

RESOLUTION NO. RS2008-533

Resolution to approve the execution and delivery of a loan agreement for the purpose of providing funds to refund certain outstanding bonds heretofore issued by the Metropolitan Government of Nashville and Davidson County.

WHEREAS, the Metropolitan County Council (the "Metropolitan Council") of The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"), pursuant to resolutions adopted by the Metropolitan Council of the Metropolitan Government, has heretofore issued those certain \$60,805,000 General Obligation Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated May 11, 2006, the proceeds of the Series 2006 A Bonds having been used by the Metropolitan Government to refund certain outstanding bonds of the Metropolitan Government issued in 1996; and,

WHEREAS, the Series 2006 A Bonds are presently outstanding in the aggregate principal amount of \$58,900,000; and,

WHEREAS, the Series 2006 A Bonds are currently subject to redemption prior to maturity at the price of par, all as set forth in the resolutions authorizing the issuance of the Series 2006 A Bonds; and,

WHEREAS, the plan of refunding of the Series 2006 A Bonds and a request that the Metropolitan Government enter into a loan agreement with a public building authority, have been submitted to the State Director of Local Finance for review as required by Sections 9-21-903, 9-21-910, 12-10-116, respectively, Tennessee Code Annotated, as amended; and,

WHEREAS, the Metropolitan Council of the Metropolitan Government has determined that it is in the best interests of the Metropolitan Government to refund the Series 2006 A Bonds, the proceeds thereof having been used to refinance "projects", as defined in Title 9, Chapter 21, Tennessee Code Annotated, as from time to time amended and supplemented, and as set forth in an Indenture of Trust (the "Indenture"), between The Public Building Authority of the City of Clarksville, Tennessee or The Public Building Authority of the County of Montgomery, Tennessee (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., Atlanta, Georgia, as trustee (the "Trustee"), as permitted under Title 12, Chapter 10, Tennessee Code Annotated, as from time to time amended and supplemented, and as described in the form of Loan Agreement attached hereto as Exhibit 1 (the "Loan Agreement"), between the Metropolitan Government, as borrower, and the Issuer, such loan to be in the amount of not to exceed \$59,140,000; and,

WHEREAS, the Metropolitan Council of the Metropolitan Government has determined that the loan in the amount of not to exceed \$59,140,000 is necessary for the purposes of refunding the Series 2006 A Bonds on a current basis and paying costs of issuance in connection therewith; and

WHEREAS, the Issuer will issue one or more series of bonds (the "Bonds") in the aggregate principal amount of not to exceed \$59,140,000 in order to obtain the funds necessary to make the loan to the Metropolitan Government pursuant to the Loan Agreement.

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

Section 1. Approval of Loan and Loan Agreement. For the purposes of providing funds to refund the Series 2006 A Bonds and to pay costs incident to the issuance and sale of the Bonds and the execution of the Loan Agreement, there is hereby authorized a loan from the Issuer in an aggregate principal amount not to exceed \$59,140,000. The terms of the Loan Agreement are in the best interest of the Metropolitan Government and are hereby approved, and the Metropolitan Council hereby authorizes the Metropolitan Mayor and the Metropolitan Clerk of the Metropolitan Government to execute and deliver the Loan Agreement, such Loan Agreement to be in substantially the form attached hereto as Exhibit 1, the execution of such Loan Agreement by the Metropolitan Mayor and the Metropolitan Clerk to evidence their approval of any and all changes to such Loan Agreement, and any related documents necessary to the consummation of the transactions contemplated by the Loan Agreement. The Loan Agreement and the Bonds shall bear interest, unless otherwise approved by the Metropolitan Council, at a variable rate to be established daily but in any event at least every seven days at a rate not to exceed the maximum permitted by law and shall be payable as to principal in the years 2009 through 2026, subject to adjustment as provided herein, and shall be subject to prepayment as provided in the Loan Agreement. The Metropolitan Mayor and the Metropolitan Clerk of the Metropolitan Government are hereby authorized to approve the amortization of principal under the Loan Agreement in accordance with the terms of this resolution, but in no event shall the final maturity of principal be later than 2026.

Section 2. Fulfillment of Obligations. The Metropolitan Council of the Metropolitan Government is authorized and directed to fulfill all obligations under the terms of the Loan Agreement.

Section 3. Pledge and Levy of Taxes. The indebtedness evidenced by the Loan Agreement shall be payable from ad valorem taxes to be levied for such purpose on all taxable property in the General Services District without limit as to time, rate, or amount. The Loan Agreement shall be the direct general obligation of the Metropolitan Government, and the full faith and credit of the Metropolitan Government, together with the taxing power of the Metropolitan Government as to all taxable property in the General Services District, are hereby irrevocably pledged. Amounts due under the Loan Agreement may be paid from the debt service fund of the General Services District for debt service attributable to projects in the General Services District, from the debt service fund of the Urban Services District for debt service attributable to projects in the Urban Services District, and from the school debt service fund for debt service attributable to school projects.

For the purpose of providing for the payment of the indebtedness evidenced by the Loan Agreement, there shall be levied in each year in which such Loan Agreement shall be outstanding a direct tax on all taxable property in the General Services District and Urban Services District, fully sufficient to pay all amounts due under the Loan Agreement prior to the time of collection of the next succeeding tax levy; provided, however, taxes so levied in the General Services District shall be levied in an amount sufficient to pay that portion of amounts due under the Loan Agreement attributable to school projects and projects in the General Services District; and the taxes so levied in the Urban Services District shall be levied in an

amount sufficient to pay that portion of amounts due under the Loan Agreement attributable to projects in the Urban Services District; provided, further, however, that the Metropolitan Government shall be unconditionally and irrevocably obligated to levy and collect ad valorem taxes without limit as to rate or amount on all taxable property in the General Services District to the full extent necessary to pay all amounts due under the Loan Agreement, and the full faith and credit of Metropolitan Government shall be pledged to the payment thereof. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of the Metropolitan Government, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. All amounts due under the Loan Agreement at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from current funds of the Metropolitan Government, but reimbursement therefore may be made from the taxes herein provided when the same shall have been collected.

Section 4. Consent to Assignment. The Metropolitan Government hereby acknowledges that the provisions of the Indenture will assign to the Trustee, among other things, all of the interest of the Issuer in and to the Loan Agreement (other than certain rights reserved to the Issuer) and the Metropolitan Government agrees to pay directly to the Trustee any amounts required to be paid by the Metropolitan Government to the Issuer pursuant to the Loan Agreement.

Section 5. Redemption of Series 2006 A Bonds. Upon the execution and delivery of the Loan Agreement, the outstanding principal of the Series 2006 A Bonds shall be called for redemption and notice of redemption shall be given by the Metropolitan Government as provided in the resolutions authorizing the Series 2006 A Bonds, such Series 2006 A Bonds to be redeemed not later than ninety (90) days from the date of the Loan Agreement. The Metropolitan Mayor and the Metropolitan Clerk are hereby further authorized to enter into a refunding escrow agreement with the bond registrar for the Series 2006 A Bonds, providing for the deposit and investment of proceeds of the Loan Agreement until the redemption of the Series 2006 A Bonds. Such escrow agreement shall be in the form attached hereto as Exhibit 2.

Section 6. Miscellaneous Acts. The Metropolitan Mayor, the Metropolitan Clerk, the Director of Finance, the Director of Law, and all other appropriate officials of the Metropolitan Government are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, in connection with the execution of the Loan Agreement, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution, including without limitation the execution and delivery of agreements regarding the maintenance of deposits at the Bank, as defined in the Loan Agreement; or any of the documents herein authorized and approved and in connection with the refunding of the Series 2006 A Bonds.

Section 7. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 8. Severability. Should any provision or provisions of this Resolution be declared invalid or unenforceable in any respect by final decree of any court of competent jurisdiction, the invalidity or unenforceability of such section, paragraph, ordinance, or provisions shall not affect the remaining provisions of such Resolution.

Section 9.     Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 10.    Effective Date. This Resolution shall take effect upon its adoption, the welfare of the Metropolitan Government requiring it.

Sponsored by: Jim Forkum

FORM OF  
LOAN AGREEMENT

BETWEEN

THE PUBLIC BUILDING AUTHORITY OF  
THE CITY OF  
CLARKSVILLE, TENNESSEE,

and

THE METROPOLITAN GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY (TENNESSEE)

---

This Loan Agreement is subject to a security interest for the  
benefit of The Bank of New York Mellon Trust Company, N.A., as  
trustee under that certain Indenture of Trust, dated as of December  
1, 2008

---

Dated: December \_\_\_\_, 2008

## TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS.....3
Section 1.01.	Definitions.....3
ARTICLE II	REPRESENTATIONS AND COVENANTS OF BORROWER.....5
Section 2.01.	Representations of Borrower .....5
Section 2.02.	Particular Covenants of the Borrower.....7
ARTICLE III	LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS .....14
Section 3.01.	The Loan; Loan Terms.....14
Section 3.02.	Sufficiency of Loan Amounts.....14
Section 3.03.	Commencement of Loan Agreement Term .....14
Section 3.04.	Loan Closing Submissions.....14
Section 3.05.	Evidence of Loan .....15
Section 3.06.	Conditions for Disbursement of Loan.....15
Section 3.07.	Loan Repayments.....15
Section 3.08.	Additional Payments.....17
Section 3.09.	Interest Limit.....19
Section 3.10.	Unconditional Obligation to Pay Loan Repayments .....19
Section 3.11.	Application of Loan Repayments .....20
Section 3.12.	Loan Agreement to Survive Indenture and Bonds.....20
Section 3.13.	Optional Prepayment .....20
Section 3.14.	Security for Loan .....21
ARTICLE IV	ASSIGNMENT.....22
Section 4.01.	Assignment by Issuer .....22
Section 4.02.	Payment by the Bank .....22
Section 4.03.	Assignment by Borrower .....22
ARTICLE V	LOAN DEFAULTS AND REMEDIES .....23
Section 5.01.	Loan Defaults.....23
Section 5.02.	Notice of Default.....24
Section 5.03.	Remedies on Default.....25
Section 5.04.	Attorney’s Fees and Other Expenses .....24
Section 5.05.	Applications of Moneys.....25
Section 5.06.	No Remedy Exclusive; Waiver; Notice.....25
Section 5.07.	Retention of the Issuer’s Rights.....25

ARTICLE VI	TITLE TO PROJECT .....	26
ARTICLE VII	DISCLAIMER OF WARRANTIES; VENDOR’S WARRANTIES; INDEMNIFICATION.....	27
	Section 7.01. Disclaimer of Warranties .....	27
	Section 7.02. Warranties .....	27
	Section 7.03. Indemnity and Hold Harmless Provisions .....	27
	Section 7.04. Reimbursement of Issuer and Trustee.....	27
ARTICLE VIII	MISCELLANEOUS .....	29
	Section 8.01. Notices .....	29
	Section 8.02. Binding Effect.....	30
	Section 8.03. Severability .....	30
	Section 8.04. Amendments, Changes and Modifications .....	30
	Section 8.05. Execution in Counterparts.....	30
	Section 8.06. Applicable Law .....	30
	Section 8.07. Consent and Approvals .....	30
	Section 8.08. Captions .....	30
	Section 8.09. Benefits of Loan Agreement; Compliance with Indenture .....	30
	Section 8.10. Refunding Bonds .....	30
	Section 8.11. Further Assurances.....	31
Exhibit A — Description of the Loan		
Exhibit B — Repayment Exhibit		
Exhibit C — Additional Covenants		
Exhibit D — Form of Borrower’s Resolution		
Exhibit E — Form of Opinion of Borrower’s Counsel		
Exhibit F — Request for Disbursement		
Exhibit G — Approval of Bank		
Exhibit H — Report of State Director of Local Finance		
Exhibit I — Form of Borrower’s Tax Exemption Certificate		

## LOAN AGREEMENT

This Loan Agreement (the "Loan Agreement"), dated as of December \_\_\_\_\_, 2008, and entered into between THE PUBLIC BUILDING AUTHORITY OF THE CITY OF CLARKSVILLE, TENNESSEE (the "Issuer"), a public, nonprofit corporation and instrumentality, organized under the laws of the State of Tennessee (the "State"), and THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE) (the "Borrower"), a municipal corporation organized and duly existing under the laws of the State:

