC) made their presentations, allowing the Task Force time to ask questions to aid in their evaluation of the proposals. A video of the presentations was made by Metro's Channel 3. Copies of the video presentations will be delivered to Task Force members once copies are available.

Rating Sheets for Evaluation of Proposals: Wood asked that completed evaluation forms be returned to his office by Friday, June 25, to allow time to summarize the results prior to the next meeting.

Letters Received: Wood noted that David Manning states in his letter that Metro is studying the relocation of the police precinct currently on the thermal site and that they will provide the Task Force with a copy of the final report. Copies of this and other letters were provided to Task Force members.

Future Meetings: It was the consensus of the Task Force that the next meeting be held on July 8 at noon. Any subsequent meetings needed to enable the Task Force to complete the task assigned will be scheduled at that time.

Meeting adjourned at 4:00 p.m.



Jim Hastings, Secretary

Business Meeting Minutes
Nashville Thermal Site Task Force
July 8, 2004

The fourth business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

Rick Bernhardt	Mike Jameson	Butch Spyridon
Won Choi	Dianne McDerman, assisting Wood	Claire Tucker
Hank Dye	Jo Ann North	Shelby White for Mike Neal
Tony Giarratana	Scott Ramsey	Jack Wood
Hugh Harper	Phil Ryan	
Jim Hastings	Martin Simmons	

Wood called the meeting to order at 12:05 p.m. by welcoming everyone and thanking the Nashville Downtown Partnership for providing the space. He noted that Dianne McDerman would again be taking minutes. Several guests, presenters, and interested citizens also attended, as well as several media representatives.

Review of Agenda: Wood went over the agenda and asked for but received no revisions.

Approval of Minutes from 6/18/04 Meeting: Rick Bernhardt moved to accept the minutes as presented; Claire Tucker seconded. Motion carried.

Presentation by Nashville Downtown Partnership and Symphony Team: Mike Jameson and Jack Wood saw this presentation at a recent meeting of the Downtown Partnership and felt that it would be beneficial to the members of the Task Force as they try to complete their assignment.

Tom Turner (NDP) noted that this study group's role is to initiate discussion about the development of the area within a ¼-mile radius, or 5-minute walk, of the Schermerhorn Symphony Center. Members of this study group have no financial connection with any of the property in question and have not talked with property owners. David Minnigan of Earl Swensson Associates and Kim Hawkins of Hawkins Partners Inc. presented the group's vision of how the area should develop.

Discussion of "Highest and Best Use" of Thermal Site: Wood read the charge of Metro Council to the Task Force. He then went over comments submitted by Task Force members as part of their evaluations of each proposal, opening the floor for additional questions.

Mike Jameson noted his feeling that Metro should retain ownership of the property.

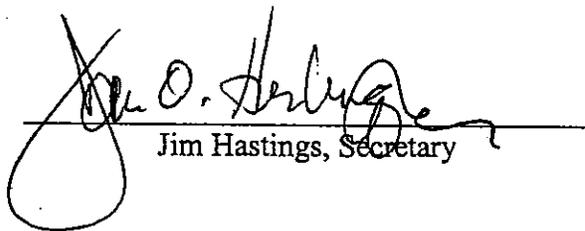
Martin Belz, Chairman of the Peabody Hotel Group, who was not able to attend their June 18 presentation, was at this meeting and given an opportunity to speak and answer questions.

After much discussion, it was the consensus of the Task Force that the mixed-use developments were the most favored options and that the teams from Pappas Properties and the Downtown Ballpark Neighborhood Project should be invited to attend the next meeting of the Task Force to

make a second presentation. Mike Jameson moved and Jo Ann North seconded the motion to extend such an invitation to these two groups. The motion carried.

The date of the next meeting, tentatively set for July 15, will be publicized once the interest and attendance of both teams can be confirmed.

Meeting adjourned at 2:00 p.m.



Jim Hastings, Secretary

**Business Meeting Minutes
Nashville Thermal Site Task Force
July 19, 2004**

The fifth business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

David Bailey for Jim Hastings	Mike Jameson	Claire Tucker
Rick Bernhardt	Dave Koellein for Phil Ryan	Shelby White for Mike Neal
Eric Beyer	Dianne McDerman, assisting Wood	Ed Whitmore
Won Choi	Jo Ann North	Jack Wood
Hank Dye	Scott Ramsey	
Brenda Gilmore	Butch Spyridon	

Wood called the meeting to order at 1:05 p.m. by welcoming everyone. Also attending were teams for the Pappas Properties Mixed-Use Project and the Downtown Ballpark Neighborhood Project, several guests, interested citizens, and several media representatives.

Review of Agenda: Jack Wood presented the agenda and asked for but received no revisions.

Approval of Minutes from 7/8/04 Meeting: Jo Ann North moved to accept the minutes as presented; Butch Spyridon seconded. Motion carried.

Timeframe for Completion of Task Force Assignment: Wood advised the group of his conversation with Howard Gentry, noting the need to write to the Vice Mayor Metro Council to request an extension in order to submit a report that represents the consensus of this Task Force. Spyridon made a motion to ask for up to 30 days; Jo Ann North seconded; motion carried.

Letter from Hugh Harper Concerning Convention Center Proposal: Hugh Harper was unable to attend today's meeting, but sent a letter asking that the Task Force report not imply that they are against building a new convention center or that the development of the thermal site should be a priority over the building of a new convention center. It was agreed that the report will reflect the consensus previously reached by the Task Force that there appears to be a need for a new convention center, but not on this site

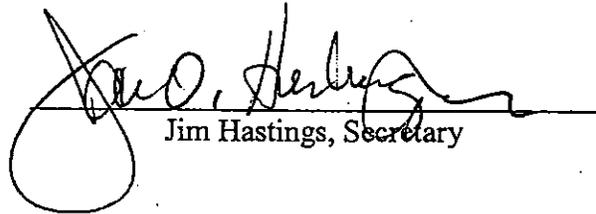
Presentation by Downtown Ballpark Neighborhood Project for Ballpark/Mixed-Use Development: Bill Struever of Struever Bros. Eccles & Rouse, Inc., made their presentation, covering primarily the mixed-use portion of this proposal since the ballpark portion had been presented previously. Struever's presentation stressed diversity and density. Following the presentation, the Task Force members asked questions of Bill Struever and Glenn Yeager.

Presentation by Pappas Properties for Mixed-Use Development: Peter Pappas lead a team making an updated presentation of their proposed mixed-use development. Terry Shook noted that their proposal is a housing-first development, based on the belief that you must first have a place for residents if you want the other components to be successful and that you take time to do it right. Because Pappas had previously made a full presentation, they primarily furnished the financial details that the Task Force had requested.

Discussion of Finalizing Task Force Assignments: Jack Wood proposed that the next meeting be dedicated to making a final determination of the highest and best use of the thermal site, including what components the Task Force feels would be needed to make it successful. He asked Claire Tucker, Phil Ryan, and Tony Giarratana to make a financial summary of each of the two projects as submitted by the developers. Won Choi urged the Task Force to include in their report a recommendation of a specific project.

Schedule of Next Meeting: The next meeting of the Task Force is scheduled for Monday, July 26, 2004, @ 1:30 p.m. at the Nashville Downtown Partnership.

Meeting adjourned at 3:20 p.m.



Jim Hastings, Secretary

Business Meeting Minutes
Nashville Thermal Site Task Force
July 26, 2004

The sixth business meeting of the Nashville Thermal Site Task Force (Task Force) was held at the offices of the Nashville Downtown Partnership.

Participants:

Rick Bernhardt
Eric Beyer
Hank Dye
Tony Giarratana
Brenda Gilmore
Jim Hastings

J. B. Loring
Dianne McDerman, assisting Wood
Mike Neal
Jo Ann North
Scott Ramsey
Phil Ryan

Claire Tucker
Shelby White, assisting Mike Neal
Ed Whitmore
Jack Wood

Wood called the meeting to order at 1:36 p.m. by welcoming everyone. Also attending were several guests, interested citizens, and local media representatives.

Review of Agenda: Jack Wood presented the agenda and asked for but received no revisions. He explained that ballots would be distributed at the appropriate time to Task Force members.

Approval of Minutes from 7/19/04 Meeting: Mike Neal moved to accept the minutes as presented; Rick Bernhardt seconded. Motion carried.

Review of Criteria Developed for Evaluating Development Plans for the Site: In preparation for discussion of the two proposed mixed-use developments, Wood reviewed the list of previously identified items to be considered during the evaluation process.

Review of Financial Summary for Two Proposed Developments: Claire Tucker presented these summaries, based on information provided by the developers. She noted that Phil Ryan and Tony Giarratana helped prepare these overviews and that they extracted information from the presentations and conversations with the two developers. In light of observations included in their summary, they did not make a risk assessment.

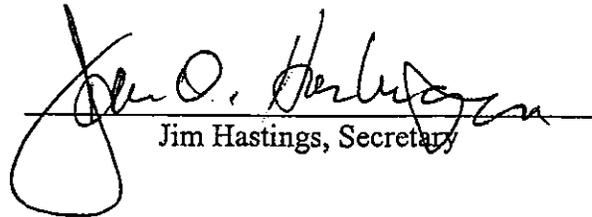
Discussion of Two Mixed-Use Developments: It was noted that both developers had presented a concept and not an exact configuration, so not all components of either proposed development have been clearly identified; i.e., commercial/retail. The ballpark/mixed-use development would be built at one time, while the Pappas' development would be phased in over 5 to 10 years.

Determine if Consensus Has Been Reached on Development Plan: Ballots were distributed to the Task Force members in attendance, then gathered and tallied by Dianne McDerman and Sally Connelly. There were 16 votes cast, including two cast via fax by Task Force members unable to attend the meeting. The vote was 15:1 in favor of the ballpark/mixed-use development.