### WITNESSETH:

WHEREAS, the Issuer is authorized by Chapter 10, Title 12, Tennessee Code Annotated, as from time to time amended or supplemented (the "Act"), to, among other things, upon the terms and provisions set forth in the Act, enter into loan agreements with municipal corporations, as defined in the Act, including incorporated municipalities, for the purpose of financing or refinancing the costs of constructing, installing, or acquiring certain necessary and desirable buildings, structures, equipment, and improvements constituting a "project" as such term is defined and used in the Act, for such payments and upon such terms as the board of directors of the Issuer may deem advisable in accordance with the provisions of the Act; to issue its revenue bonds pursuant to the provisions of the Act for the purpose of financing, acquiring, erecting, extending, improving, equipping, or repairing or a combination thereof, any project; and, as security for the payment of the principal of, and the interest on, any such bonds so issued, to assign and pledge, among other things, all or any part of its interest in, and rights under, the loan agreement relating to the necessary and desirable projects so financed or refinanced;

WHEREAS, the Issuer has determined that there is substantial need within the State for a financing program which will provide funds to finance or refinance the costs of "projects," as defined in the Act, for the Borrower;

WHEREAS, the Issuer is authorized under the Act to issue its revenue bonds to provide funds for such purpose;

WHEREAS, the Issuer has determined that the public interest will best be served and that the purposes of the Act can be more advantageously obtained by the Issuer's issuance of its revenue bonds in order to loan the proceeds thereof to the Borrower to refinance certain projects for the Borrower, such projects having been financed with certain bonds heretofore issued by the Borrower, which outstanding bonds the Borrower now desires to refund;

WHEREAS, in order to effectuate such loan, the Issuer has heretofore authorized and approved the issuance of its Adjustable Rate Financing Revenue Bonds, Series 2008 (Metropolitan Government of Nashville and Davidson County Loan) (the "Bonds");

WHEREAS, the Borrower is authorized under the Act, its charter, and its ordinances and resolutions to enter into this Loan Agreement for the purpose of refunding certain outstanding bonds heretofore issued by the Borrower for the purpose of refinancing the costs of the acquisition, construction, renovation, and equipping of projects authorized by the Act;

WHEREAS, the Metropolitan County Council (the "Metropolitan Council") of the Borrower, pursuant to resolutions adopted by the Metropolitan Council of the Borrower, has heretofore issued those certain \$60,805,000 General Obligation Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated May 11, 2006, the proceeds of the Series 2006 A Bonds having been used by the Borrower (i) to currently refund \$59,865,000 outstanding principal of those certain General Obligation Public Improvement Bonds, Series 1996 (the "Series 1996 Bonds"), the proceeds of the Series 1996 Bonds having been used to finance various public works projects (the "1996 Projects"), (ii) to finance approximately \$84,000 of various public works projects (the "2006 Projects"), and (iii) to pay costs of issuance for the Series 2006 A Bonds (the 1996 Projects and the 2006 Projects being herein called, collectively, the "Project");

WHEREAS, the Series 2006 A Bonds are presently outstanding in the aggregate principal amount of \$58,900,000;

WHEREAS, the Series 2006 A Bonds are currently subject to redemption prior to maturity at the price of par, all as set forth in the resolutions authorizing the issuance of the Series 2006 A Bonds;

WHEREAS, the plan of refunding of the Series 2006 A Bonds and a request that the Borrower enter into a loan agreement with a public building authority, have been submitted to the State Director of Local Finance for review as required by Sections 9-21-903, 9-21-910, 12-10-116, respectively, Tennessee Code Annotated, as amended;

WHEREAS, the Metropolitan Council of the Borrower has determined that it is in the best interests of the Borrower to refund the Series 2006 A Bonds;

WHEREAS, the Metropolitan Council of the Borrower has determined that the loan in the amount of not to exceed \$59,140,000 is necessary for the purpose of refunding the Series 2006 A Bonds on a current basis and paying costs of issuance in connection therewith.

WHEREAS, the Issuer and the Borrower have determined that the provision of funds by the Issuer to the Borrower (the "Loan"), pursuant to the terms of this Loan Agreement and the Indenture of Trust (the "Indenture"), dated as of December 1, 2008, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), including any amendments and supplements thereto, will continue to make possible the construction, acquisition, renovation, improvement, or enlargement of public buildings, structures and facilities, resulting in the efficient and economic furnishing of governmental, educational, health, safety and welfare services to the citizens residing within the boundaries of the Borrower;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meaning set forth in the Indenture as applied to the Loan Agreement. The following terms have the meanings indicated below for all purposes of this Loan Agreement unless the context clearly requires otherwise:

"*Borrower*" means The Metropolitan Government of Nashville and Davidson County (Tennessee), a municipal corporation duly organized and existing under the laws of the State of Tennessee.

"*Borrower's Tax Exemption Certificate*" means the tax exemption certificate, including exhibits thereto, which is entered into by the Borrower, which is in form and substance similar to Exhibit I hereto.

"*Default*" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become a Loan Default hereunder.

"*Default Rate*" means a rate equal to the rate announced by Bank of America, N.A., as its base rate plus 3%, which rate shall change as and when such base rate changes; however, such rate shall not exceed the lesser of 12% per annum or the maximum rate permitted by law.

"*Indenture*" means the Indenture of Trust, dated as of December 1, 2008, between the Issuer and the Trustee including the Exhibits thereto, and all supplements and amendments thereto.

"*Interest Rate Protection Agreement*" means any agreement which the Issuer may enter into, at the request of the Borrower, or the Borrower may enter into, with respect to an interest rate cap, interest rate collar, interest rate swap, or exchange agreements, establishing interest rate floors or ceilings or both, and other interest rate hedging agreements, with respect to the Bonds, or any portion thereof, with any provider of such agreement.

"*Loan Payment Period*" means the period from and including the first calendar day of a month to and including the last calendar day of such month.

"*Loan Rate*" means, at any point in time, the applicable rate of interest on the Loan calculated as provided in Section 3.07 hereof.

"*Loan Repayment Date*" means the 25th day of each month, or, if such day is not a Business Day, the next succeeding Business Day.

"*Ongoing Expenses*" means the payments listed in Section 3.07(b) and 3.08(a) through (d) hereof.

"*Optional Prepayment Price*" means (a) with respect to a prepayment in whole, the amounts determined by the Trustee which the Borrower may, in its discretion, pay the Trustee, not more than 60 calendar days prior to any date the Bonds are subject to optional call for redemption pursuant to

Article III of the Indenture, in order to prepay the Loan Repayments and Ongoing Expenses due under its Loan in full, which amount shall be equal to (i) the amount of any past-due Loan Repayments and Ongoing Expenses, together with interest at the Default Rate on such past-due Loan Repayments and Ongoing Expenses to the date such amounts due, if any, are paid in full; (ii) the accrued interest on the Outstanding Loan Amount (exclusive of past-due Loan Repayments) and accrued Ongoing Expenses since the last scheduled Loan Repayment Date to the date of such payment in full; (iii) the Outstanding Loan Amount; and, (iv) the interest accruing on the Outstanding Loan Amount at the maximum rate allowable by applicable law together with the Ongoing Expenses estimated by the Trustee to be the maximum to be incurred for the period from the date of such payment to the date such payment is applied for redemption of Bonds pursuant to Article III of the Indenture, plus premium, if any, due on the redemption date; and, (b) with respect to a partial prepayment, the amount determined by the Trustee which the Borrower may, in its discretion, so long as the Borrower is not in default hereunder, pay to the Trustee in order to partially prepay the Loan Repayments due under the Loan, which amount shall be equal to: (i) the accrued interest on the Outstanding Loan Amount to be prepaid plus the accrued Ongoing Expenses, all to be calculated from the last Loan Repayment to the date of such partial prepayment; (ii) the principal amounts of the Outstanding Loan Amount to be prepaid (which shall not be less than \$100,000); and, (iii) a percentage (as hereinafter defined) of the interest on the Outstanding Loan Amount at the maximum rate allowable by applicable law (without giving effect to the prepayment then being made) together with the Ongoing Expenses for the period from the date of such partial prepayment to the date such prepayment is applied for redemption of Bonds pursuant to Article III of the Indenture, plus premium, if any, due on such redemption date. The percentage of the Borrower's interest and Ongoing Expenses for purposes of (b) shall be determined by dividing the amount of the partial prepayment of the principal of the Loan by the Outstanding Loan Amount prior to the prepayment.

"*Repayment Exhibit*" means the debt service schedule of the Initial Loan Amount made to the Borrower and attached hereto as EXHIBIT B, as the same may be amended from time to time in accordance with the provisions of this Loan Agreement and the Indenture.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS OF BORROWER

Section 2.01. Representations of Borrower. The Borrower represents for the benefit of the Issuer, the Administrator, the Trustee, the Bondholders, and the Bank as follows:

(a) *Organization and Authority.*

(1) The Borrower is a municipal corporation duly created and validly existing in good standing pursuant to the constitution and statutes of the State.

(2) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own and operate its properties, to carry on its activities, to enter into this Loan Agreement and to execute the Borrower's Tax Exemption Certificate, to refund the Series 2006 A Bonds, and to carry out and consummate all transactions contemplated by this Loan Agreement and the Borrower's Tax Exemption Certificate.

(3) The proceedings of the Borrower's governing body approving this Loan Agreement and the Borrower's Tax Exemption Certificate and authorizing their execution and delivery on behalf of the Borrower and authorizing the Borrower to refund the Series 206 A Bonds have been duly and lawfully adopted at a meeting or meetings duly called and held at which quorums were present and acting throughout and such meeting or meetings were duly called pursuant to necessary public notice and held in accordance with all applicable law.

(4) This Loan Agreement and the Borrower's Tax Exemption Certificate have been duly authorized, executed, and delivered by an Authorized Officer of the Borrower; and, assuming that the Issuer has all the requisite power and authority to execute and deliver, and has duly authorized, executed, and delivered, this Loan Agreement, this Loan Agreement and the Borrower's Tax Exemption Certificate, constitute the legal, valid, and binding obligations of the Borrower enforceable in accordance with their respective terms subject to future proceedings under bankruptcy, reorganization, debt arrangements, insolvency, or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights. The information provided and to be provided to the Issuer, the Administrator, and the Bank in connection with obtaining the Loan hereunder is true and accurate in all respects.

(b) *Full Disclosure.* The financial statements, including balance sheets, and any other written statement furnished by the Borrower to the Issuer, the Administrator, or the Bank do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Issuer, the Administrator, and the Bank in writing which materially adversely affects or is likely to materially adversely affect the financial condition of the Borrower, its ability to own and operate its property in the manner such property is currently operated or its ability to make the payments under this Loan Agreement when and as the same become due and payable.

(c) *Pending Litigation.* There is no litigation or legal or governmental action, inquiry, investigation, or proceedings pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to make all Loan Repayments and other payments required hereby and otherwise perform its obligations under this Loan Agreement, that have not been disclosed in writing to the Bank, the Administrator, and the Issuer in the Borrower's application for its Loan or otherwise.

(d) *Compliance with Existing Laws and Agreements.* The execution and delivery of this Loan Agreement by the Borrower, the performance by the Borrower of its obligations hereunder, and the consummation of the transactions provided for in this Loan Agreement and compliance by the Borrower with the provisions of this Loan Agreement and the refunding of the Series 2006 A Bonds (i) are within the municipal powers of the Borrower and have been duly and effectively authorized by all necessary action on the part of the Borrower and (ii) do not and will not result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any existing bond ordinance, resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than this Loan Agreement) to which the Borrower is a party or by which the Borrower or any of its property may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, resolutions, ordinances, governmental rules, regulations or court orders to which the Borrower or its properties or operations is subject.

(e) *No Defaults.* No event has occurred and no condition exists that, upon execution of this Loan Agreement or receipt of the Initial Loan Amount, would constitute a Default or a Loan Default. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it, or its property, may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to make all Loan Repayments or other payments required hereby or otherwise perform its obligations under this Loan Agreement.

(f) *Governmental Consent.* The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the making and performance by the Borrower of its obligations under this Loan Agreement or for the refunding of the Series 2006 A Bonds, and the Borrower has complied with any applicable provisions of law requiring any notification, declaration, filing, or registration with any governmental body or officer in connection with the making and performance by the Borrower of its obligations under this Loan Agreement or the Borrower's Tax Exemption Certificate or with the refunding of the Series 2006 A Bonds. No consent, approval or authorization of, or filing, registration, or qualification with, any governmental authority that has not been obtained is required on the part of the Borrower as a condition to the execution and delivery of this Loan Agreement, the Borrower's Tax Exemption Certificate, the refunding of the Series 2006 A Bonds or the consummation of any transaction herein contemplated.