Review Proposed Format for Final Report to the Metro Council: Jack Wood asked that Task Force members send to him any comments that they want included in the report to the Metro Council to substantiate their vote. A draft report will be sent to all Task Force members by Friday, July 30. Any comments/revisions should be sent back by August 4. The final report will

be sent to Howard Gentry and the Metro Council no later than August 13. Wood will make a presentation to the Budget & Finance Committee on August 16 and invited members of the Task Force to attend.

Wood thanked members of the Task Force, the staff of the Nashville Downtown Partnership, Dianne McDerman, and others who were diligent in their attendance for their part in helping the Task Force fulfill their assignment.



Jim Hastings, Secretary

RESOLUTION NO. RS2004-140

A resolution establishing a task force to determine the highest and best use for the downtown Thermal Plant property.

WHEREAS, the site of the former Downtown Nashville Thermal Plant is no longer being used by the Metropolitan Government for purposes of heating and cooling downtown buildings; and

WHEREAS, the Nashville Sounds baseball team has proposed that a downtown baseball stadium be constructed on the Thermal Plant property; and

WHEREAS, the Thermal Plant site has been described as one of the most valuable parcels of real estate in Davidson County; and

WHEREAS, the Metropolitan Council desires a healthy and vibrant downtown area, with opportunities for residential development, office and commercial expansion, open space, entertainment facilities, and sporting and recreational facilities; and

WHEREAS, the Metropolitan Council further desires to expand the property tax base of the Metropolitan Government; and

WHEREAS, in an effort to progress toward achievement of the above-stated goals, it is fitting and proper that a task force be created to seek the highest and best use for development of the Thermal Plant property.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. There is hereby created and established a task force to explore the options and opportunities for the development of the downtown Thermal Plant property and to make recommendations to the Metropolitan Council regarding the highest and best use of the property. The task force shall be charged with the following:

1. To establish the current fair market value of the Thermal Plant property;
2. To solicit and review any and all proposals for the development of the property; and
3. To report its findings and recommendations to the Metropolitan Council regarding the task force's findings not later than sixty (60) days of convening.

Section 2. The task force will be composed of not more than eighteen (18) members and shall be selected and appointed by the Vice Mayor. The task force shall include a representative from the following:

1. A licensed and practicing architect
2. A licensed and practicing engineer
3. Assessor of Property or designee
4. A certified public accountant or other person with financial or banking background
5. Director of the Metropolitan Convention and Visitors Bureau or designee
6. Director of the Metropolitan Planning Commission or designee
7. Director of the Nashville Sports Council or designee
8. Director of the Regional Transportation Authority or designee
9. Executive Director of MDHA or designee
10. Member of the Downtown Partnership owning commercial office or retail property
11. Member of the Downtown Partnership owning multi-family residential property
12. Member of the Nashville Business Coalition
13. President of the Nashville Chamber of Commerce or designee
14. President of the Nashville Hotel/Motel Association or designee
15. Representative of the public relations industry
16. Three members of the Metropolitan Council; one each from the Planning and Zoning Committee, the Budget and Finance Committee, and the Parks and Recreation Committee.

Section 3. The Vice Mayor shall appoint one of the members of the task force as a temporary chairman for the purpose of calling and presiding over an organizational meeting. At such meeting the task force shall elect one of its members as

chairman and may elect such other persons as officers, as it deems necessary.

Section 4. The task force shall meet at such times and places as it may determine and shall give notice of all meetings to the public with the assistance of the Metropolitan Clerk. The task force is specifically authorized to rely upon outside experts in complying with the requirements set forth herein.

Section 5. This Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: Charlie Tygard, Jamie Isabel, Chester Hughes, John Summers, Michael Craddock, Jim Gotto, Vivian Wilhoite, Carl Burch, Edward Whitmore, Parker Toler

**Amendment No. 1
To
Resolution No. RS2004-140**

Mr. President:

I move to amend Resolution No. RS2004-140 as follows:

1. By deleting the phrase "eighteen (18) members", wherein it appears in Section 2, and substituting in lieu thereof the phrase "nineteen (19) members".
2. By amending Section 2 by deleting the following provision in its entirety:
" 16. Three members of the Metropolitan Council; one each from the Planning and Zoning Committee, the Budget and Finance Committee, and the Parks and Recreation Committee."
3. By adding the following new provision at the end of Section 2:
" 16. Four members of the Metropolitan Council; one each from the Planning and Zoning Committee, the Budget and Finance Committee, and the Parks and Recreation Committee, and the district councilmember representing the district in which the Thermal Plant property is located."

Sponsored by: Rip Ryman

**Amendment No. 2
To
Resolution No. RS2004-140**

Mr. President:

I move to amend Resolution No. RS2004-140 by amending Section 1 by adding after the phrase "Thermal Plant property" the phrase "by conducting an appraisal and/or comparative market analysis".

Sponsored by: Eric Crafton

LEGISLATIVE HISTORY	
Referred to:	Public Works Committee
Introduced:	January 20, 2004
Deferred:	January 20, 2004
Deferred to March 16, 2004:	February 3, 2004
Amended:	March 16, 2004
Adopted:	March 16, 2004
Approved:	March 22, 2004
By:	

SPECIAL TASK FORCE ON THERMAL PROPERTY

<p>Mr. Jim Hastings, Principal Hastings Architecture Associates, LLC 127 Third Avenue, South Nashville, TN 37201 Office: 329-1399 Fax: 329-1486 Email: jimhastings@haa.us</p>	<p>Mr. Rick Bernhardt, Director Metro Planning Commission 730 Second Avenue, South Nashville, TN 37210 Office: 862-7150 Fax: 880-2450 Email: rick.bernhardt@nashville.gov</p>
<p>Mr. Jack Wood, President Barge, Waggoner, Sumner & Cannon Engineers, Architects and Planners 211 Commerce Street, Suite 600 Nashville, TN 37201 Office: 254-1500 Fax: 255-6572 Email: jwood@bwsc.net</p>	<p>Mr. Scott Ramsey, Director Nashville Sports Council 211 Commerce Street Nashville, TN 37201 Office: 743-3120 Fax: 244-3540 Email: sramsey@nashvillesports.com</p>
<p>Mrs. Jo Ann North Assessor of Property 800 Second Avenue, North Suite One Nashville, TN 37201 Office: 862-6086 Fax: 862-6078 Email: joann.north@nashville.gov</p>	<p>Mr. Eric Beyer, Executive Director Regional Transportation Authority 501 Union Street, 6th Floor Nashville, TN 37219 Office: 862-8834 Fax: 880-3901 Email: ebeyer@gnrc.org</p>
<p>Ms. Claire Tucker, City President First Bank 200 Fourth Avenue, North Nashville, TN 37219 Office: 313-0080 Fax: 313-0090 Cell: 308-3956 Email: ctucker@firstbankonline.com Copy Email: jholler@firstbankonline.com</p>	<p>Mr. Phil Ryan, Director Metropolitan Development & Housing Agency 701 South Sixth Street Nashville, TN 37206 Office: 252-8410 Fax: 252-3677 Email: pryan@nashville-mdha.org</p>
<p>Mr. Butch Spyridon, President Nashville Convention & Visitors Bureau 211 Commerce Street Nashville, TN 37201 Office: 259-4700 Fax: 259-1426 Email: butch@musiccityusa.com</p>	<p>Mr. Won Choi, President J & J's, LLC 226 Third Avenue, North Nashville, TN 37201 Home: 292-7658 Office: 248-3903 Mobile: 423-1796 Fax: 248-3807 Email: godowntown@bellsouth.net</p>

Task Force (cont'd)

Page 2

<p>Mr. Anthony Giarratana, Manager Giarratana Development 401 Church Street, Suite 2310 Nashville, TN 37219 Office: 254-0555 Fax: 254-7888 Email: glic@bellsouth.net</p>	<p>Councilmember J. B. Loring 3231 Knobview Drive Nashville, TN 37214 Home: 885-0780 Email: jb.loring@nashville.gov</p>
<p>Mr. Martin Simmons, Chairman Nashville Business Coalition 424 Church Street, Suite 1600 Office: 251-5550 Fax: 251-5551 Email: msimmons@fbtlaw.com</p>	<p>Councilmember Brenda Gilmore 3009 Vista Valley Court Nashville, TN 37218 Home: 876-3665 Cell: 429-5790 Email: brenda.gilmore@nashville.gov</p>
<p>Mr. Mike Neal, President Nashville Area Chamber of Commerce 211 Commerce Street, Suite One Nashville, TN 37201 Office: 743-3010 Fax: 256-0393 Email: mneal@nashvillechamber.com</p>	<p>Councilmember Edward Whitmore 3613 Batavia Street Nashville, TN 37209 Home: 321-0795 Email: edward.whitmore@nashville.gov</p>
<p>Mr. Hugh Harper, General Manager Music City Sheraton Hotel 777 McGavock Pike Nashville, TN 37214 Office: 885-2200 Fax: 231-1133 Email: hugh.harper@sheraton.com</p>	<p>Councilmember Michael Jameson 1218 Forrest Avenue Nashville, TN 37206 Home: 227-5940 Email: mike.jameson@nashville.gov</p>
<p>Mr. Hank Dye, Partner Dye, Van, Mol and Lawrence 209 Seventh Avenue, North Nashville, TN 37219 Office: 244-1818 Fax: 780-3396 Email: hank.dye@dvl.com</p>	

Request for Information (RFI)
for
The Proposed Development of the Nashville Thermal Site

The Task Force created by the Metropolitan Council of Nashville and Davidson County, Resolution No. RS 2004-140, requests information on any proposed use plans for the 11-acre (±) Nashville Thermal Site. Nineteen copies of all proposed use plans for this site shall be delivered to the address below by 4 p.m. on Friday, May 14.