(g) *Compliance with Law.*

(1) The Borrower is in compliance with all laws, ordinances, resolutions, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the Borrower to conduct its activities or the condition (financial or otherwise) of the Borrower; and,

(2) The Borrower has obtained all licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its property or to the conduct of its activities, and agrees to obtain all licenses, permits, franchises, or other governmental authorizations which may be required in the future, which, if not obtained, would materially adversely affect the ability of the Borrower to conduct its activities or the condition (financial or otherwise) of the Borrower.

Section 2.02. Particular Covenants of the Borrower.

(a) *Performance of This Loan Agreement.* The Borrower agrees: (i) to cooperate with the Issuer in the performance of the respective obligations of such Borrower and the Issuer under this Loan Agreement; (ii) to establish, levy, and collect without limitation ad valorem taxes sufficient to pay when due the annual amount payable and sufficient to fulfill the terms and provisions of this Loan Agreement; and, (iii) to deliver to the Issuer, the Administrator, and the Bank, and any designee of such parties, any report or certificate required to comply or to evidence compliance with requirements imposed by the Bank.

(b) *Inspections.* The Borrower shall permit the Issuer, the Administrator, the Trustee, and the Bank, and any party designated by any of such parties, to inspect and make copies of any accounts, books, and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments, and any other matters relating thereto (other than documents the confidentiality of which is protected by law or professional codes of ethics) and to its financial standing, and shall supply such reports and information as the Issuer, the Administrator, the Trustee, or the Bank may reasonably require in connection therewith.

(c) *No Federal Guarantee.* The Borrower has not secured and will not secure any of its obligations hereunder by any obligation which is federally guaranteed within the meaning of Section 149(b) of the Code.

(d) *Insurance.* The Borrower shall maintain or cause to be maintained, in force, insurance with responsible insurers with policies or self insurance, as determined and approved by the Bank with respect to its property, insuring against such casualties and contingencies of such types (including public liability insurance) and in such amounts as are customary in the case of persons engaged in the same or similar activity and similarly situated. The policies or self insurance shall specify that they shall not expire or be cancelled or be materially changed, as the case may be, except upon 30 calendar days' prior written notice by the Borrower to the Issuer, the Administrator, the Trustee, and the Bank.

(e) *Refunding of Series 2006 A Bonds.* The Borrower certifies that the Initial Loan Amount, together with additional funds of the Borrower, will be sufficient to refund the Series 2006 A Bonds, including principal and interest.

(f) *Project.* All items constituting the Project constitute a “project” as defined in the Act. The Borrower intends to cause the Project financed and refinanced with the proceeds of the Series 2006 A Bonds be operated at all times during the term of the Loan Agreement as a governmental facility which qualifies as a “project” as defined in the Act.

The Project financed and refinanced with the proceeds of the Series 2006 A Bonds is needed by the Borrower and will not result in an unnecessary duplication of existing facilities. The Project is consistent with the orderly development and provisions of services in the area in which the Borrower is located.

(g) *Information.* The Borrower shall, at the reasonable request of the Administrator or the Bank, discuss the Borrower’s financial matters with the Administrator or the Bank or its designee and provide the Administrator or the Bank with access to and copies of any documents (other than documents the confidentiality of which is protected by law or professional codes of ethics) reasonably requested by the Administrator or the Bank or its designee.

(h) *Maintenance and Use of Project.*

(1) The Borrower will maintain the Project in good condition and make all necessary renewals, replacements, additions, betterments, and improvements thereof and thereto. However, the Borrower may sell or otherwise dispose of all or any part of the Project for fair market value if such part has become obsolete or outmoded or for other reasons is not needed by the Borrower, so long as (i) the Borrower shall deliver to the Issuer, the Trustee, the Administrator, and the Bank a Favorable Opinion of Bond Counsel with respect to such sale or other disposition, and (ii) the proceeds of such sale or other disposition are used by the Borrower to purchase replacements or substitutions for the Project sold or disposed of, which replacements or substitutions shall become a part of the Project, or to prepay the Loan. The Borrower represents that it does not presently intend to sell the Project.

(2) The Borrower will not use the Project or suffer or permit the Project or any portion thereof to be used for other than a public purpose.

(i) *Maintenance of Security, If Any; Recordation of Interest.*

(1) The Borrower shall forthwith after the execution and delivery of this Loan Agreement and thereafter from time to time, cause this Loan Agreement to be filed, registered, and recorded in such manner and in such places, if any, as may be required by law in order to fully perfect and protect the lien and security interest hereof and the security interest in them granted by the Indenture and, from time to time, will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all further instruments that may be requested by the Administrator or the Bank for such perfections and protection.

(2) Except to the extent it is exempt therefrom, the Borrower shall pay or cause to be paid any filing, registration, and recording fees incident to such filing, registration, and recording, and all expenses incident to the preparation, execution, and acknowledgment of such instruments of further assurance, and all federal or

State fees and other similar fees, duties, imposts, assessments, and charges arising out of or in connection with the execution and delivery of this Loan Agreement and such instruments of further assurance.

(3) In order to consummate fully all of the transactions contemplated in this subsection (i) and in connection therewith, the Borrower hereby irrevocably makes, constitutes, and appoints the Trustee and any of its officers, employees or agents as its true and lawful attorney with power to execute and file any further instruments or other documents on behalf of the Borrower required to fully perfect and protect the lien and security interest of the Trustee, provided that the Borrower has not complied with the Trustee's request to execute such instruments within five days from the date of written request.

The Trustee shall deliver to the Borrower, the Issuer, and the Bank within five business days of the execution thereof of a copy of any instrument signed by the Trustee pursuant to this paragraph (i).

(j) *Agreements Requested by the Bank.* The Borrower covenants to comply with all financial covenants and ratios and all other conditions or agreements required by the Bank as a precondition to Loan approval and as are set forth in EXHIBIT C hereto.

(k) *Delivery of Information.* The Borrower will deliver to the Administrator and the Bank:

(1) as soon as available and in any event within 270 days after the end of each fiscal year, an audited statement of its financial position as of the end of such fiscal year and the related statements of revenues and expenses for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by the independent auditor engaged by the Borrower on the date of this Loan Agreement or other independent certified public accountants acceptable to the Administrator and the Bank and which shall include the Division of Municipal Audit of the State or any successor thereto, which acceptance will not be unreasonably withheld, whose report shall state that such financial statements present fairly the financial position as of the end of such fiscal year and the results of operations and changes in financial position for such fiscal year; and upon receipt by the Borrower of the accountant's management letter, if any, the Borrower will forward a copy of such management letter to the Bank; and,

(2) simultaneously with the delivery of each set of financial statements referred to in clause (1) above, a certificate of an Authorized Officer of the Borrower stating whether there exists on the date of such certificate a Default or Loan Default and, if any Default or Loan Default then exists, setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto.

(l) *Keeping of Records and Books of Account.* The Borrower shall keep or cause to be kept proper records and books of account, in which correct and complete entries will be made in accordance with generally accepted accounting principles, consistently applied (except for changes concurred in by the Borrower's auditors) reflecting all of its financial transactions.

(m) *Compliance with Laws, Etc.* The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations, and orders of any governmental authority, noncompliance with which would, singly or in the aggregate, materially adversely affect its business, properties, earnings, prospects or credit, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(n) *Indemnity.* To the extent legally permissible, the Borrower will pay, and will protect, indemnify, and save the Issuer, each member, officer, commissioner, employee, and agent of the Issuer, and each other person, if any, who has the power directly or indirectly, to direct or cause the direction of the management and policies of the Issuer, harmless from and against, any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees), suits, claims and judgments of whatsoever kind and nature (including those in any manner directly or indirectly arising or resulting from the use or operation of the Project) in any manner directly or indirectly (in any case, whether or not by way of the Borrower, its successors and assigns, or directly or indirectly through the agents, contractors, employees, licensees, or otherwise of the Borrower or its successors and assigns) arising or resulting from, out of, or in connection with, the Bonds, the Project, this Loan Agreement, or the breach or violation of any event, covenant, representations, or warranty of the Borrower set forth in this Loan Agreement or any document delivered pursuant hereto or thereto or in connection herewith or therewith.

To the extent legally permissible, the Borrower will pay, and will protect, indemnify and save the Administrator, the Bank, the Trustee, and the Remarketing Agent, their officers, directors, agents, and employees, and each person, if any, who controls the Administrator, the Bank, the Trustee, or the Remarketing Agent, or any of its directors, officers, agents, or employees within the meaning of the Securities Exchange Act of 1934, as amended, harmless from and against any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees), suits, claims and judgments of whatsoever nature directly or indirectly arising or resulting from, or in connection with, the breach or violation by the Borrower of any agreement, covenant, representation, or warranty of the Borrower set forth in this Loan Agreement or any document delivered pursuant hereto or thereto or in connection herewith or therewith. An indemnified person shall promptly notify the Borrower in writing of any claim or action brought against it, in respect of which indemnity may be sought against the Borrower, setting forth, to the extent reasonably practicable under the circumstances, the particulars of such claim or action, and the Borrower will promptly assume the defense thereof, including the employment of competent counsel satisfactory to such indemnified person and the payment of all expenses.

An indemnified person may employ separate counsel with respect to any such claim or action and participate in the defense thereof, but, except as provided herein, the fees and expenses of such separate counsel shall not be payable by the Borrower unless such employment has been specifically authorized by the Borrower or unless such employment was occasioned by conflicts of interest between and among indemnified persons and/or the Borrower. If the Borrower shall fail to assume the defense of any action as required hereunder, or, within a reasonable time after commencement of such action to retain counsel satisfactory to the indemnified person, the fees and expenses of counsel to such indemnified person hereunder shall be paid by the Borrower.

All amounts payable to or with respect to the Issuer under this Section shall be deemed to be fees and expenses of the Issuer for purposes of the provisions hereof and of the Indenture dealing with the assignment of the Issuer's rights hereunder.

The provisions of this subparagraph shall survive the payment in full and termination of this Loan Agreement.

(o) *Further Assurance.* The Borrower shall execute and deliver to the Trustee, the Issuer, the Administrator, and the Bank all such documents and instruments and do all such other acts and things as may be necessary or required by the Trustee, the Issuer, the Administrator, and the Bank to exercise and enforce their rights under this Loan Agreement and to realize thereon, and record and file and rerecord and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Trustee, the Issuer, the Administrator, and the Bank to validate, preserve, and protect the position of the Issuer, the Administrator, the Trustee, and the Bank under this Loan Agreement.

(p) *Information Reports.* The Borrower covenants to provide the Administrator on behalf of the Issuer with all material information necessary to enable the Issuer to file all reports required under Section 149(e) of the Code, if any, to assure that interest paid by the Issuer on the Bonds shall be excluded from gross income of the holders thereof for federal income tax purposes.

(q) *Tax Exempt Status of Bonds.* The Issuer and the Borrower understand that it is the intention hereof that the interest on the Bonds not be included within the gross income of the holders thereof for federal income tax purposes. In furtherance thereof, the Borrower agrees that it will take all action within its control which is necessary in order for the interest on the Bonds to remain excludable from gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and shall refrain from taking any action which results in such interest becoming so included. In particular, the Borrower shall after request by the Trustee make all timely payments to provide the Trustee with funds necessary to make payments under Section 148(f) of the Code with respect to investments of proceeds of the Bonds lent or to be lent to the Borrower.

The Borrower covenants that it will record or file or cause to be recorded or filed in such manner and in such places whatever documents as may be required by law, the Trustee, or the Administrator to be recorded or filed in order to protect fully the security of the holders of the Bonds, and, if applicable, the tax-exempt status of such Bonds, including, but not limited to, the filing of all reports as may be required from time to time pursuant to the Code.

The Borrower further covenants that it will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds, with respect to the payments derived from the Bonds, or with respect to the purchase of other obligations, which action or failure to act may cause the Bonds to be “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The Borrower will file a Form 8038-G (or successor form) with respect to the Loan in a timely manner. The Borrower has on the date hereof executed the Borrower's Tax Exemption Certificate and hereby agrees to observe all covenants contained therein.

(r) *Maintenance of Existence; Merger, Consolidation, Etc.* The Borrower will maintain its corporate existence, and status as a municipal corporation, as defined in the Act, except that it may dissolve or otherwise dispose of all or substantially all of its assets and may consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into

it if (i) the surviving, resulting, or transferee corporation is a municipal corporation, as defined in the Act, and, if other than the Borrower, assumes in writing all of the obligations of the Borrower hereunder; and (ii) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under this Loan Agreement. In addition, the Borrower will obtain (y) an opinion of Borrower's counsel that the merger or consolidation complies with this paragraph (r), and (z) a Favorable Opinion of Bond Counsel delivered to the Issuer, the Administrator, the Trustee, and the Bank with respect to the merger or consolidation.