Nashville Thermal Site Task Force
ATTN: Jack Wood
Barge, Waggoner, Sumner and Cannon
211 Commerce Street, Suite 600
Nashville, Tennessee 37201

In order for a use plan to be evaluated by the Task Force, it must have the following four components completely defined within the written submittal.

1. A detailed plan of the proposed development and information on all of its uses on the site and a list of the proposed ownership and development team.
2. The total estimated project cost and a summary of sources of all financing for the proposed development.
3. The complete schedule for planning and construction of the proposed development.
4. The projected benefits which will be received by the citizens of Nashville and Middle Tennessee, if this proposed use of the site becomes a reality. These benefits should include both financial benefits, such as increased economic activity and revenue generated through taxes, and the non-financial benefits, such as improvements to the quality of life.

All proposals will be reviewed in light of how they further and complement existing community plans for the area. Of importance are the following plans:

1. Rolling Mill Hill Master Plan which can be downloaded at http://www.nashville.gov/mdha/rolling_mill_hill.htm
2. The Plan for SoBro which can be downloaded at <http://www.nashville.gov/mpc/subarea9.htm>
3. Metropolitan Parks and Greenways Master Plan which can be downloaded at http://www.nashville.gov/parks/master_plan.htm
4. Gateway Partnership Plan which can be downloaded at <http://www.nashville.gov/mpc/subarea9.htm>
5. Metropolitan Planning Commission Subarea 9 Plan which can be downloaded at <http://www.nashville.gov/mpc/subarea9.htm>

The Task Force will review each proposed use plan that fully meets the above requirements. The Task Force will not review any submittal it deems incomplete. The evaluation of the submittals by the Task Force will be reported to the Metropolitan Council no later than August 1, 2004. The Task Force, the Metropolitan Council, and the Metropolitan Government of Nashville and Davidson County are not obligated to accept any of the submitted use plans or have any other obligations to the parties responding to this RFI.

The police precinct currently located on the south side of the Thermal Site should be addressed in each use plan. If the plan includes the relocation of this precinct, then all costs associated with its relocation shall be included in the total estimated project cost. Some plans may not require relocation of this precinct. See the attached map of the Thermal Site.

If you have any specific questions concerning this Request for Information, please contact Jack Wood, Task Force Chairman, by phone at 615-252-4220 or by email at jlwood@bwsc.net.

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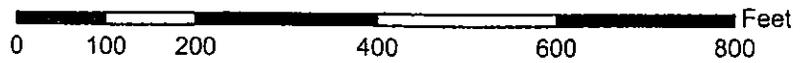
4/9/04 Draft/Revised 4/14/04



Thermal-site Aerial
and Map.pdf



Thermal Site



Criteria as Taken from Minutes of May 21, 2004, Thermal Site Task Force Meeting

Members of the Task Force suggested that any development on the site should include the items listed below.

- Enhance a vibrant downtown
- Expand property tax base
- Increase tax revenue and employment
- Complement surrounding development
- Serve as a draw to downtown
- Catalyst for additional development
- Capitalize on river, serving as door to the city
- Center for transportation (water, rail, street)
- Multiuse development
- Be a year-round draw
- Be a draw to local and out-of-town population
- Consider residential component
- Consider aesthetics
- Create urban edge along Gateway
- Attract tourists and be embraced by the entire community rather than by a small number

**COMPLETE SUMMARY
APPRAISAL REPORT**

OF THE

THERMAL PLANT SITE

**LOCATED BETWEEN SHELBY STREET BRIDGE
AND NEW GATEWAY BRIDGE
EAST OF 1st AVENUE, SOUTH
NASHVILLE, TENNESSEE**

PREPARED FOR:

**MS. JO ANN NORTH, CHAIR
APPRAISAL COMMITTEE
TASK FORCE FOR METRO COUNCIL
800 2ND AVENUE, NORTH
NASHVILLE, TN 37201**

APPRAISED BY:

**DENNIS H. DONOVAN, MAI
METROPOLITAN NASHVILLE PROPERTY ASSESSOR'S OFFICE
800 2ND AVENUE, NORTH
NASHVILLE, TN**

DATE OF APPRAISAL:

MARCH 31, 2004

April 19, 2004

Ms. Jo Ann North, Chair
Appraisal Committee
Task Force For Metro Council
800 2nd Avenue, North
Nashville, TN 37201

RE: **Complete Summary Appraisal Report**
Thermal Plant Site
Between Shelby Street Bridge & Gateway Bridge,
East of 1st Avenue, South
Nashville, TN

Dear Ms. North:

At your request, I, the undersigned, hereby certify that I have made a personal inspection of the above referenced real estate legally described within this report. Per your instructions I have estimated the market value of the site based on the following assumptions.

1. That all building improvements have been removed and cleared of all debris. The cost of the relocation of Police Central will be borne by the buyer.
2. That the site is environmentally clean (a Phase 1 environmental study must be made of the footprint of the buildings after they have been removed)
3. That a clear title for the entire site is capable of being transferred. This includes the spur line of Nashville and Eastern Railroad that curves through the site.
4. A survey of the site is not available as the north Row of the Gateway Bridge and extension of Franklin Street across 093-07-0-041.00 has not been established and the area within the spur line ROW of the Nashville and Eastern Railroad is not known. As is developed in the Site Data in this report, I have estimated the maximum size of the site, including the Police Central Station (Parcels 93-7/36 and 50) to be 10.09 acres and excluding Police Central Station to be 8.83 acres. When a survey is made and the acreage is found to vary from my estimate, I reserve the right to adjust my appraisal accordingly.
5. That the four sewer lines that cross the property are either moved utilizing Tax Incentive Financing or the location of the sewer lines do not impact the development of the site.

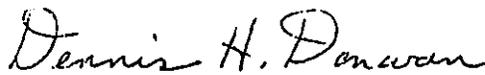
On the basis of my study and analysis of relevant market data contained within this report and office file, and subject to the Assumptions and Limiting Conditions contained herein, I have estimated the market value of The Thermal Plant Site, as of March 31, 2004, to be as follows:

INCLUDING POLICE CENTRAL: \$10,990,000

EXCLUDING POLICE CENTRAL: \$ 9,620,000

The following narrative appraisal report contains some of the more pertinent data assembled and relates the analysis and logic in support of the conclusions reached. It should be made clear to the client, reader, and any third party, that this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation; Title XI of FIRREA; Regulation 12-CFR of the FHLBB; and, the Appraisal Institute. Based on the Metropolitan website map the subject property is NOT located in a flood plain.

Respectfully submitted,



Dennis H. Donovan, MAI
State Certified General Real Estate
Appraiser No. CG-564

SUMMARY OF SALIENT FACTS

Location:	Between Shelby Street Bridge & Gateway Bridge, East of 1 st Avenue, South, Nashville, TN
Tax Map/Parcels:	P93-6/41, 93-7/37, 39, 50 & Part of 41
Total Land Area With Police Central	10.09 +- Acres
Total Land Area Without Police Central	8.83 +- Acres
Cost Approach:	N/A
Sales Comparison Approach:	
With Police Central:	\$10,990,000
Without Police Central:	\$9,620,000
Income Capitalization Approach:	N/A
Final Estimate of Value:	
With Police Central:	\$10,990,000
Without Police Central:	\$9,629,000
Date of Appraisal:	March 31, 2004

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ASSUMPTIONS AND LIMITING CONDITIONS

Standard Rule 2 of the Uniform Standards of Professional Appraisal Practice requires the appraiser to clearly and accurately set forth all facts, assumptions and conditions that affect the analysis, opinion and conclusions upon which the appraisal is based. In compliance therewith, and to assist the reader in interpreting this report, such assumptions and limiting conditions are set forth as follows:

1. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use. Any legal description included in the report was taken from the referenced source and is assumed to be correct.
2. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.
3. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser(s) assume no responsibility for economic or physical factors occurring or being discovered at some later date, which may affect the opinion herein stated.
4. The valuation is reported in dollars of currency prevailing on the date of appraisal.
5. Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s), or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned.
8. The appraiser(s) are not required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.
9. Certain information concerning market and operating data was obtained from others. This information is verified and checked, where possible, and is

used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

10. Real estate values are influenced by a large number of external factors. The data contained herein is all of the data we consider necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors that might influence the value of the subject. Due to rapid changes in the external factors, the value estimate is considered reliable only as of the date of the appraisal.

11. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for such amounts.

12. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.

13. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser(s). The appraiser(s) have no knowledge of the existence of such materials on or in the property. The appraiser(s), however, are not qualified to detect such substances. The presence of substances such as urea formaldehyde foam insulation, asbestos, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

14. No attempt has been made to fully investigate the property's compliance with all governmental regulations. Except as otherwise noted, it is assumed that the property is in compliance with existing zoning requirements, building codes, and fire codes; and complies with all applicable regulations relating to the Occupational Safety and Health Act (OSHA) and the Environmental Protection Act (EPA).

15. We have carefully reviewed and edited this report. In spite of that, it may include typographical errors and/or technical inaccuracies. Any errors and omissions which are subsequently discovered and which alter the conclusions will be promptly corrected.

DEFINITION OF MARKET VALUE

Market Value, as used in this report, and as defined in The Appraisal of Real Estate, may be stated as "the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property should sell in a competitive and open market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under duress".

The fundamental assumptions and conditions presumed in the above definition are:

1. The buyer and seller are motivated by self-interest.
2. The buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

The effective date of Market Value is March 31, 2004, the date of our last inspection of the subject properties.

DEFINITION OF FEE SIMPLE ESTATE

Fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only the limitations imposed by the governmental powers of taxation, eminent domain, police powers and escheat. "This definition is found on page 140 of The Dictionary of Real Estate Appraisal, Third Edition, published by the Appraisal Institute.

PURPOSE AND FUNCTION OF THE APPRAISAL

The purpose of this appraisal is to estimate Market Value of the fee simple interest of the subject property, as of March 31, 2004, my last date of inspection of the subject property.

With regard to collecting, confirming and reporting data, all data was processed, confirmed and verified by sources considered to be reliable, such as grantors, grantees, and from employees in government offices. The function of the report will serve as information to be used for internal decision-making purposes by the Task Force established by the Metropolitan Nashville Metro Council to study the site.

SCOPE OF THE INVESTIGATION

As part of this appraisal, I have studied demographic, economic, income data and traffic patterns provided by the Davidson County Chamber of Commerce, U. S. Census Report, Tennessee Department of Transportation, and numerous newspaper articles published in the local paper concerning the development of the county, area and neighborhood.

Concerning the subject site, we have reviewed applicable tax maps and deeds, physically inspected the property, have taken photographs and have studied flood data.

In our market data program, we researched and investigated recent sales in the subject's neighborhood. Several transfers were studied, and we relied on the sales that best represent the highest and best use estimate of the subject property. Details of the sales used are contained in the following report.

PROPERTY IDENTIFICATION

The land located south of the Shelby Street Bridge, north of the Gateway Bridge & Franklin Street and east of 1st Avenue, South is generally know as the Thermal Plant site, but included in this area are two parcels (93-7/36 & 50) that combined make up the Police Central Station. At this time it is not known if the site includes these two parcels or excludes them. For the purpose of this appraisal, the site will be valued with and without the two parcels.

HISTORY AND OWNERSHIP OF THE SUBJECT PROPERTY

The subject property consists of 8 tax parcels of land that were acquired by The City of Nashville (prior to 1963) and Metropolitan Government at various times. The listing of the transfers if shown below.

<u>Parcel</u>	<u>Date</u>	<u>Book/Page</u>
93-7/37	5/10/72	4611/537
93-6/41	10/26/1984	6417/950
93-7/35, 36, 41.01	8/28/84	8138/871
93-7/39	6/17/98	10982/355
93-7/50	5/28/02	20020529065015
93-7/41	XXXX	XXXX

There are no moratoriums in place that would have a detrimental impact on the value, use or marketability of the properties. No other deed transfers are known to exist over this time frame, and no options or sale contracts are known to exist.

TAX ASSESSMENT

The subject property is currently tax-exempt; thus, there are no taxes. However, assuming that the site is sold to a private person or organization that pays property taxes, the estimated tax revenue based on the range of value estimated in this report is estimated to range from \$176,238 to \$201,337.

NEIGHBORHOOD DATA AND ANALYSIS

For purposes of this report, the term "neighborhood" is defined as follows:

"A portion of a larger community, or an entire community in which there is homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community interest and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined natural and man-made barriers, or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants."

Although the above definition is a comprehensive one, a more current definition of "neighborhood" is provided by the American Institute of Real Estate Appraisers in the recently published Dictionary of Real Estate Appraisal and is simply defined as "a group of complementary land uses."

The boundaries of the neighborhood are Broadway to the North, the Cumberland River to the East, I-40/65 to the South and 8th Avenue, South & Lafayette to the West and Southwest. The major traffic arteries into the neighborhood are I-40/65 with an interchange into the city at 2nd Avenue and access to I-40 west and I-40 east @ 4th Avenue. The new Gateway Bridge, to be opened in late May, will provide access from the Shelby Street Interchange with Interstate 24/65 to the "SoBro" (South Broadway) area. Broadway provides direct access into downtown from Midtown & West End. 8th Ave S and Lafayette (which becomes Murfreesboro Rd) provide direct access to southeast Nashville.

Access through the neighborhood is adequate with 2 & 3 lane streets running north to south and east to west. It is assumed that there will be a stoplight located at Franklin St and 1st Avenue, South.

The 2002 daily vehicle traffic map prepared by the Tennessee Department of Transportation indicates that the average daily traffic count along lower Broadway is 17,990, 1st Avenue, South (in front of subject) is 10,210, along 2nd Avenue, South between Demonbreun and Molloy is 11,310 and along 4th Avenue, South between Demonbreun & Molloy is 8,460. The latest projection provided by TDOT is 31,200 in 2006 for the Gateway Bridge

Planners have envisioned the area between Franklin Street and Broadway becoming a mixture of residential, entertainment, commercial, arts and office use. Currently at the north end of the neighborhood is found the Gaylord Entertainment Center (Arena), the Hilton Hotel, County Music Hall of Fame and the new Symphony Center (under construction) along with several

parking lots and the Nance Land port. Found at the south end (Rutledge Hill) are renovated office buildings, office condominiums, a residential condominium complex, business center and government offices (old Howard School). Found south of the Gateway Bridge along the river is the Metro Bus garage, the new energy complex, Metro vehicle maintenance shops and fueling station and General Hospital. This area is known as the Rolling Mill Hill Redevelopment Area. This is a 35-acre site that is proposed to be developed with 900 to 1,400 new housing units, 10,000 SF to 16,000 SF of supporting retail and restaurants and 70,000 to 150,000 SF of office space. Several attempts have been made over the past 6 years to get the right mix of private and government funding and to date they have failed. As the economy improves and if interest rates stay relatively low this area will eventually develop and compliment any development that occurs on subject property.

The area south of Peabody Street and west of 3rd Avenue, South consists of older buildings generally used for warehouse and wholesale distributors.

The neighborhood consists of new developments along with older warehouses, wholesale and retail businesses. The trend is away from warehouses, wholesale distributors and towards residential condominium, small offices, entertainment (Arena), tourist (Country Music Hall of Fame) and government-sponsored activities (Symphony Hall).

Over the past 10 years development has gradually extended south of Broadway with the assistance of tax incentive financing (Gaylord Entertainment Center, Hilton Hotel, Country Music Hall of Fame and the Symphony Center). According to Phil Ryan, Executive Director of

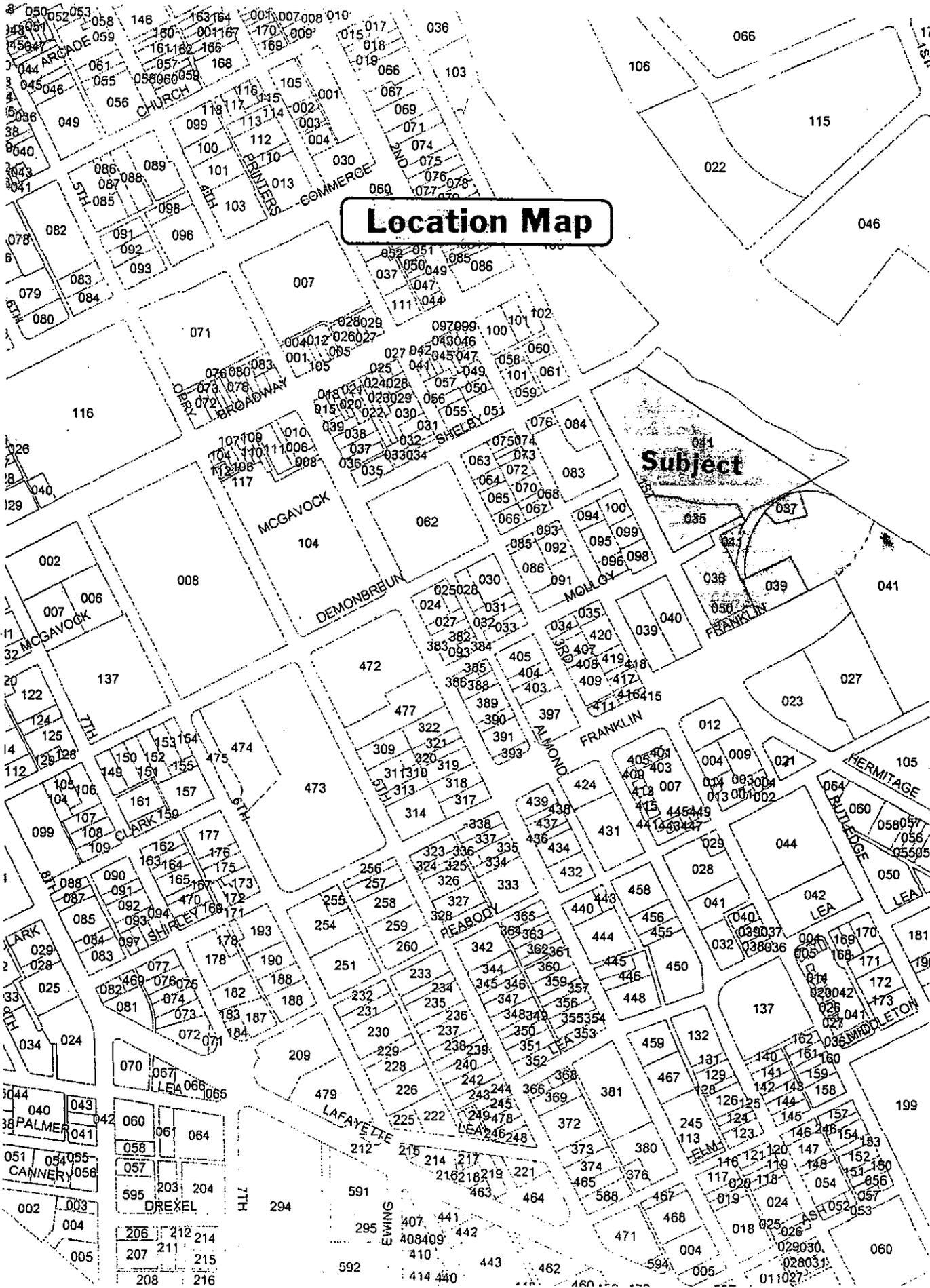
M.D.H.A., the subject site is outside the Redevelopment area and Tax Incentive Financing is currently not available to the site. However, as expressed in the RFI being sent out on Monday, April 19, 2004 that among other items request a detailed analysis of the projected benefits that will be received by the citizens of Nashville and Middle Tennessee. Thus, it is assumed that there is the political will to place subject property into a redevelopment area and make Tax Incentive Financing available.