(s) *Taxes and Expenses.* In addition to the payment obligations otherwise provided for in this Loan Agreement, the Borrower will, upon demand by the Issuer, the Administrator, the Bank, or the Trustee, pay all claims, reasonable costs and expenses whatsoever that the Trustee, the Issuer, the Bank, or the Administrator may incur incident to the preparation, execution and delivery of this Loan Agreement, including, but not limited to:

(1) the cost of reproducing this Loan Agreement;

(2) the reasonable fees and disbursements of counsel utilized by the Issuer, the Administrator, the Bank, and the Trustee;

(3) the origination and initial servicing fees and all other reasonable out-of-pocket expenses of the Trustee (including the reasonable fees and disbursements of counsel retained by the Trustee), the Bank, the Issuer, and the Administrator;

(4) all taxes, if any, in connection with the execution and delivery of this Loan Agreement, and all recording and filing fees and stamp taxes relating to the pledge and assignment of the Issuer's right, title, and interest in and to this Loan Agreement pursuant to the Indenture and (with the exceptions noted therein) all expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consent waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof; and,

(5) all other taxes, assessments, and governmental charges and levies, if any, imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any of its properties, provided that it shall not be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(t) *Use of Proceeds.* Except to the extent that the Borrower shall deliver to the Issuer, the Trustee, the Administrator, and the Bank a Favorable Opinion of Bond Counsel with respect to the failure of the Borrower to comply with any of the agreements on its part contained in the following paragraphs, the Borrower represents and agrees as follows with respect to the use of the Initial Loan Amount; *provided, however,* that if the Borrower shall deliver to the Issuer, the Trustee, the Administrator, and the Bank a Favorable Opinion of Bond Counsel with respect to compliance with a requirement other than, different from or in addition to those set forth below, then the Borrower shall comply with such other, different or additional requirement:

(1) The Borrower will apply the Initial Loan Amount from the Issuer solely for the purpose of currently refunding the Series 2006 A Bonds and for paying costs of issuance relating to the Bonds as provided in the Indenture.

(2) The Initial Loan Amount is being or will be used to refund the Series 2006 A Bonds, such Series 2006 A Bonds to be fully discharged on or before January 30, 2009, and to pay costs of issuance relating to the Bonds.

(3) The Borrower covenants that neither it nor any related person as contemplated by United States Treasury Regulation Section 1.148-1(b) shall, pursuant to an arrangement, formal or informal, purchase any bonds of the Issuer in an amount related to the Initial Loan Amount delivered in connection with the transaction contemplated hereby.

(4) The Borrower will not use any of the Initial Loan Amount in any manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and will take such actions as are necessary and within its power to assure that the interest on the Bonds will not be subject to inclusion in the gross income of the holders thereof for federal income tax purposes by virtue of the Bonds being “arbitrage bonds”.

(5) The Borrower will not permit any direct or indirect guarantees of the Loan if any Person obligated on such guarantee is an “insider” as defined in Section 101 of the United States Bankruptcy Code.

(6) The Borrower will apply the Initial Loan Amount solely for the refunding of the Series 2006 A Bonds as set forth in EXHIBIT A hereto and for the payment of costs of issuance relating to the Bonds. The Borrower shall, as quickly as reasonably possible, and with due diligence, spend the Initial Loan Amount for the purpose of refunding the Series 2006 A Bonds and to pay such costs of issuance.

(u) *Additional Covenants.* If necessary in connection with the Issuer’s issuance of the Bonds or the making of the Loan hereunder or if required by the Bank, appropriate covenants and provisions will be included on EXHIBIT C hereto and made a part hereof.

## ARTICLE III

### LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

Section 3.01. The Loan; Loan Terms. The Issuer hereby agrees to loan and advance to the Borrower, and the Borrower agrees to pay to the order of the Issuer, the Initial Loan Amount set forth on EXHIBIT A attached hereto and made a part hereof, *provided, however*, the Issuer shall be under no obligation to make the Loan if an Event of Default has occurred and is continuing under the Indenture or a Default or a Loan Default has occurred and is continuing under this Loan Agreement.

The Trustee, as the agent of the Issuer, shall make the Loan to the Borrower from time to time by disbursing amounts as provided in the Indenture. Section 8.01 of the Indenture, among other things, authorizes the Trustee to invest, at the direction of the Administrator, the Borrower's funds under certain conditions in investments authorized by Tennessee law. Other than as set forth in the Indenture, the Borrower shall have no legal or equitable interest in the proceeds of the Bonds or in any amounts from time to time on deposit in the funds and accounts created by the Indenture. The proceeds of the Loan shall be used strictly in accordance with Section 2.02(t).

Section 3.02. Sufficiency of Loan Amounts. Neither the Issuer, the Administrator, the Trustee, nor the Bank in any way warrants or represents that the Initial Loan Amount will be sufficient to refund the Series 2006 A Bonds in full.

Section 3.03. Commencement of Loan Agreement Term. The Borrower's obligations under this Loan Agreement shall commence on the date of this Loan Agreement and shall be for the term set forth in EXHIBIT A.

Section 3.04. Loan Closing Submissions. At the Closing for the Loan, the Borrower will provide to the Issuer, the Administrator, the Bank, and the Trustee the following documentation:

(a) Resolution of the Borrower in form and substance substantially in the form of EXHIBIT D to this Loan Agreement;

(b) An opinion of the Borrower's Counsel addressed to the Issuer, the Administrator, the Trustee, Bond Counsel, and the Bank reasonably acceptable to the Issuer and the Bank in form and substance substantially in the form of EXHIBIT E to this Loan Agreement, provided, however, that the Issuer and the Bank may permit variance in such opinion from the form and substance of such EXHIBIT E if, in the good faith judgment of Bond Counsel, such variance is not to the material detriment of the interests of the Bondholders and such opinion is acceptable to the Trustee and the Bank;

(c) A letter from the Bank or other evidence satisfactory to the Issuer and the Trustee attached hereto as EXHIBIT G to the effect that the Bank has approved this Loan Agreement;

(d) A refunding report attached hereto as EXHIBIT H from the State of Tennessee Director of Local Finance;

(e) An opinion or opinions addressed to, and in form and substance acceptable to, the Issuer, the Administrator, the Remarketing Agent, the Bank, and the Trustee, of Bond Counsel to the effect that such financing with Loan proceeds is permitted under the Act, the Indenture and the resolution authorizing this Loan Agreement and will not cause the interest on the Bonds to be included in gross income of the holders thereof for federal income tax purposes or adversely affect the validity, due authorization for or legality of the Bonds;

(f) An executed Borrower's Tax Exemption Certificate in substantially the form attached hereto as EXHIBIT I; and,

(g) Such other certificates, documents, and information as the Issuer, the Administrator, the Bank, the Trustee, and Bond Counsel may require.

All opinions and certificates shall be dated the date of the Closing.

Section 3.05. Evidence of Loan. The Borrower's obligation to repay the Initial Loan Amount together with interest thereon, and other payments required under this Loan Agreement, shall be evidenced by this Loan Agreement.

Section 3.06. Conditions for Disbursement of Loan. Upon the Closing of the Loan, the Initial Loan Amount shall be deposited with the Trustee in accordance with the provisions of the Indenture and used in accordance with the instructions set forth on EXHIBIT F hereto. The Borrower shall also provide such other certificates, documents, and information related to the Loan as the Bank, the Administrator, or the Issuer may require.

Section 3.07. Loan Repayments. (a) The Borrower shall make Loan Repayments in lawful money of the United States of America to the Trustee, each such Loan Repayment to be made by the Borrower by wire transfer of immediately available funds.

The Initial Loan Amount shall be repaid in installments, consisting of (i) principal repayments payable in such amounts on such dates as set forth in EXHIBIT B hereto; and (ii) interest and certain expenses calculated and billed at the rate or rates provided in Section 3.07(b) (the items in this clause (ii) and in 3.07(b) hereof constitute the "Loan Rate"). If the Trustee changes the Loan Rate, the Trustee shall, on the 15th day of each month, give notice of the revised Loan Rate (which the Trustee shall calculate) to the Borrower by first class mail. A copy of such notice shall be sent to the Administrator. Interest on any past-due Loan Repayment (other than Additional Payments) shall accrue at a rate equal to the Default Rate. The interest portion of the Loan Repayments shall be due on each Loan Repayment Date commencing on December 25, 2008, and thereafter on the 25th day of each succeeding month extending through the term of the Loan, with the final interest portion of the Loan Repayment due on the date of the final payment of the Loan as set forth in EXHIBIT B. All Loan Repayments shall be due as set forth above unless: (i) the Optional Prepayment Price therefor is paid in whole, (ii) the due date on the Loan Repayments is accelerated pursuant to Section 5.03 hereof, or (iii) the Indenture has been discharged in accordance with Article IX of the Indenture.

In addition, the Borrower shall pay all expenses, if any, due under Section 3.08 hereof. In addition, the Borrower agrees and consents to pay interest at a fixed interest rate or rates hereunder after the Fixed Rate Conversion Date.

(b) The Loan Rate for each Loan Payment Period shall be a rate which produces an amount equal to the amount stated below.

That portion of the interest to accrue on the Bonds for the Loan Payment Period (which, during a Daily Rate Period, shall be calculated by the Trustee based on the interest rates determined by the Remarketing Agent for the current month plus the Trustee's best estimate of the interest rate or rates, if any, for that month which have not yet been determined by the Remarketing Agent), equal to a fraction, the numerator of which is the Outstanding Loan Amount, and the denominator of which shall be the outstanding principal amount of the Bonds under the Indenture as of the date of this calculation;

Plus one-twelfth (or one divided by the number of months in the payment period, in the case of fees calculated on the basis of a period other than annual or one divided by such number of months as shall be reasonably necessary to collect each of such fees by the due date thereof) of the following fees relating to the Bonds and the Loan in an amount equal to a fraction, the numerator of which is the Outstanding Loan Amount (except for the fee described in clause (iii) below, which shall be calculated as set forth in the Reimbursement Agreement and not on the basis set forth in this clause and except for the fee described in clause (i) below, which shall be calculated as set forth in the Program Management Contract and not on the basis set forth in this clause), and the denominator of which shall be the outstanding principal amount of the Bonds (except for purposes of (i) below, in which case, the denominator shall be the Outstanding Loan Amount) under the Indenture as of the date of this calculation:

(i) the annual, semiannual, quarterly, monthly, or other regularly scheduled fees of the Administrator owed to it under the Program Management Contract;

(ii) the annual, semiannual, quarterly, monthly, or other regularly scheduled fees of the Trustee owed to it under the Indenture;

(iii) the annual, semiannual, quarterly, monthly, or other regularly scheduled fee of the Bank owed to it by the Borrower, calculated as set forth in the Reimbursement Agreement;

(iv) the annual, semiannual, quarterly, monthly, or other regularly scheduled fees of the Remarketing Agent, as applicable, owed to it under the Remarketing Agreement;

(v) the rating fees of the Ratings Agencies;

(vi) any rebate liability on the Bonds not payable from amounts already on deposit in the Rebate Fund, calculated on an annual basis;

(vii) payments required to be made under the Reimbursement Agreement relating to Bank Bonds;

(viii) such other reasonable fees and expenses in connection with the Bonds including (A) any expense related to calculation of amounts relative to rebate, this Loan Agreement, and the Reimbursement Agreement as the Administrator or the Trustee may

determine, and (B) any amounts required to be paid by the Issuer pursuant to Section 3.7 of the Reimbursement Agreement; and,

(ix) the annual, semiannual, quarterly, monthly, or other regularly scheduled fees payable pursuant to an Interest Rate Protection Agreement, provided by the Issuer at the request of the Borrower or entered into by the Borrower.

(c) If the Loan is not made on the first day of a Loan Payment Period, the Loan Rate for the first Loan Payment Period shall be calculated by taking into account only amounts to accrue under (b) above for the remainder of such Loan Payment Period.

(d) On the first day of each Loan Payment Period the Trustee shall calculate the difference, if any, between the Loan Rate charged to the Borrower during the immediately preceding month and the amount actually required to fund the Ongoing Expenses and the interest on the Bonds. If the amount paid by the Borrower was less than the amount required to pay the Borrower's share of the interest on the Bonds and Ongoing Expenses as set forth in Section 3.07(b) during the immediately preceding month, then the Borrower shall pay the difference to the Trustee on the next Loan Repayment Date; if the amount was greater than the amount required, then that amount shall be credited to the amount due from the Borrower in the next succeeding month unless such payment is a final payment in which case such amount shall be rebated to the Borrower.

After the Fixed Rate Conversion Date, the Borrower agrees to pay its share of interest on the Bonds (determined as set forth in Section 3.07(b)) at the Fixed Rate.

In the event the interest rate on the Bonds is converted to a Fixed Rate, the Borrower agrees to cooperate with the Issuer, the Trustee, and the Remarketing Agent, and to do any and all things necessary, in the event that the Issuer, the Trustee, or the Remarketing Agent, or any of them, are required to comply with Rule 15c2-12 of the Securities and Exchange Commission, as amended, or a comparable rule (the "Rule"), including, without limitation, the making of the requisite undertakings called for by paragraph (b)(5) of the Rule, and to pay any reasonable costs and expenses related thereto.

Notwithstanding the foregoing, if (i) an acceleration of the Outstanding Loan Amount is declared pursuant to Section 5.03 hereof following the occurrence of a Loan Default, or (ii) this Loan Agreement is assigned and becomes payable exclusively to the Bank, accrued but unpaid interest shall be calculated at the Default Rate.

Section 3.08. Additional Payments. In addition to payments due under Section 3.07, the Borrower agrees to pay to the Trustee upon demand of the Administrator or Trustee the following Additional Payments (except that the payee of any such payments related to the making of the Loan may require payment at Closing):

(a) all fees and expenses (including attorney's fees) of the Trustee not included in its regular annual fees;

(b) all reasonable fees and expenses of the Issuer, the Administrator, the Trustee, or the Bank relating to this Loan Agreement, including, but not limited to:

(1) the cost of reproducing the Loan Agreement;

(2) the fees and disbursements of counsel utilized by the Issuer, the Administrator, the Bank, and the Trustee in connection with the Loan and the Loan Agreement, and the enforcement thereof;

(3) all other out-of-pocket expenses of the Trustee and the Issuer in connection with the Loan, the Loan Agreement, and the enforcement thereof;

(4) all taxes and other governmental charges in connection with the execution and delivery of the Loan Agreement, or the Loan, whether or not the Loan is then outstanding, and the pledge and assignment of the Issuer's right, title and interest in and to the Loan Agreement pursuant to the Indenture (and with the exceptions noted therein) and all expenses, including attorney's fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof; and

(5) all fees in connection with the execution and delivery of any Substitute Letter of Credit;

(c) all of the following:

(1) amounts owed by the Issuer under the Reimbursement Agreement with respect to any increased costs, indemnification, or other obligations of the Issuer under the Reimbursement Agreement;

(2) amounts owed by the Issuer under the Indenture with respect to any indemnification obligations to the Trustee or to any other entity under the Indenture;

(3) amounts owed by the Issuer under the Remarketing Agreement and the commitment to purchase with respect to any indemnification obligations to the Remarketing Agent and the original placement agent for the Bonds; and any other reasonable fees and expenses of the Issuer or the Trustee in connection with the Bonds, the Loans, or the Letter of Credit; and,

(4) any other reasonable fees or expenses of the Issuer, the Trustee, or the Remarketing Agent in connection with the Bonds, the Loans, or the Letter of Credit; and,

(d) Any amounts owing with respect to an Interest Rate Protection Agreement provided by the Issuer at the request of the Borrower or entered into by the Borrower, including any additional rebate liability on the Bonds resulting therefrom.

If any principal on the Loan is outstanding during a portion of a month, the interest on the Loan will be calculated on the actual days such principal was outstanding and (i) the interest on the Loan shall be prorated on the rates on the Bonds for the actual days outstanding and (ii) amounts due hereunder with respect to Ongoing Expenses and earnings on funds held under the Indenture

will be determined on the assumption that such Ongoing Expenses and earnings accrue at a constant rate throughout the month.

The Additional Payments enumerated in (a), (b), and (c) above may be paid with Loan proceeds.

The Borrower agrees to pay interest at the Default Rate on any Additional Payments enumerated in (a) and (b) above not received by the Issuer, the Trustee, or the Remarketing Agent within 10 Business Days of demand therefor.

The Borrower's obligation to make the payments required by this Section shall survive payment or prepayment of the Loan and termination of this Loan Agreement.

Section 3.09. Interest Limit. Notwithstanding the provisions of Sections 3.01, 3.07, and 3.08, the interest costs of the Loan, together with all applicable fees to the extent required by law to be considered, shall not exceed the maximum rate permitted by law on the Outstanding Loan Amount.

With respect to the application of the foregoing sentence, the parties hereto reaffirm that the Bonds are being issued to provide low cost financing to the Borrower, and that amounts paid hereunder are paid to provide funds to pay principal and interest on the Bonds and to pay or reimburse the Issuer for its costs of issuing, carrying, and securing the Bonds. To the extent permitted by applicable State or federal usury or other interest rate limitation law or statute, the parties hereto intend that notwithstanding the computation of the Loan Rate as including payments with respect to certain fees, costs, and expenses of the Issuer, for purposes of such usury or interest rate limitation law or statute, interest shall include only payments with respect to interest to be paid by the Issuer on the Bonds, and all other payments shall be treated as payments with respect to fees, costs, and expenses of the Issuer in issuing, carrying, paying and securing the Bonds for the benefit of the Borrower. To the extent permitted by applicable law, the Borrower hereby expressly waives the defense of usury.

The determination by the Remarketing Agent, the Trustee, or the Bank in accordance with the Indenture of the rates to be borne by the Bonds at any time, or the component bases thereof shall be conclusive and binding on the Borrower. Failure by the Trustee to give notice required hereunder, or any defect therein, shall not (i) affect the interest rate borne by the Bonds or the payment obligations of the Borrower hereunder, or (ii) impose any liability on the Trustee to the Borrower.

Section 3.10. Unconditional Obligation to Pay Loan Repayments. The obligation of the Borrower to make payment of Loan Repayments or any other amounts required by this Article III and other Sections hereof, and to perform and observe the other covenants and agreements contained herein, shall be absolute and unconditional in all events except as otherwise expressly provided in this Loan Agreement. Notwithstanding any dispute between the Borrower and the Issuer, the Trustee, the Bank, any Bondholder or any other person, the Borrower shall make all payments of Loan Repayments when due and shall not withhold any Loan Repayments pending final resolution of such dispute, nor shall the Borrower assert any right of setoff or counterclaim against its obligation to make such payments required under this Loan Agreement.

The Borrower's obligation to make payment of Loan Repayments or any other amounts during the Loan Term shall not be abated through accident or unforeseen circumstances or because of payment (i) under the Letter of Credit on the Borrower's behalf, or (ii) by the Bank on the Borrower's behalf from sources other than payments under the Letter of Credit. The Borrower's obligation to pay rebate liability, if any, shall survive payment of the Loan and termination of this Loan Agreement. The Issuer and the Borrower agree that the Borrower shall bear all risk of damage or destruction in whole or in part to the Project or any part thereof, including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of the Project, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or occupancy of the Project or the compliance by the Borrower with any of the terms of this Loan Agreement. Notwithstanding the foregoing, this Section 3.10 shall not limit the rights of the Borrower to recover amounts owing to it, except as specifically set forth herein.

Section 3.11. Application of Loan Repayments. Loan Repayments shall be applied as follows: (i) first, to pay the interest portion of Loan Repayments, (ii) second, to pay Ongoing Expenses, (iii) third, to pay Additional Payments due under Section 3.08, and (iv) fourth, to pay the principal portion of the Loan Repayments.

Section 3.12. Loan Agreement to Survive Indenture and Bonds. The Borrower acknowledges that its obligations hereunder shall survive the discharge of the Indenture and payment of the principal of and interest on the Bonds, if and to the extent that amounts are due and owing hereunder as of the date of such discharge and payment.

Section 3.13. Optional Prepayment. (a) At the option of the Borrower and after giving at least 30 calendar days' written notice signed by an Authorized Officer of the Borrower by certified or registered mail to the Issuer, the Administrator and the Trustee, the Borrower may prepay the Loan Repayments in whole, or in part (but only in an amount which will result in at least \$100,000 of Bonds being redeemed), so long as the Borrower is not in default under any of the provisions hereunder by paying to the Trustee for deposit in a separate and segregated account not more than 60 calendar days prior to any date the Bonds are subject to optional call for redemption pursuant to Article III of the Indenture, the then applicable Optional Prepayment Price plus, if the prepayment will be made after the Fixed Rate Conversion Date, (1) the deficiency, if any, between the amount (i) which the Trustee can actually earn by investing the Optional Prepayment Price between the date of receipt and the date the portion thereof representing the principal will be used to redeem Bonds and (ii) which the Trustee would earn by investing such amount for such period at the interest rate on the Bonds; and (2) all necessary and proper fees, compensation, and expenses of the Issuer, the Trustee, the Bank or the Administrator. However, if the Bonds have not been converted to a Fixed Rate, the Borrower agrees that if the Bonds are converted to a Fixed Rate after the Borrower's prepayment, the Borrower will pay to the Issuer the amounts described in (1) and (2) of the preceding sentence, except that the calculations shall run from the Fixed Rate Conversion Date rather than from the date of receipt of the prepayment. Amounts described in (1) shall be paid on the dates and shall bear interest if not paid when due as if they were Additional Payments. The Trustee shall use such moneys to pay the redemption price of the Bonds (or to reimburse the Bank for a drawing on the Letter of Credit to make such payment) in an aggregate amount equal to the largest integral multiple of \$5,000 derivable from the prepayment and available to pay the redemption price of the Bonds and to pay such fees, compensation, and expenses, and shall return any remainder to the Borrower.

(b) Upon the date 124 days following prepayment of the Outstanding Loan Amount in whole as provided for in this Section, this Loan Agreement shall terminate, except for certain obligations and covenants provided in Article II and the indemnification and reimbursement provisions of Sections 7.03 and 7.04 and any obligation under this Article III to make further payments. The Outstanding Loan Amount may not be prepaid in whole or in part except as provided in this Section or except as required in the event of acceleration.

Section 3.14. Security for Loan. The Borrower hereby covenants and agrees that there shall be levied and collected in the same manner as other ad valorem taxes of the Borrower on all taxable property within the corporate limits of the Borrower without limitation as to time, rate, or amount, to the extent necessary in the event funds of the Borrower legally available to pay the indebtedness evidenced by this Loan Agreement are insufficient, a tax sufficient to pay when due the amounts payable under this Loan Agreement, as and when they become due. For the prompt payment of the Borrower's obligations under this Loan Agreement, both principal and interest, as the same shall become due, the full faith and credit of the Borrower are irrevocably pledged.

## **ARTICLE IV**

### **ASSIGNMENT**

Section 4.01. Assignment by Issuer. (a) This Loan Agreement and the obligations of the Borrower to make payments hereunder may be assigned and reassigned in whole or in part to one or more assignees or subassignees at any time subsequent to their execution without the necessity of obtaining the consent of the Borrower. The Borrower expressly acknowledges that this Loan Agreement and the obligations of the Borrower to make payments hereunder (with the exception of certain of the Issuer's rights to indemnification, fees, and expenses), have been assigned under the Indenture to the Trustee, as security for the Bonds, and that the Trustee shall be entitled to act hereunder and thereunder in the place and stead of the Issuer whether or not the Bonds are in default.

(b) Upon receipt of notice of any assignment of this Loan Agreement to the Bank or upon payment in full by the Bank, the Borrower will make all payments required by Article III directly to the Bank without defense or setoff by reason of any dispute between the Borrower and the Issuer or the Trustee or any other person; provided, however that any such payments relating to indemnification and reimbursement of the respective parties shall be made by the Borrower to the Trustee without defense or setoff by reason of any dispute between the Borrower and the Bank, the Issuer, the Trustee, or any other person.

Section 4.02. Payment by the Bank. The Borrower acknowledges that payment on the Loan from amounts paid by the Bank under the Letter of Credit do not constitute payment of the Loan for the purposes hereof or fulfillment of its obligations hereunder.

Section 4.03. Assignment by Borrower. This Loan Agreement shall not be assigned by the Borrower for any reason without the prior written consent of the Issuer, the Trustee, and the Bank.