With the Gateway Bridge and the widening of Franklin Street with a 20' wide median strip to 4th Avenue, South nearly completed the availability of subject site has created a lot of speculation and at least two proposals have been put forth. The Nashville Sounds baseball organization has proposed the site (including Police Central) be used for a downtown baseball stadium surrounded by residential and retail development. This project is proposed to be financed through government bonds. Also, the Tennessee Titan's owner Bud Adams has offered \$10,000,000 for the site provided the money is used for schools and the Nashville Sounds offer be refused.

In conclusion, the neighborhood appears to be well suited for a number of commercial and/or residential/retail uses. The traffic count in the vicinity of the subject is good. Road patterns are good and with the new Gateway Bridge, the neighborhood is readily accessible and in an area that appears to be able to support land and building uses commensurate with past and current trends.

Location Map

Subject



ZONING

The property is classified as Core Frame District- CF.

The character of the Core Frame District, hereinafter, referred to as the CF district. The CF district is intended to implement the general plan's central business district land use policies for support services. The district is designed primarily for a diverse variety of business service functions along with retail trade and consumer service establishments and large parking structures that require locations in proximity to the central business districts.

SITE DATA

Subject property is an irregular shaped tract that consists of land that lies south of the Shelby Street Bridge, west of the CSX Railroad ROW, north of the Gateway Bridge and Franklin Street and east of 1st Av S. It is not known if the Parcels 93-7/36 & 50 that belong to Police Central will be included in the site. The site will be broken down to the total area including Police Central and excluding Police Central. The site has not been surveyed and the north ROW line of The Gateway Bridge and Franklin Street as it crosses Parcel 93-7/41 has not been legally established. However, based on the Tennessee Department of Transportation Acquisition Table for this project, the acreage left of new Franklin Street (as you face the river) for Parcel 93-7/41 is 1.75 acres. Based on the Property Record Cards and the remainder of 93-7/41 from the TDOT acquisition map the acreages of each parcel are shown below.

Area Without Police Central Parcels

<u>Map/Parcel</u>	<u>Size</u>
93-6/41	4.88* Acres
93-7/35	0.92 Acres
93-7/37	0.23 Acres
93-7/39	0.62 Acres
93-7/Part of 41	1.75 Acres
<u>93-7/41.01</u>	<u>0.13 Acres</u>
Total	8.53 Acres

Police Central Sites

<u>Map/Parcel</u>	<u>Size</u>
93-7/36	1.07 Acres
<u>93-7/50</u>	<u>0.19 Acres</u>
Total	1.26 Acres
Grand Total	9.79 Acres

*The aerial photo of the site that is being sent out with the RFI (Request for Information for The Proposed Development of the Nashville Thermal Site) indicates that the railroad tract and the river bank that is part of Parcel 93-6/41 is excluded from the Thermal Plant Site. The acreage of the area left out is not known, but is estimated to contain about 1.74 acres. The remaining acreage of this parcel is +- 4.88 acres.

The Grand Total does not include the Nashville & Eastern Railroad ROW that curves through the site. It is estimated that the ROW contains no more that 0.30 acres. Thus the estimated size of the site with Police Central is +- 10.09 acres (439,520 SF) and without Police Central is +-8.83 acres (384,635 SF). The total site, including Police Central, has 1,011 feet of frontage along 1st Avenue, South (based on Mapping on the Metro Web Site) and the depth is about 175 feet at north end and about 670 feet at the south end. Molloy Street dead-ends about 180 feet into the site off of 1st Avenue, South.

Based on the flood plain information provided on Metro's mapping web site, subject property does not lie within the 100-year flood plain.

The site is generally at road grade and slopes gently back to the railroad tract, except for the most southern portion where 1st Avenue, South slopes upward from Molloy Street to Franklin Street. The footprint of the Thermal Plant on 93-7/41 has been excavated out of this hill, but the land southeast from the most southern building is a rock bluff.

The site is crossed by three storm sewer lines and one sanitary sewer line. These sewer lines cross in such a manner as to have an impact on how the property could be developed unless the sewer lines are relocated. All public utilities are available to the site.

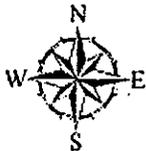
A part of the total site (Police Central and Parcels 93-7/39 & 50) is included in the Rutledge Hill Redevelopment Area. Being in a Redevelopment area makes the site potentially eligible for Tax Incentive Financing. According to Joe Cain of M.D.H.A., Tax Incentive Financing is only available for certain types of development and the amount that might be available is based on the type of development. Thus, at this juncture, Tax Increment Financing is not taken into consideration.

HAZARDOUS MATERIALS

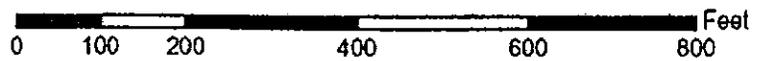
The existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraisers have no knowledge of the existence of such materials on or in the property. The presence of such

substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property. The value estimated is based on the assumption that no such condition on or in the property or in proximity would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them.

A Phase One Environmental Study has been made of the site outside the existing buildings and was found clean (according to Gresham & Smith). Another Phase One study will be made inside the footprints of the buildings after they have been removed.



THERMAL SITE



HIGHEST AND BEST USE

At the outset, it should be pointed out to the reader of this report that highest and best use is (1) a basic premise of value; (2) it is not an absolute fact found in the market; and (3) it reflects the appraiser(s) opinion of the best use of a property based on an analysis of prevailing and available market conditions and data. Highest and best use is defined as:

"That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal..... " "Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value."

Source of the above definition: Real Estate Appraisal Terminology, published by the Society of Real Estate Appraisers, revised edition, 1984.

Subject property is currently improved with the Thermal Plant and if included in the site, the Police Central Station. It is assumed the Thermal Plant has been demolished and if the site includes the Police Central Station it has also been demolished.

In estimating highest and best use, consideration is given to: physical features of the site and/or buildings; legal contractual and economic restrictions; and supply and demand, and zoning.

Such items as locations of railroad Row's, utility easements, environmental factors, size and shape can affect the Highest & Best Use, which affects value.

If the assumption is made that the location of existing easements does not adversely affect the development of the property and the site is environmentally clean, then any number of uses could be made of the property, subject to normal considerations such as location and demand.

Subject site is zoned CF – Core Frame District - and has adequate frontage and depth to support a variety of commercial and service type uses as defined in the zoning ordinance.

Legally Permissible Uses: The zoning ordinance permits a variety of residential, office, medical, educational, residential and commercial uses by right, and others by acceptable site plan review. However, development plans exercising these rights are subject to approval by the Planning Commission and Metro Council.

Physically Possible Uses: Any use allowed by the CH zoning ordinance that will fit on the subject site. For example: office building (s), hotel(s), ballpark, condominium project, or general commercial uses.

Financially Feasible and Marketable Uses: The site is at the intersection of extended Franklin Street (approach to the new Gateway Bridge over the Cumberland River) and 1st Av S. The site has good visibility, has adequate frontage on 1st Av S (subject will not have access onto Franklin Street) and good depth, which leads to a variety of permissible, possible and legal commercial uses. Once a site passes the first two tests (physically possible, legally permissible), a determination must be made to ascertain if a particular use is financially feasible

Maximum Productivity: From the uses that are determined to be financially feasible, the highest and best use is the one that provides the highest residual land value consistent with the market's acceptance of risk and with the rate of return warranted by the market for that use.

While there are many uses that are permitted under current zoning, there are only a few that represent the Highest and Best Use. These few uses are dictated by size of the site and demand for a particular use at this location.

Most legal uses can be eliminated due to size and location. Some of the uses that are considered most feasible are.

1. Residential Condominium Project
2. Office Complex
3. Hotel/Convention/Site
4. Mixed Use – Commercial/Residential
5. Baseball Park

The exclusion of Police Central from the site would eliminate some potential uses, such as a ballpark. A detailed feasibility study to ascertain the specific highest and best use of the subject site is beyond the scope of my assignment. The developments that have recently occurred in the neighborhood include a hotel, sports arena, Country Music Hall of Fame and Symphony Hall (under construction). The Rolling Mill Hill Redevelopment plan south of the Gateway Bridge is proposed to contain 900 to 1,400 new housing units with a minimum of 35% of those being owner occupied, 10,000 SF – 16,000 SF of supporting retail and restaurants and a limited amount of office space (70,000SF to 150,000 SF). Development of subject site should augment the

Rolling Mill Hill proposed development and enhance the desirability of the neighborhood for residential and commercial development.

THE APPRAISAL PROCESS

The appraisal process is defined as a systematic analysis of the factors that bear upon the value of real estate. An orderly program by which the problem is defined, the work necessary to solve the problem is planned, and the data involved is acquired, classified, analyzed, and interpreted into an estimate of value. This process is a valuable aid to the appraiser, and has been applied to estimate the market value of the subject property as follows:

Defining the Problem: The subject property has been physically described, but not legally defined; the rights under appraisal specified; the purpose of the appraisal stated; and the value, as defined, is estimated as of a certain date or dates.