## ARTICLE V

### LOAN DEFAULTS AND REMEDIES

Section 5.01. Loan Defaults. If any of the following events occurs, it is hereby defined as and declared to be and to constitute a “Loan Default”:

(a) failure by the Borrower to pay any payment obligation required to be paid hereunder when due, which failure shall continue a period of five Business Days;

(b) failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) or (c) through (i) of this Section, which failure shall continue for a period of 30 calendar days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee or the Bank, unless the Trustee and the Bank shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Trustee and the Bank may not unreasonably withhold their consent to an extension of such time up to 30 calendar days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower in the applicable period and diligently pursued until the Loan Default is corrected;

(c) any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect on the date on which such representation is made;

(d) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within 30 calendar days after such filing and such dismissal shall be final and not subject to appeal; or the Borrower shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property if such order remains in effect or such possession continues for more than 30 calendar days;

(e) the Borrower shall generally fail to pay its debts as such debts become due;

(f) the occurrence of such additional events or the non-performance of such additional conditions as are required by the Bank and specified on EXHIBIT C attached hereto and made a part hereof;

(g) default under any agreement to which the Borrower is a party evidencing, securing or otherwise respecting any indebtedness outstanding in the amount of \$1,000,000 or more if, as a result thereof, such indebtedness may be declared immediately due and payable or other remedies may be exercised with respect thereto, and if the Borrower’s ability to meet its obligations to repay the Loan is adversely affected thereby;

(h) any material provision of this Loan Agreement shall at any time for any reason cease to be valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability of any thereof shall be contested by the Borrower or any governmental agency or authority (other than the Issuer), or if the Borrower shall deny any further liability or obligation under this Loan Agreement; and,

(i) final judgment for the payment of money in the amount of \$1,000,000 or more is rendered against the Borrower and at any time after 45 calendar days from the entry thereof unless (i) such judgment shall have been discharged or (ii) the Borrower shall have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall have caused the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

Section 5.02. Notice of Default. The Borrower shall give the Trustee, the Administrator, the Bank, and the Issuer prompt telephonic notice of the occurrence of any event referred to in Section 5.01(d) or (e) hereof and of the occurrence of any other event or condition that constitutes a Default or a Loan Default at such time as any Authorized Officer of the Borrower becomes aware of the existence thereof.

Section 5.03. Remedies on Default. Whenever a Loan Default referred to in Section 5.01 shall have happened and be continuing, the Trustee, as assignee of the Issuer, shall, with the consent of the Bank and subject to the provisions of the Indenture, have the right to take any action permitted or required pursuant to the Indenture and to take one or more of the following remedial steps:

(a) declare all Loan Repayments and all other amounts due hereunder to be immediately due and payable, and upon notice to the Borrower the same shall become immediately due and payable by the Borrower without further notice or demand; and,

(b) take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower hereunder.

In addition, if a Loan Default referred to in Section 5.01(d) or (e) shall have occurred the Trustee shall, with the consent of the Bank, declare all Loan Repayments and all other amounts due hereunder to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

Section 5.04. Attorney's Fees and Other Expenses. The Borrower shall on demand pay to the Issuer, the Administrator, the Bank or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses including, without limitation, the reasonably allocated costs of in-house counsel and legal staff incurred by any of them in collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance of any other obligations of the Borrower upon a Loan Default.

Section 5.05. Applications of Moneys. Any moneys collected by the Issuer or the Trustee pursuant to Section 5.03 hereof shall be applied in the same manner as Loan Repayments are applied pursuant to Section 3.11 hereof. Any moneys remaining shall be paid as owed, first to the Bank, then credited to Loan Repayments of the Borrower, and then shall be paid to the Borrower, as set forth in the Indenture.

Section 5.06. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Loan Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article V.

Section 5.07. Retention of the Issuer's Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture, or anything else to the contrary contained herein, the Issuer shall have the right upon the occurrence of a Loan Default to take any action, including, without limitation, bringing an action against the Borrower at law or in equity, as the Issuer may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Issuer pursuant to Section 5.04 hereof.

## **ARTICLE VI**

### **TITLE TO PROJECT**

Title to the Project will initially be in the Borrower. Provided the Borrower shall obtain a Favorable Opinion of Bond Counsel, the Borrower shall have the right to convey the Project to any other persons, subject to the limitations, if any, contained in other provisions of this Loan Agreement and the Borrower's Tax Exemption Certificate. Upon, and as a condition to, any such conveyance not permitted hereby, the Borrower shall prepay the Outstanding Loan Amount as provided in Section 3.13 hereof.

## ARTICLE VII

### DISCLAIMER OF WARRANTIES; INDEMNIFICATION

Section 7.01. Disclaimer of Warranties. Neither the Issuer, the Administrator, the Trustee, nor the Bank makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness of the use of the Project or any portion thereof or any warranty with respect thereto. In no event shall the Issuer, the Administrator, the Bank, or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Loan Agreement or the existence, furnishing, functioning or the Borrower's use of the Project or any item or products or services provided in this Loan Agreement.

Section 7.02. Warranties. The Borrower's sole remedy for the breach of any warranty, right of indemnification or representation relating to the Project or any part thereof shall be against the vendors or manufacturers of the Project and not against the Issuer, the Administrator, the Trustee, the Bank or any Bondholder, nor shall such matter have any effect whatsoever on the rights and obligations of the Borrower or the Issuer with respect to this Loan Agreement. The Borrower expressly acknowledges that neither the Issuer, the Administrator, the Trustee nor the Bank makes, or has made, any representation or warranty whatsoever as to the existence or availability of any such warranties of such vendors or manufacturers.

Section 7.03. Indemnity and Hold Harmless Provisions. To the extent legally permissible, the Borrower hereby releases the Issuer and the Trustee and their respective members, agents, employees, attorneys, and consultants from, agrees that the Issuer and the Trustee and their respective members, agents, employees, attorneys, and consultants shall not be liable for, and agrees to reimburse and indemnify and hold the Issuer and the Trustee and their respective members, agents, employees, attorneys, and consultants harmless from and against, any and all: (1) liability for loss to the Project (or any injury to or death of any and all Persons that may be occasioned by any cause whatsoever pertaining to Project or arising by reason of or in connection with the acquisition, installation, maintenance, checkout, or use of or failure to use the Project); (2) liability arising from, or expense incurred by the Issuer and the Trustee by reason of, the Loan or this Loan Agreement and all causes of action and attorneys' fees and any other expense incurred in defending any suits or actions which may arise as a result of any of the foregoing; and, (3) all costs and expenses of the Issuer and the Trustee and their respective officers, directors, employees, agents, and attorneys incurred as a result of carrying out their obligations under this Loan Agreement; provided, however, the provisions of this Section 7.03 shall survive the termination of this Loan Agreement.

Section 7.04. Reimbursement of Issuer and Trustee. Notwithstanding that it is the intention of the parties hereto, other than herein expressly provided, the Issuer or the Trustee shall not incur any pecuniary liability by reason of this Loan Agreement or the Loan, or by reason of any actions, documents, statutes, ordinances, or regulations pertaining to the foregoing, the Borrower hereby agrees to promptly pay any and all costs and expenses, as such costs and expenses accrue, which may be incurred by, or judgments which may be rendered against, the Issuer or the Trustee or any of their respective officers, employees, or agents, at any time or times during, or subsequent to, the term of the Loan: (1) in enforcing any of the terms, covenants, conditions, or provisions of this Loan Agreement or any other document herein contemplated; (2) in taking any action as a result of

the occurrence of any Loan Default; or, (3) in defending any action, suit, or proceeding brought against the Issuer or the Trustee or any of their respective officers, employees or agents, as a result of the violation by the Borrower of, or failure by the Borrower to comply with, any present or future federal, State or municipal law, ordinance, regulation, or order, or as a result of any alleged failure, neglect, misfeasance, malfeasance or default on the part of the Borrower, or any of the employees, servants, agents, or independent contractors of the Borrower in connection with, arising from, or growing out of, this Loan Agreement or the Loan or the Project, or any activities conducted with, or any use of or failure to use, the Project, or any action pertaining to, or connected with, any of the foregoing.

**ARTICLE VIII**

**MISCELLANEOUS**

Section 8.01. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified on EXHIBIT A attached hereto and made a part hereof and to the Administrator, the Issuer, the Bank, the Remarketing Agent, and the Trustee at the following addresses:

- (a) Issuer:  
The Public Building Authority of the City  
of Clarksville, Tennessee  
c/o Runyon & Runyon  
301 Main Street  
Clarksville, Tennessee 37040  
  
With a copy to:  
Tennessee Municipal Bond Fund  
226 Capitol Boulevard, Suite 502  
Nashville, Tennessee 37219
- (b) Trustee:  
The Bank of New York Mellon Trust Company, N.A.  
900 Ashwood Parkway, Suite 425  
Atlanta, Georgia 30338  
Attention: TMBF Administrator  
Telephone: (770) 698-5135  
Telecopier: (770) 698-5195
- (c) Administrator:  
Tennessee Municipal Bond Fund  
Suite 502  
226 Capital Boulevard  
Nashville, Tennessee 37219
- (d) Bank:  
Bank of America, N.A.  
TN1-100-03-05  
414 Union Street  
Nashville, Tennessee 37219  
Attn: Thomas Boyd  
Telephone: (615) 749-3618  
Telecopier: (615) 759-3096

- (e) Remarketing Agent:  
Banc of America Securities LLC  
Hearst Tower, 14th Floor  
214 North Tryon Street  
NC1-027-14-01  
Charlotte, North Carolina 28255-0001  
Attn: Municipal Trading and Underwriting

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificate or other communications shall be sent, by notice in writing given to the others.

Section 8.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns.

Section 8.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 8.04. Amendments, Changes and Modifications. This Loan Agreement may be amended only as provided in Article XIII of the Indenture.

Section 8.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.06. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.07. Consent and Approvals. Whenever the written consent or approval of the Issuer shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Issuer unless otherwise provided by law or by rules, regulations or resolutions of the Issuer or unless expressly delegated to the Trustee.

Section 8.08. Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 8.09. Benefits of Loan Agreement; Compliance with Indenture. This Loan Agreement is executed, among other reasons, to induce the purchase of the Bonds and the issuance of the Letter of Credit. Accordingly, all covenants, representations, and agreements of the Borrower herein contained are hereby declared to be for the benefit of the Bondholders, the Issuer, and the Bank. The Borrower covenants and agrees to comply with, and to enable the Issuer to comply with, all covenants and requirements contained in the Indenture.

Section 8.10. Refunding Bonds. In the event the Bonds are refunded, all references in this Loan Agreement to (i) Bonds shall be deemed to refer to the refunding bonds or, in the case of a crossover refunding, to the Bonds and the refunding bonds (but the Borrower shall never be responsible for any debt service on or fees relating to crossover refunding bonds which are covered

by earnings on the escrow fund established from the proceeds of such bonds); (ii) the Indenture shall be deemed to refer to the indenture or other instrument pursuant to which such refunding bonds are issued; and (iii) any funds or accounts referred to herein shall be deemed to refer to the corresponding funds or accounts established under the indenture or other instrument pursuant to which such refunding bonds are issued.

Section 8.11. Further Assurances. The Borrower shall, at the request of the Bank or the Issuer, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

Any rights granted hereunder to the Bank to consent, approve or otherwise control events, circumstances, rights or remedies hereunder shall be of no force or effect during any period in which the Bank shall be in default of its obligations under the Letter of Credit; provided that the foregoing shall not affect any rights of the Bank as the holder of Bank Bonds or other Bonds.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed, sealed and delivered, as of the execution date set forth on EXHIBIT A hereto.

THE PUBLIC BUILDING AUTHORITY OF THE  
CITY OF CLARKSVILLE, TENNESSEE

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Secretary

THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY  
(TENNESSEE)

By: \_\_\_\_\_  
Metropolitan Mayor

ATTEST:

By: \_\_\_\_\_  
Metropolitan Clerk

**Exhibit A**  
**Description of the Loan**

- (1) Execution Date of this Loan Agreement: December \_\_\_\_, 2008
- (2) Name and Address of Borrower:
  - The Metropolitan Government of Nashville  
and Davidson County (Tennessee)
  - Nashville, Tennessee
  - Attention:

Phone:  
Fax:  
Email:
- (3) Initial Loan Amount: \$59,140,000 (of which \$58,900,000 shall be applied to the refunding of the Series 2006 A Bonds and \$240,000 shall be deposited in the Costs of Issuance Fund under the Indenture and applied to costs of issuance relating thereto).
- (4) Loan Term: 18 years
- (5) Description of Use of Proceeds:  
Current refunding of \$58,900,000 of those certain \$60,805,000 General Obligation Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated May 11, 2006
- (6) Initial Credit Facility Fee: %

**Exhibit B**  
**Repayment Exhibit**

The Borrower acknowledges that, pursuant to Section 8.4 of the Reimbursement Agreement, if the principal of all Bonds is accelerated under the Indenture and the Bonds are paid by the Bank, the repayment schedule set forth in this Exhibit B shall be recalculated (so long as no Loan Default occurs with respect to the Borrower's Loan) such that the Outstanding Loan Amount shall be paid in monthly installments as more particularly described in said Section 8.4, with the final maturity of the Loan being a date which is 60 months after the date of such acceleration. Interest on the Outstanding Loan Amount after such acceleration shall be equal to the Prime Rate (as defined in the Reimbursement Agreement).