Preliminary Survey: The plan for development of the appraisal report, including the data needed, data sources, personnel and time requirements, and a completion flow chart has been made.

Data Collection and Analysis: The collection of general data of a locational and economic nature; the collection of specific data about the subject property and comparative data (comparable land sales) and the analysis of this data in a logical manner has been made.

Using these steps as a beginning, an application of this data analysis will be made to formulate an estimate of value through the Direct Sales Comparison Approach. As the site is vacant the Cost Approach and the Income Capitalization Approach will not be processed. Since all information involved is drawn from the marketplace, these approaches are a part of a larger market approach. When one or more of the approaches to a value estimate is not used in completing the appraisal assignment, it should be explained.

Direct Sales Comparison Approach - is a direct comparison of the property under appraisal with other similar properties, which have sold. The most common units of comparison are price per acre, price per square foot, price per unit, price per room and price per square foot of building area, per bay, etc. The comparable sales are analyzed for cash equivalency, time, and then compared with each other and the subject for unit mix, condition, amenities, and condition or terms of sale, etc. Based on these adjustments, a value indication is arrived at by estimating the indicated price per acre, price per square foot, price per unit or price per room.

The next step in the appraisal process, under typical circumstances, would be to consider the indicated value resulting from each approach. This would include a consideration of the relative applicability of each of the approaches, and the strengths and weaknesses of each approach would be identified and discussed. Emphasis for the final value estimate would then be placed on the most reliable and applicable solution to the specific appraisal problem at hand. This analysis of the approaches to value estimation is called reconciliation. The result is to end in a final estimate of defined value. It should be clearly understood that a value estimate is an

appraiser's opinion based on his analytical ability, and is only an estimate. A determination of value is made only through the courts or other legally constituted authorities.

DIRECT COMPARISON APPROACH

Estimated Market Value of the Subject Site

While there are several methods of land valuation, the Market Data Approach, or Comparative Method is preferred. When sufficient market data is available, this is considered to be the most direct method and easiest to apply and understand. Perhaps the most significant factor of this method is that it reflects the actions of buyers and sellers in the marketplace for similar properties.

An examination the neighborhood of the subject, and Davidson County Conveyance Records relative to land sales in the vicinity of the subject property was made. Seven sales and one listing that are considered indications of land values in the neighborhood were analyzed. Adjustments can then be made for any difference between the comparable sales and the subject property. These adjustments are generally for the time, which has transpired since the date of sale, physical characteristics such as size, and the location of the comparable property in relation to the subject. These seven (7) sales and one listing are presented as follows, and are identified on an enclosed map. After details of each property are presented, the appraisers' analysis of the sales and conclusions as to the indicated value of the subject site is set forth.

SALE 1

Location: Demonbreun & 4th & 5th Av S
Map/Parcel: 93-6-4/104
Grantor: M.D.H.A.
Grantee: Turnberry/Nashville Arena Hotel, L.P.
Date: June 2, 1998
Legal Reference: 10960/271
Size: 4.84 Acres (210,830 SF)
Consideration: \$4,243,200
Price/SF: \$20.13/SF
Comments: Property has been developed with Hilton Hotel with \$6.2 million of Tax Incentive Financing

SALE 2

Location: Between 4th & 5th Avenues, South, South of Demonbreun St.
Map/Parcel: 93-10/477
Grantor: M.D.H.A.
Grantee: Allright Corporation
Date: June 4, 1998
Legal Reference: 10962/914
Size: 0.87 Acres (37,897 SF)
Consideration: \$833,140
Price/SF: \$21.92/SF
Comments: This site adjoins the Country Music Hall of Fame

SALE 3

Location: Peabody St & Hermitage AV
Map/Parcel: 93-11/22&27
Grantor: The Guardian Life Insurance Company of America
Grantee: M.D.H.A.
Date: June 12, 2002
Legal Reference: 20020614-0072491
Size: 1.88 Acres (81,897 SF)
Consideration: \$1,392,266
Price/SF: \$17.00/SF*
Comments: These two Parcels were improved at time of purchase. Buyer demolished the improvements for \$320,000 (By permits). Total price was \$1,712,266, or \$20.91/SF*

SALE 4

Location: 4th Avenue, South & Franklin Street
Map/Parcel: 93-10/334, 335, 336, 337 & 338
Grantor: Allen Eatherly et ux
Grantee: Nashville Symphony Association
Date: February 11, 2004
Legal Reference: 20040211-0016724
Size: 0.61 Acres (26,571 SF)
Consideration: \$1,050,000
Price/SF: \$39.52/SF
Comments: Parcels 335-338 were vacant. Parcel 334 had a small concrete block building. Buyer will demolish building.

SALE 5

Location: North edge of Franklin Street
Map/Parcel: 93-07/39
Grantor: Clayton F. Dollye & Mary P. Kyle
Grantee: M.D.H.A.
Date: June 17, 1998
Legal Reference: 10982/355
Size: 0.62 Acres (27,007 SF)
Consideration: \$337,000
Price/SF: \$12.48/SF*
Comments: Property was improved at time of sale. Buyer demolished building at cost of \$14,500 (by Permit), Total cost \$351,500, or \$13.01/SF*

SALE 6

Location: South and North edge of Franklin Street
Map/Parcel: 93-07/50, 93-11/23 & 24
Grantor: Ragland Realty Corporation
Grantee: M.D.H.A.
Date: May 28, 2002
Legal Reference: 200205290065015
Size: 1.0057 Acres (43,808 SF)
Consideration: \$669,783.29
Price/SF: \$15.29/SF
Comments: Parcels 23 & 24 were improved at time of sale. Buyer demolished the buildings at cost of \$340,000 (by Permit), Total cost \$1,009,783, or \$23.05/SF* Deed does not state consideration. Verified by M.D.H.A. Parcel 50 is a small 50' wide lot at northeast corner of Franklin St. & 1st Ave. S.

SALE 7

Location: 309 & 313 7th Ave, S 700-706 Shirley Ave.
Map/Parcel: 93-10/83, 84, 90-97
Grantor: Seventh Avenue Properties, L.P.
Grantee: The United Methodist Publishing House.
Date: December 9, 1998
Legal Reference: 11245/585
Size: 1.62 Acres (54,886 SF)
Consideration: \$2,000,000
Price/SF: \$36.44/SF*
Comments: Property was improved at time of sale with a 13,000 SF Office/Garage that was in poor condition and contributed little or no value as the buyer bought the total property for parking for its employees.

Listing:

Location: Franklin St. Between 4th Av S & 5th Av S
Map/Parcel: 93-10/309,310,311,313,314,317,318, 319,320,321,322
Owner: Robert H. Chilton
Size: 2.93 acres
List Price: \$3,500,000
Price/SF: 27.42/SF
Comments: The site contains several old buildings that are in such condition that they contribute little value to the site. The listing price is considered the price for vacant land. Listing prices tend to set the upper limits of value for that site. The cost of demolishing the buildings (87,279 SF) is estimated at \$350,000 (\$4.00/SF). A property normally does not sell at the listing price. Say, 80% of listing price, but the cost of demolition must be added back. The adjusted price is \$3,150,000, or \$25.55/SF.

SUMMARY CHART OF LAND SALES

SALE	DATE	SIZE	P/SF	COMMENT
1	6/02/98	210,830 SF	20.13/SF	VACANT
2	6/04/98	37,897 SF	\$21.98/SF	VACANT
3	6/12/02	81,897 SF	\$20.91/SF	VACANT
4	2/11/04	26,571 SF	\$39.52/SF	VACANT
5	6/17/98	27,007 SF	\$13.01/SF	VACANT
6	5/28/02	43,808 SF	\$15.29/SF	VACANT
7	12/09/98	54,886 SF	\$36.44/SF	VACANT
LISTING	CURRENT	127,631 SF	\$25.55/SF	VACANT
SUBJECT		384,635 SF		
		439,520 SF		

An analysis of the sales does not indicate any real appreciation in values over the time period from 1998 to present. The CBD of Nashville has not experienced any real increase in rental rates for the past few years and with the closing of the Church Street Mall on Church Street there is very little retail in the area. Due to September 11, 2001 the tourist business along lower Broadway and 2nd Avenue has decreased. Thus, the sales are not adjusted for time.

Valuation of Site Including Police Central – 439,520 SF

It must be pointed out that none of the sales are truly comparable, but there is adequate data to establish the upper and lower limits of value.

The recent developments that have benefited the neighborhood are the new Hilton Hotel, the new Country Music Hall of Fame & Museum, the Symphony Hall (under construction) and the opening of the Shelby Street Pedestrian Bridge. The widening of Franklin Street and the opening (in 2004)

of the new Gateway Bridge have been anticipated for several years. The estimated number of vehicles that will cross the bridge is 31,200 (by TDOT). The location of the Thermal Plant itself was a detriment to the immediate neighborhood and its removal will benefit the neighborhood. The combination of the removal of the Thermal Plant Site and the opening of the Gateway Bridge and widening of Franklin Street to 4th Avenue, South will have a positive impact upon land values in the neighborhood in the immediate vicinity of the bridge and Franklin Street out to 4th & 5th Avenue. The fact that subject is the only large (either 8.83 +/- acres or 10.09+- acres), vacant tract in the neighborhood and overlooks the Cumberland River are positive elements.

The sales indicate a wide range of value - \$13.01/SF to \$39.52/SF. Sales 5 & 6 were impacted by the Thermal Plant and the fact that Franklin Street was a dead end street. These two sales tend to set the lower limits of value. Most sales activity has occurred south of Broadway between 4th & 5th Avenue, South, down to Franklin Street (Sales 1, 2 & 4 and the Listing). Sale 1 brought \$20.17/SF and Sale 2 brought \$21.98, both properties were sold by M.D.H.A. in 1998. Based on these two sales there does not appear to be a basis for a reduction in value due to size (typically, the larger the parcel the lower the unit price). Sale 4 was a purchase by the Nashville Symphony Association who needed a parking lot close to the new Symphony Hall and was willing to pay a high price to obtain it. Sale 7 was purchased by Methodist Publishing to provide parking for their employees and was willing to pay a high price to obtain it. Thus, little weight is given to these sales. Sale 2 was purchased by M.D.H.A. (as well as Sales 5 & 6) under the threat of condemnation and was heavily improved and reflects the contributory value of the improvements. The listing is located on the north side of Franklin Street between 4th and 5th Avenue, South, at the end of the Franklin Street

project. This listing is considered to set the upper limits of value assuming the improvements do not contribute to the value.

The one aspect of subject that is troubling is the location of the three storm sewers and one sanitary sewer that cross the site. If the developer must pay for relocation of one or more of these sewer lines, the cost would impact the value of the site. If the cost of relocation was part of a tax incentive package then the easements would not impact the value. It is assumed that either the locations of the sewer lines do not impact the development of the site (depends upon type of development), or utilities are moved utilizing Tax Incentive Financing. Therefore, no adjustment is made for the presence of the utilities. Based on the above data and analysis the upper limit is \$25.55/SF (\$11,230,000) and the lower limit is \$15.29/SF (\$6,720,000). While the data tends to indicate the market does not make a difference due to size, subject property is considered to be unique due to the fact that it contains 10.09 acres of land with a long road frontage on the east side of 1st Avenue, South and has a view of the river. It is my opinion that the typical reduction of the unit value due to size is basically offset by its location overlooking the river at the end of the new Gateway Bridge. Therefore, it is concluded that the value of the site, including Police Central falls in the upper half of the range – say \$25.00/SF.

$$439,520 \text{ SF} \times \$25.00/\text{SF} = \$10,990,000\text{®}$$

Valuation of Site Excluding Police Central – 384,635 SF

The Police Central Site set out in the site plat is located in the northeast corner of Franklin Street and 1st Avenue, South. Without Police Central subject has approximately 700' of frontage. The exclusion of Police Central from the site reduces the road frontage and the size of the site and

changes the shape of the site. This would eliminate some types of developments; however, it is concluded that the exclusion of Police Central does not impact the overall value per Square Foot.

$$384,635 \text{ SF} \times \$25.00/\text{SF} = \$9,620,000\textcircled{R}$$

RECONCILIATION AND FINAL VALUE ESTIMATE

Each approach to value is a comparative analysis of the data in the market, which is significant and particular to the use of the respective approach. Thus, the accuracy and reliability of each approach depends on the quantity and quality of the market data available to it, and upon its analysis, interpretations and application by the appraiser. In this report only the Direct Sales Comparison Approach was processed as it is assumed that the site is vacant.

The 7 land sales and one listing are considered to be adequate in quantity and quality to estimate the value of subject property.

After careful consideration to all factors that affect subject real estate, it is our opinion that the Market Value of Subject Real Estate, as of March 31, 2004, is:

INCLUDING POLICE CENTRAL: - \$10,990,000

EXCLUDING POLICE CENTRAL: - \$9,620,000

CERTIFICATION AND FINAL ESTIMATE OF VALUE

1. The statements of fact contained in this report are true and correct. The appraiser has not knowingly withheld any pertinent information.
2. The reported analysis, opinions, and conclusions are limited only by the reported Assumptions and Limiting Conditions, and are my personal, unbiased professional analysis, opinions and conclusions.
3. I have no present or perspective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
4. My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. I have made a personal inspection of the property that is subject of this report
7. No one provided significant professional assistance to the person signing this report.
8. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, creed, color or national origin of the perspective owners or occupants of the property appraised or of the properties in the vicinity of the property appraised.
9. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned affecting the analysis, opinions, and conclusions contained in this report).
10. All conclusions and opinion concerning the real estate that are set forth in the appraisal report were prepared by the appraiser whose signature appears on the appraisal report. No change of any item in the appraisal report shall be made by the readers of this report, and the appraisers assume no responsibility for any such unauthorized change.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
12. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. Dennis H. Donovan, MAI is currently certified under this program.
13. Dennis H. Donovan is a State Certified General Real Estate Appraiser under the laws of the State of Tennessee. This appraisal was made in compliance with the current regulations of

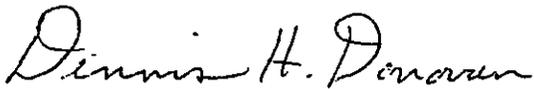
the Tennessee Real Estate Appraiser Commission, which allows this report to be regarded as a Certified Appraisal.

That as a result of the investigation and analysis made in connection with this appraisal report, it is my professional opinion that the market value of the subject property, as of March 31, 2004, was:

INCLUDING POLICE CENTRAL: \$10,990,000

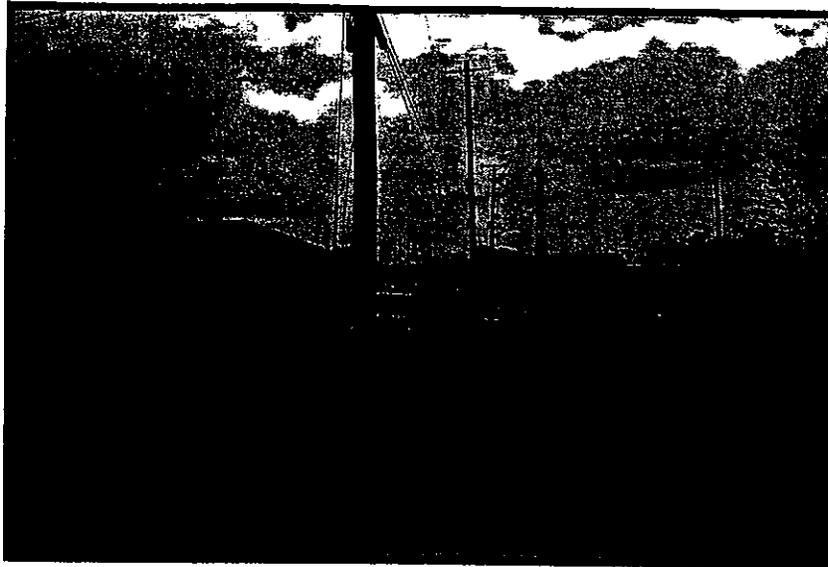
EXCLUDING POLICE CENTRAL: \$ 9,620,000

Respectfully submitted,

A handwritten signature in cursive script that reads "Dennis H. Donovan".

Dennis H. Donovan MAI, CG-564

ADDENDA



1st Avenue, South Looking South from Shelby St Underpass



1st Avenue, South Looking North From Franklin St



Railroad Tract along River Bank from NE Corner



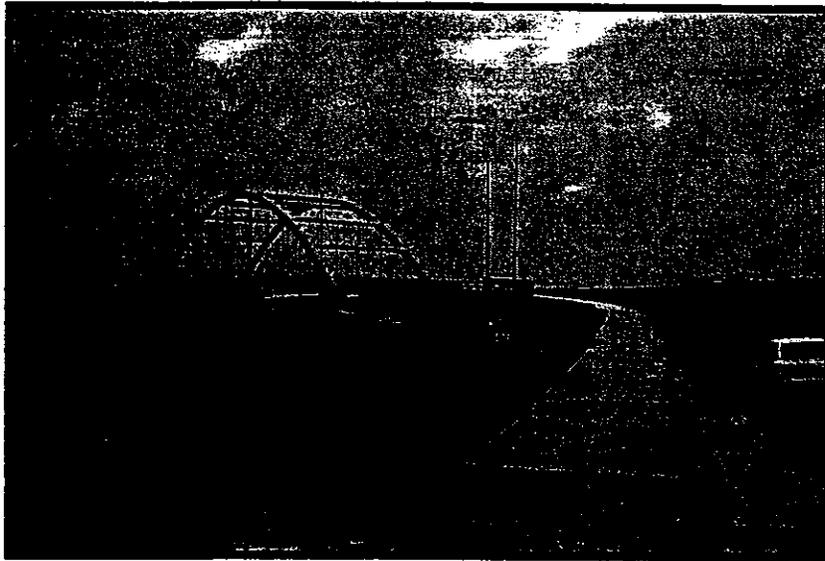
Police Central from SW Corner



CST Railroad Tract & Rear of Site



Thermal Plant Site below Bluff



Parcel 50 & Franklin St ...

QUALIFICATIONS OF DENNIS H. DONOVAN, MAI, CG-564

EDUCATION:

Pennsylvania State University - Bachelor of Science, General Forestry, 1955

Successfully completed the following courses under the direction of the American Institute of Real Estate Appraisers (now the Appraisal Institute), a total of 260 hours

Standards of Professional Practice

AIREA Course IA - A & B - An Introduction to Appraising Real Estate

AIREA Course IB - A & B - The Appraisal of Income Producing Property

AIREA Course - Case Studies

AIREA Course - Valuation and Report Writing Course

I received my MAI designation in August, 1989

I have attended many seminars and workshops relating to appraising real estate as part of my continuing education.