Payment Date

Principal

**Exhibit C**  
**List Additional Covenants Required by the Bank**  
None

**Exhibit D**  
**Copy of Resolution Adopted by Borrower**

**Exhibit E**  
**Opinion of Borrower's Counsel**

December \_\_\_\_\_, 2008

Bone McAllester Norton PLLC  
Nashville, Tennessee 37219

The Public Building Authority of  
the City of Clarksville, Tennessee  
Clarksville, Tennessee 37040

The Bank of New York Mellon  
Trust Company, N.A., as Trustee  
Atlanta, Georgia 30338

Bank of America, N.A.

Banc of America Securities LLC  
Charlotte, North Carolina 28255

Tennessee Municipal Bond Fund

Nashville, Tennessee 37219

Re: \$59,140,000 Loan to The Metropolitan Government of Nashville and Davidson County (Tennessee) from the proceeds of those certain \$59,140,000 Adjustable Rate Financing Revenue Bonds, Series 2008 (Metropolitan Government of Nashville and Davidson County Loan), issued by The Public Building Authority of the City of Clarksville, Tennessee

Ladies and Gentlemen:

I am counsel to The Metropolitan Government of Nashville and Davidson County (Tennessee), a lawfully organized and existing municipal corporation (the "Borrower"), and have been requested by the Borrower to give this opinion in connection with the loan by The Public Building Authority of the City of Clarksville, Tennessee (the "Issuer") to the Borrower of funds (the "Loan") to refund certain bonds heretofore issued by the Borrower for the purpose of financing and refinancing certain public works projects for the Borrower (collectively, the "Project"), as more fully set forth in that certain Loan Agreement, by and between the Issuer and the Borrower, dated of even date herewith (the "Loan Agreement"). In this connection, I have reviewed such records, certificates, and other documents as I have considered necessary or appropriate for the purposes of this opinion, including the Charter of the Borrower, the relevant resolutions adopted by the Metropolitan County Council of the Borrower (the "Metropolitan Council"), the Loan Agreement and the Borrower's Tax Certificate (as defined in the Loan Agreement).

Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

The Borrower is a municipal corporation organized and existing under the laws of the State of Tennessee, is not in violation of any laws material to the transactions contemplated by the Loan Agreement, or any provisions of its Charter material to the transactions contemplated by the Loan Agreement, and has all requisite power and authority to execute and deliver the Loan Agreement and the Borrower's Tax Certificate, and to carry on its activities and own its property.

No approval, authorization, consent, or other order of the Borrower or any public board or body (other than those already obtained) is legally required to allow the Borrower to enter into and perform its obligations under the Loan Agreement and the Borrower's Tax Certificate.

The Borrower has the power to enter into the Loan Agreement and the Borrower's Tax Certificate, and to refund such outstanding bonds the proceeds of which were used to finance and refinance the costs of certain public works projects and has been duly authorized to execute and deliver the Loan Agreement and the Borrower's Tax Certificate, and to refund its outstanding indebtedness bonds under the terms and provisions of a resolution adopted by the Metropolitan Council at a meeting held on November 18, 2008.

The Resolution was lawfully adopted by the Metropolitan Council at such meeting, in accordance with the laws of the State of Tennessee; and, all of the requirements of Title 8, Chapter 44, Tennessee Code Annotated, as amended, pertaining to said meeting of the Metropolitan Council have been fulfilled.

Neither the execution and delivery of the Loan Agreement or the Borrower's Tax Certificate, and the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Loan Agreement or the Borrower's Tax Certificate, conflicts with or results in a breach of any of the terms, conditions, or provisions of the Charter of the Borrower (including any limit on indebtedness), or any restriction or any agreement, instrument or governmental order to which the Borrower is now a party or by which it is bound or constitutes a default under any of the foregoing.

The Loan Agreement and the Borrower's Tax Certificate have been duly and validly authorized, executed, and delivered, are in full force and effect, and are valid and legally binding instruments of the Borrower, enforceable in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by laws relating to the bankruptcy or insolvency of the Borrower or other similar laws affecting creditors' rights generally.

To the best of my knowledge (based upon due inquiry and investigation), there is no litigation or legal or governmental action, proceeding, inquiry or investigation pending or threatened by governmental authorities to which the Borrower is a party or of which any property of the Borrower is subject, which, if determined adversely to the Borrower, would individually or in the aggregate (i) materially or adversely affect the validity or the enforceability of the Loan Agreement or the Borrower's Tax Certificate, or (ii) otherwise materially or adversely affect the ability of the Borrower to comply with its obligations under the Loan Agreement or the Borrower's Tax Certificate.

Yours truly,  
Attorney for The Metropolitan Government  
of Nashville and Davison County  
(Tennessee)

**Exhibit F**  
**Request for Disbursement**

**PBA of City of Clarksville 2008**  
**(Metropolitan Government of Nashville**  
**and Davidson County Loan)**

Request No. 1

The undersigned, duly Authorized Officers of **The Metropolitan Government of Nashville and Davidson County (Tennessee)** (the "Borrower"), submit this Request for Disbursement and certify as set forth below on behalf of the Borrower, pursuant to Section 3.06 of that certain Loan Agreement, by and between The Public Building Authority of the City of Clarksville, Tennessee and the Borrower, dated as of **December \_\_\_\_, 2008**, in the amount of **\$59,140,000** (the "Loan Agreement"), such loan being made from the proceeds of those certain Adjustable Rate Financing Revenue Bonds, Series 2008 (Metropolitan Government of Nashville and Davidson County Loan) (the "Bonds"), as follows:

1. The Borrower has heretofore issued (i) those certain those certain \$60,805,000 General Obligation Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated May 11, 2006;
2. The Borrower now desires to pay and redeem the principal of the outstanding principal of the Series 2006 A Bonds in the amount of \$58,900,000, on December \_\_\_\_, 2008.
3. The Borrower has given notice to the trustee for the Series 2006A Bonds stating its intent to refund such Series 2006 A Bonds and stating the redemption date for such Series 2006 A Bonds.
4. The amount of **\$58,900,000**, from the proceeds of the loan, together with other funds of the Borrower, is necessary to refund the Series 2006 A Bonds on December \_\_\_\_, 2008.
5. The amount requested should be wired to the trustee for the Series 2006 A Bonds as follows:

Bank: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Account Name: \_\_\_\_\_  
\_\_\_\_\_  
ABA Number: \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned have hereunto set their hands, this \_\_\_\_ day of December, 2008.

THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY  
(TENNESSEE)

By: \_\_\_\_\_  
Metropolitan Mayor

ATTEST:

By: \_\_\_\_\_  
Metropolitan Clerk

**Exhibit G**  
**Approval of Bank**



**Exhibit H**  
**Report of State Director of Local Finance**

**Exhibit I**  
**Borrower's Tax Exemption Certificate**

## TAX EXEMPTION CERTIFICATE

The undersigned, being the duly elected and qualified Metropolitan Mayor of The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Borrower"), hereby certifies with respect to the Borrower's obligations evidenced by that certain Loan Agreement (the "Loan Agreement"), between the Borrower and The Public Building Authority of the City of Clarksville, Tennessee (the "Issuer"), dated the date hereof, in the principal amount of \$59,140,000 (the "Loan"), as follows:

### A. General.

1. I, along with other officers of the Borrower, am charged with the responsibility for issuing the Loan.

2. This certificate is made pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(g)-1, 1.150-1, and 1.150-2 (the "Regulations").

3. This certificate is based on the facts and estimates described herein in existence on this date, which is the date of delivery of the Loan to the Issuer and deposit of amounts evidencing the Loan to the Borrower; and, on the basis of such facts and estimates, the Borrower expects that the future events described herein will occur. To the best of the knowledge and belief of the undersigned, the expectations set forth herein are reasonable.

4. A capitalized term used and not otherwise defined herein has the meaning ascribed to such term in the Loan Agreement.

### B. Purpose and Size.

1. The Loan is being issued pursuant to the Loan Agreement for the purpose of currently refunding the outstanding principal of those certain \$60,805,000 General Obligation Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated May 11, 2006, currently outstanding in the aggregate principal amount of \$58,900,000, the proceeds of the Series 2006 A Bonds having been used by the Borrower (i) to currently refund \$59,865,000 outstanding principal of those certain General Obligation Public Improvement Bonds, Series 1996 (the "Series 1996 Bonds"), the proceeds of the Series 1996 Bonds having been used to finance various public works projects (the "1996 Projects"), (ii) to finance approximately \$84,000 of various public works projects (the "2006 Projects"), and (iii) to pay costs of issuance for the Series 2006 A Bonds (the 1996 Projects and the 2006 Projects being herein called, collectively, the "Project"). The amounts received from sale of the Loan and certain other funds of the Borrower, when added to amounts expected to be received from the investment of such proceeds, do not exceed the amounts which will be required to refund the Series 2006 A Bonds.

2. The Project financed and refinanced with the proceeds of the Series 2006 A Bonds will be owned, operated, and maintained by the Borrower, and the Borrower has not contracted in any manner with any company, firm or other person or entity to operate or maintain the Project or any part thereof, for and on behalf of the Borrower. The Borrower does not expect to enter into any contract for the operation, maintenance, or management of the Project or any part thereof.

3. There is not, and as of the date hereof the Borrower does not anticipate entering into, any lease, contract or other understanding or arrangement, such as a take-or-pay contract or output contract, with any person other than a state or local governmental unit, pursuant to which the Borrower expects that proceeds of the Loan will be used in the trade or business of such person (including all activities of such persons who are not individuals).

4. The term of the Loan is not longer than is reasonably necessary for the governmental purposes of this Loan. The average maturity of the Loan is not more than 120% of the reasonably expected useful life of the Project financed and refinanced with the proceeds of the Series 2006 A Bonds.

5. No receipts from the sale of the Loan or amounts received from the investment thereof will be used to pay the principal of or interest on any issue of obligations of the Borrower other than the Loan.

6. No other obligations of the Borrower payable from the same source of funds were sold or delivered within 15 days before or after the date hereof.

C. Payment of Loan and Rebate.

1. There shall be levied and collected in the same manner as other ad valorem taxes of the Borrower on all taxable property within the corporate limits of the Borrower without limitation as to time, rate, or amount, a tax sufficient to pay when due the amounts payable under the Loan Agreement, as and when they become due, and to pay any expenses of maintaining and operating the Project financed and refinanced with the proceeds of the Series 2006 A Bonds required to be paid by the Borrower under the terms and provisions of the Loan Agreement. For the prompt payment of the Loan Agreement, both principal and interest, as the same shall become due, the full faith and credit of the Borrower have been irrevocably pledged.

2. Except as described herein, no funds of the Borrower have been pledged to payment of the principal of or interest on the Loan or otherwise restricted so as to give reasonable assurance of the availability of such funds for such purpose.

3. The Borrower has covenanted in the Loan Agreement that it will account separately for the proceeds of the Loan, that it will calculate the earnings on all nonpurpose investments, as such term is defined in the Regulations (the "Nonpurpose Investments"), allocated to proceeds of the Loan, and that it will make payments to the United States Treasury of any "rebtable arbitrage" as a result of such investments at least every five years and at the maturity of the Loan, together with any reports as the Secretary of the Treasury shall prescribe, as may be required by Section 148(f) of the Code.

D. No Artifice or Device.

1. In connection with the issuance of the Loan, the Borrower has not
  - (a) employed any abusive arbitrage device, or
  - (b) over-burdened the market for tax-exempt obligations.

E. Loan Not Hedge Bonds.

1. The Borrower expects to expend within three years from the date hereof, in addition to the costs of issuance of the Loan, an amount of proceeds of the Loan equal to not less than 85% of the net sale proceeds of the Loan.

2. No proceeds of the Loan have been invested in investments which have a substantially guaranteed yield for four years or more.

F. Reimbursement Obligations and Reimbursement Allocation.

1. None of the proceeds of the Loan or investment earnings thereon will be used to reimburse the Borrower for the prepayment of the Outstanding Indebtedness.

G. Refunding.

1. The proceeds of the Loan will be used to refund the Series 2006 A Bonds on or before January 30, 2009. No proceeds of the Loan will be used to retire and discharge any other obligations of the Borrower other than the Series 2006 A Bonds.

2. The Series 2006 A Bonds are valid and binding obligations of the Borrower issued in compliance with the laws of the State of Tennessee and the Borrower.
3. There are no amounts which will become "transferred proceeds" of the Loan within the meaning of Sections 1.148-9(b) or 1.150-2(g)(2) of the Treasury Regulations.
4. The Series 2006 A Bonds will be retired and fully discharged on or before January 30, 2009.