EXPERIENCE

Metropolitan Government of Nashville & Davidson County
Division of Assessments - June 15, 2000 to Present
800 2nd Avenue, North
Nashville, TN 37201

Donovan & Associates - May 13, 1993 to June 14, 2000
271 Wallace Road
Nashville, TN 37211

Norman Hall & Associates - September, 1982 to May, 1993
Real Estate Appraisers & Consultants
Realtors Building, Suite 306
306 Gay Street
Nashville, TN 37201

Tennessee Valley Authority
Real Estate Appraiser from July, 1963 to October, 1979
Reviewing Appraiser and Supervisor of Land Acquisition for the Nashville and
Columbia, Tennessee area from October, 1979 to June, 1982

SCOPE OF APPRAISAL ASSIGNMENTS

Subdivisions, commercial properties, downtown office building sites, proposed and existing office buildings, proposed and existing shopping centers, proposed and existing medical office buildings, fitness centers, proposed and existing apartment complexes, retail buildings, proposed and existing motels, office distribution warehouses, warehouses, industrial land and plants, day care centers, carwashes, convenience stores w/gas, marinas, wave pools with day use facilities, timberland, farms, sod farms, rock quarry's, restaurants, fast food restaurants, special purpose properties, highway right-of-ways and electric transmission line right-of-ways,

CLIENTS

Suntrust Bank, Union Planters National Bank, Trans Financial Bank, Nashville Bank of Commerce, Sierra West Bank, First American Bank, First Union Bank, First Tennessee Bank of Murfreesboro, Cavalry Bank of Murfreesboro, Farmers Merchant Bank of Clarksville, First Virginian Member Bank, First State Bank of Illinois, Seven Day Adventist Church, Red Cap Industries, Porcelain Industries, Baptist Hospital, St. Thomas Hospital, Williamson Medical Center, J.E. Robert Company, Inc. of Dallas, Texas, Nature Conservancy of Nashville, General Service Administration, State of Tennessee Dept. of Finance, State of Tennessee Dept. of Transportation, City of Murfreesboro, TN, Tennessee Valley Authority, RTC, FDIC, Carter, individuals and several law firms in Nashville.

COURT EXPERIENCE

Qualified as an expert witness in federal court in Alabama, Kentucky, Mississippi, North Carolina and Tennessee. Have also been qualified as an expert witness in state circuit court in Alabama and Tennessee. Have worked with federal and municipal attorneys in the preparation for testifying in condemnation cases.

MEMBERSHIPS

Appraisal Institute (MAI), Certificate No. 8256
Co-Chair Admissions Committee, Volunteer State Chapter, 1933-1995
Co-Chair Education Committee, Volunteer State Chapter, 1998
Treasurer, 1999
International Association of Assessing Officers

CERTIFICATION

Certified General Appraiser for the State of Tennessee, License Number CG-564

Thermal Site Evaluation Summary of "Best and Highest" Use

	Average				
	Ballpark	ConvCtr	Hotel	Marina	Mixed-Use
FINANCIAL					
Project Costs	3.9	3.0	2.9	2.4	3.7
Ownership					
Public	4.2	3.9	2.9	2.3	2.7
Private	3.6	1.8	3.1	2.4	4.2
Financing sources					
Public	3.4	2.8	2.0	2.1	3.3
Private	3.8	2.1	3.2	1.8	4.1
Governmental Assistance	3.3	2.8	1.8	2.1	2.8
Tax implications					
Property Tax Generation	3.4	2.6	3.0	3.0	4.1
New Sales Tax Dollars	3.8	4.2	3.1	2.9	3.4
Individual Taxpayers	3.5	2.6	2.7	2.5	3.9
Relocation of Police Department	3.0	2.7	2.8	2.5	3.0

	Average				
	Ballpark	ConvCtr	Hotel	Marina	Mixed-Use
ECONOMIC					
Enhance a Healthy, Vibrant Downtown	4.5	3.8	2.8	2.3	3.9
Draw Local Residents Downtown	4.9	1.9	2.1	2.2	3.5
Variety of Price Points (housing, entertainment, amenities)	3.7	1.6	1.7	1.7	3.5
365-Day, Year-round Component	2.9	4.4	3.8	2.4	4.0
Multiple Use	3.7	2.1	1.9	2.9	3.8
Residential Component	4.1	1.1	1.2	2.7	4.4
Catalyst for Future Development	4.1	3.2	2.9	2.2	3.8
Capitalize on Riverfront	4.2	2.0	2.6	3.4	3.8
Transportation Hub	3.2	2.3	1.8	2.8	2.9
Jobs Creation	3.2	3.9	3.5	2.4	3.1

	Average				
	Ballpark	ConvCtr	Hotel	Marina	Mixed-Use
AESTHETIC					
Appearance of Project	4.2	2.4	3.5	2.1	4.2
Greenway/Riverfront Component of Plans (Views and Access)	4.3	2.1	3.1	2.5	4.3
Compatibility with Existing Plans for Downtown/Complement Current Area	4.1	2.3	3.1	1.6	3.9
Quality of Life Implications	4.3	2.2	2.5	2.2	4.2
Community Facilities to Support Residential Development	3.8	1.5	1.5	2.2	4.3
Adequate Open Space	4.1	1.6	2.6	2.2	3.9
Create an Urban Edge Along Gateway	4.0	2.1	2.4	1.9	3.9
Embraced by Entire Community	4.2	2.0	2.4	1.5	3.1

Use of property: 1 = lowest 5 = best and highest

JULY 26, 2004

**THERMAL SITE PROPOSAL: BALLPARK/MIXED USE
FINANCIAL SUMMARY**

TOTAL PROJECT COSTS		\$85,464,000
BALLPARK	\$38,464,000	
MIXED USE	47,000,000	

FINANCING SOURCES

PRIVATE		\$47,000,000
PUBLIC		
METRO ISSUED BONDS	\$38,464,000	
CITY OPERATING COST SUPPORT/YR	\$ 350,000	

(ANNUAL DEBT SERVICE ESTIMATED TO BE \$2,776,000)

REVENUE STREAMS

ANNUAL REVENUES TO SUPPORT DEBT SERVICE**

SALES TAX REBATES	\$ 705,000
PROPERTY TAXES	660,000
TICKET SURCHARGE	664,000
RESIDENTIAL GROUND LEASE PMNT	300,000
SOUNDS RENTAL PAYMENT (PLUG)	447,000
TOTAL ANNUAL REVENUES	\$ 2,776,000

****INCLUDES \$1,330,000 IN C.O.I.**

CONTRACTUALLY OBLIGATED INCOME (C.O.I.)

NAMING RIGHTS	\$ 250,000
LUXURY SUITES	800,000
SEASON TICKET SALES	1,655,000
TICKET SURCHARGE-SEASON TIX	180,000
STATE SALES TAX REBATE-SUITE TIX	44,000
LOCAL SALES TAX REBATE-SUITE TIX	18,000
STATE SALES TAX REBATE-SEASON TIX	91,000
LOCAL SALES TAX REBATE-SEASON TIX	37,000
DEVELOPER GROUND LEASE PAYMENT	300,000
DIRECT PROPERTY TAX BENEFIT	660,000
TOTAL C.O.I.	\$ 4,035,000

OBSERVATIONS.

- 1. CITY WILL LEASE SITE TO DEVELOPERS BUT WILL NOT RECEIVE RELATED PROPERTY TAXES, SALES TAXES, GROUND LEASE PAYMENTS UNTIL BONDS REPAYED (FUNDS DESIGNATED AS PART OF ANNUAL REVENUES TO REPAY BONDS). TERM OF BONDS ASSUMED TO BE 25 YEARS**
- 2. ANNUAL OPERATING SUPPORT PROHIBITED BY CITY IS \$100,000 GREATER THAN CURRENT SUPPORT PROVIDED AT GREER STADIUM**
- 3. CLARIFICATION REQUIRED REGARDING RIGHTS TO FUNDS GENERATED FROM PROJECT AFTER BONDS REPAYED**
- 4. PLAN DOES NOT ADDRESS FUTURE OF POLICE STATION**
- 5. PLAN USES ASSUMPTIONS THAT ARE SUBJECT TO APPROVAL BY STATE AND LOCAL ENTITIES**

JULY 26, 2004

**THERMAL SITE PROPOSAL: PAPPAS MIXED USE
FINANCIAL SUMMARY:**

TOTAL PROJECT COSTS (5-10 YRS.) **\$100,000,000**

FINANCING SOURCES

PRIVATE		\$ 92,000,000
PHASE 1-RESIDENTIAL	\$30,000,000	
RESTAURANT	7,000,000	
PHASE 2-RESIDENTIAL	\$55,000,000	
PUBLIC		\$ 8,000,000
INFRASTRUCTURE	\$2,500,000	
PUBLIC AMENITIES	3,000,000*	
PARKING	2,500,000	
<i>* INCLUDES RELOCATION OF POLICE CENTRAL</i>		

REVENUE STREAMS TO CITY

PROPERTY TAX*	\$1,101,350
<i>*UPON COMPLETION OF PHASES 1 & 2</i>	
SALES TAX (RESTAURANT)	450,000
TOTAL	\$1,551,350

OBSERVATIONS

- 1. BECAUSE PHASE 1 RESIDENTIAL WILL BE "FOR SALE" AND PHASE 2 RESIDENTIAL LIKELY WILL BE "FOR SALE," PAPPAS WANTS FEE SIMPLE TITLE TO SITE. PAPPAS WILLING TO CONSIDER GROUND LEASE IF IT CAN BE DEMONSTRATED THAT CONDO UNITS CAN BE SOLD IN THE NASHVILLE MARKET ON LEASED LAND.**
- 2. PUBLIC IMPROVEMENTS VIA T.I.F. WOULD REQUIRE EXPANSION OF T.I.F. DISTRICT TO INCLUDE THERMAL SITE.**
- 3. PHASE 1 DEVELOPMENT WILL NOT GENERATE SUFFICIENT T.I.F. FUNDS TO SUPPORT DEBT SERVICE ON \$8 MILLION**