Dated: December \_\_\_\_\_, 2008.

THE METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON  
COUNTY (TENNESSEE)

By: \_\_\_\_\_  
Metropolitan Mayor

**FORM OF  
ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, 200\_\_, by and between The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), and Deutsche Bank National Trust Company, Olive Branch, Mississippi, as Escrow Agent (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the Metropolitan Government has previously authorized and issued its General Obligation Refunding Bonds, Series 2006A, dated May 11, 2006 (the "Refunded Bonds"); and

WHEREAS, the Metropolitan Government has determined that it is in its best interest to refund and refinance the Refunded Bonds by depositing in escrow with the Escrow Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of, premium, if any, and interest and redemption premium on the Refunded Bonds to their earliest optional redemption date; and

WHEREAS, in order to obtain a portion of the funds needed for said deposit, the Metropolitan Government has authorized and entered into a Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, dated the date hereof, in the principal amount of \$ \_\_\_\_\_ (the "Refunding Loan"); and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of Refunding Loan proceeds and the application thereof, and to provide for the payment of the Refunded Bonds as set forth herein, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Metropolitan Government and the Escrow Agent agree as follows:

SECTION 1. Escrow Fund. There is hereby created and established a special and irrevocable escrow fund (the "Escrow Fund") to be held in the custody of the Escrow Agent under this Agreement separate and apart from all other funds of the Metropolitan Government or of the Escrow Agent. All monies and Government Obligations deposited to the Escrow Fund, together with investment income therefrom, shall be held and applied solely as provided in this Agreement and shall constitute a fund to be held by the Escrow Agent as a part of the escrow and trust created, established, and governed by this Agreement. The holders of the Refunded Bonds shall have an express lien on all moneys, Government Obligations and other funds deposited in the Escrow Fund until used and applied in accordance with this Agreement.

SECTION 2. Deposit of Moneys. There is hereby deposited with the Escrow Agent by or for the benefit of the Metropolitan Government \$\_\_\_\_\_ derived from the proceeds of the Refunding Loan. The Metropolitan Government hereby represents and warrants that such moneys are at least equal to an amount sufficient to purchase the Government Obligations set forth in Schedule A hereto and the Government Obligations so purchased at their respective maturities will be sufficient to pay principal of and premium and interest on the Refunded Bonds to their earliest optional redemption date.

SECTION 3. Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 2 and agrees:

(a) to immediately invest \$\_\_\_\_\_ of such funds in the Government Obligations listed on Schedule A hereto and to deposit such Government Obligations in the Escrow Fund; and

(b) to hold \$\_\_\_\_\_ of such funds as cash in a non-interest-bearing account and will wire said amount to the registration and paying agent for the Refunded Bonds to pay interest on the Refunded Bonds on the first interest payment date following the deposit of funds in escrow hereunder.

Except as provided in Sections 6 and 8 hereof, the investment income from the Government Obligations in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Escrow Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Obligations held hereunder or to sell, transfer, or otherwise dispose of the Government Obligations acquired hereunder except as provided herein.

SECTION 4. Payment of Refunded Bonds.

(a) Payment. As the principal of the Government Obligations set forth in Schedule A hereof and the investment income and earnings thereon are paid, the Escrow Agent shall, no later than the appropriate interest, principal and redemption payment dates for the Refunded Bonds, transfer from the Escrow Fund to the paying agent for the Refunded Bonds amounts sufficient to pay the principal of and premium and interest on the Refunded Bonds at the times, in the amounts and in the manner set forth on Schedule B attached hereto and the resolutions authorizing the Refunded Bonds.

(b) Excess Funds. When the Escrow Agent has made all required payments of principal, premium and interest on the Refunded Bonds as hereinabove provided, the Agent shall transfer any monies or Government Obligations then held hereunder to the Metropolitan Government and this Agreement shall terminate.

(c) Termination of Obligations. Upon deposit of the moneys set forth in Section 2 hereof with the Escrow Agent pursuant to the provisions of Section 2 hereof and the simultaneous purchase of the Government Obligations as provided in Section 3 hereof, the owners of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the resolution authorizing the Refunded Bonds, and all covenants, agreements and obligations of the Metropolitan Government to the owners of the Refunded Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

SECTION 5. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein.

SECTION 6. Reinvestment.

(a) Except as provided in this Section 6 or in Section 8 hereof, the Escrow Agent shall have no power or duty to reinvest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Government Obligations held hereunder.

(b) Unless otherwise directed by the Metropolitan Government, any surplus amounts received from principal or interest payments on such Government Obligations remaining in the Escrow Fund from time to time and not needed at such time to pay principal, premium and interest due or to become due on the Refunded Bonds, shall be held uninvested in the Escrow Fund until the next principal or interest payment date, at which time such amount shall be applied before any other Escrow Fund monies to the payment of the next ensuing payment on the Refunded Bonds.

SECTION 7. Responsibilities of the Escrow Agent. In the event of the Escrow Agent's failure to account for any of the Government Obligations, Substituted Obligations (as defined in Section 8 hereof) or monies received by it, said Government Obligations or Substituted Obligations or monies shall be and remain the property of the Metropolitan Government in trust for the holders of the Refunded Bonds, as herein provided, and if for any reason such Government Obligations, Substituted Obligations or monies are not applied as herein provided. The Escrow Agent shall be liable to the Metropolitan Government.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Government Obligations, Substituted Obligations and other monies available for such purpose to pay the Refunded Bonds. So long as the Escrow Agent applies the Government Obligations, Substituted Obligations and monies as provided therein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

The Escrow Agent shall not be liable to the Metropolitan Government for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful default in the performance of any obligation imposed upon it hereunder.

The Escrow Agent shall deliver to the Director of Finance a report summarizing all transactions relating to the Escrow Fund within 90 days following the final disbursement of funds hereunder.

SECTION 8. Substitution of Government Obligations. At the written request of the Metropolitan Government made by the Director of Finance, the Escrow Agent shall have the power to sell, transfer or otherwise dispose of the Government Obligations acquired hereunder and to substitute for the Government Obligations any direct obligations of, or non-callable, non-prepayable obligations fully guaranteed as to full and timely payment of principal and interest by, the United States of America which are not subject to redemption prior to maturity other than at the option of the holder thereof and which do not consist of investments in mutual funds or unit investment trusts (the "Substituted Obligations"). The Escrow Agent shall either (i) purchase such Substituted Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations together with any other funds available for such purpose or (ii) acquire

such Substituted Obligations in exchange for the transfer of the Government Obligations identified in written instructions of the Director of Finance. The foregoing transactions may be effected only if: (a) an independent certified public accountant shall certify that after such transaction the principal amount of and interest income on the Substituted Obligations will, together with any other monies available for such purpose, be sufficient to pay, excluding reinvestment earnings, as the same become due at maturity or earlier redemption, all principal of and premium and interest on the Refunded Bonds which have not been paid previously; (b) the amounts and dates of the anticipated transfers from the Escrow Fund to the appropriate paying agents for the Refunded Bonds will not be diminished or postponed thereby, which may be evidenced in the report of the independent certified public accountant delivered pursuant to clause (a) hereof; and (c) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds to the effect that (A) such disposition and substitution or purchase would not cause any of the Refunded Bonds to be an "arbitrage bond" within the meaning of Section 103(c) of the Code in effect on the date of such disposition and substitution and applicable to the Refunded Bonds and (B) such disposition, substitution or purchase is permitted under the terms of the resolutions authorizing the Refunded Bonds. Any cash from the sale of any Government Obligations or Substituted Obligations received from the disposition and substitution of obligations pursuant to this Section 8, to the extent such cash will not be required, in accordance with the resolutions authorizing the Refunded Bonds and this Agreement, at any time for the payment when due of the principal of and premium and interest on the Refunded Bonds, shall be paid to the Metropolitan Government, as received by the Escrow Agent free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing under this Agreement.

SECTION 9. Redemption of Refunded Bonds. The Escrow Agent is hereby authorized and directed to pay the full redemption price of said Refunded Bonds to the registration and paying agent of the Refunded Bonds on \_\_\_\_\_, 200\_\_.

SECTION 10. Amendments. This Agreement is made for the benefit of the Metropolitan Government and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent, and the Metropolitan Government; provided, however, that the Metropolitan Government and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Agreement; (ii) to grant to, or confer upon, the holders of the Refunded Bonds or the Escrow Agent any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; (iii) to include under this Agreement additional funds, securities or properties and (iv) to amend, supplement or sever any provision of this Agreement deemed, in the opinion of nationally recognized bond counsel, to be in need of such amendment, supplement or severance in order to protect the tax-exempt status of interest on any of the Refunded Bonds, but only to the extent not detrimental to the holders of the Refunded Bonds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally-recognized municipal bond attorneys with respect to compliance with this Section 10, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10.

SECTION 11. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 4(b) of this Agreement.

SECTION 12. Compensation. The Metropolitan Government shall compensate the Escrow Agent for its services hereunder by paying to the Escrow Agent \$\_\_\_\_\_; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement. The Metropolitan Government shall not be obligated to pay any fees or amounts to the Escrow Agent except as set forth in this Section 12.

SECTION 13. Resignation or Removal of Escrow Agent.

(a) The Escrow Agent may resign by giving notice in writing to the Metropolitan Government, which notice shall be mailed by the Metropolitan Government, or its agent, at the cost and expense of the resigning Escrow Agent, to the holders of the Refunded Bonds by first-class mail, postage prepaid, at the addresses shown on the Bond registration books of the Paying Agent and Registration Agent for the Refunded Bonds as of the date of the notice. The Escrow Agent may be removed (1) at the direction of the Metropolitan Government upon any consolidation or merger of the Escrow Agent with any other entity or the transfer or assignment of its duties hereunder to any other entity or the sale or transfer of all or substantially all its trust assets to any other entity, or (2) by (i) filing with the Metropolitan Government of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, (ii) mailing such notice at least 60 days prior to the effective date of said removal to the holders of the Refunded Bonds as aforesaid, and (iii) the delivery of a copy of the instruments filed with the Metropolitan Government to the Escrow Agent, or (3) by a court of competent jurisdiction for failure to act in accordance with the provisions of the Escrow Agreement upon application by the Metropolitan Government or the holders of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Agent becomes vacant due to resignation or removal of the Escrow Agent or any other reason, a successor Escrow Agent may be appointed by the Metropolitan Government. Notice of such appointment shall be mailed in accordance with the requirements more specifically set forth in clause (2)(ii) of subsection (a) of this Section. Within one year after a vacancy, the holders of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the Metropolitan Government, appoint a successor Escrow Agent who shall supersede any Escrow Agent theretofore appointed by the Metropolitan Government. If no successor Escrow Agent is appointed by the Metropolitan Government or the holders of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such Refunded Bond or any retiring Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The responsibilities of the Escrow Agent under this Escrow Agreement will not be discharged until a new Escrow Agent is appointed and until the cash and investments held under this Escrow Agreement are transferred to the new Escrow Agent.

SECTION 14. No Implied Duties; Reliance on Counsel. The Escrow Agent shall have no implied duties under this Agreement. In the event of any question arising hereunder, the Escrow Agent shall be entitled to rely conclusively on the opinion of nationally recognized municipal bond attorneys which cost shall be borne by the Metropolitan Government.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Metropolitan Government or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. This Agreement shall be construed under the laws of the State of Tennessee.

SECTION 18. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in Nashville, Tennessee, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the Metropolitan Government.

*(signature page follows)*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY

By: \_\_\_\_\_  
Metropolitan Mayor

(SEAL)

ATTESTED:

\_\_\_\_\_  
Metropolitan Clerk

APPROVED AS TO FORM  
AND LEGALITY:

\_\_\_\_\_  
Director of Law

DEUTSCHE BANK NATIONAL TRUST  
COMPANY  
Escrow Agent

By: \_\_\_\_\_  
Title: Authorized Signatory

(SEAL)

By: \_\_\_\_\_  
Title: Authorized Signatory

STATE OF TENNESSEE)  
COUNTY OF DAVIDSON)

I, Marilyn Swing, hereby certify that I am the duly qualified and acting Metropolitan Clerk of The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the Metropolitan County Council (the "Metropolitan Council") of said Metropolitan Government held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the incurring of indebtedness in the amount of not to exceed \$59,140,000, by said Metropolitan Government; (4) that the actions by said Metropolitan Council including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Metropolitan Council was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Metropolitan Government this 18th day of November, 2008.

---

METROPOLITAN CLERK

(SEAL)

7259902.1