

Resolution No. RS2010- 1361

A resolution authorizing a loan under a loan agreement between the Metropolitan Government of Nashville and Davidson County, Tennessee, and the Tennessee State School Bond Authority in an aggregate principal amount of not to exceed forty million dollars (\$40,000,000) and the execution and delivery of the loan agreement and other documents relating to said borrowing; and providing for the application of the proceeds of said borrowing and the payment of the metropolitan government's obligations under the loan agreement.

WHEREAS, pursuant to the Tennessee State School Bond Authority Act, Sections 49-3-1201, *et seq.*, Tennessee Code Annotated, as amended (the "Act"), the Tennessee State School Bond Authority (the "Authority") is authorized to issue its bonds or notes ("Qualified School Construction Bonds") to make loans to any county, metropolitan government or incorporated city or town, in the State to provide funds to acquire land for and to construct, repair, rehabilitate, improve or equip schools for such local governments, if the same qualifies to be financed through the issuance of qualified school construction bonds as defined in Section 54F of the Internal Revenue Code of 1986, as amended (the "Code") ("Qualified School Construction Bond Projects"); and

WHEREAS, the Authority has determined that it will issue its Qualified School Construction Bonds, Series 2010 (the "Bonds"), for the purpose of making loans to The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"), in addition to other cities and counties in the State, to fund Qualified School Construction Bond Projects; and

WHEREAS, the Metropolitan Government has applied for a loan from the Authority and the Metropolitan Government's application has been approved by the Authority for the purpose of receiving funds to construct, repair, rehabilitate, improve and equip public school facilities in the Metropolitan Government, including Chadwell Elementary Renovation, Gateway Elementary Addition, Gateway Elementary Renovation, Litton Middle School Addition, Litton Middle School Renovation, Hermitage Elementary School Renovation, Apollo Middle School Roof Replacement, Haywood Elementary School Roof Replacement, Pennington Elementary Roof Replacement, McMurray Middle School Roof Replacement, Murrell School Roof Replacement, Cockrill Elementary School Roof Replacement, Lake View Elementary Roof Replacement, Stratford High School Roof Replacement, Antioch High School Roof Replacement, McGavock High School Roof Replacement, and miscellaneous other projects as approved by the Authority, all to be more particularly identified in the Loan Agreement (as hereinafter defined) (collectively, the "Projects") which are each a Qualified School Construction Bond Project; and

WHEREAS, under the Act, the Metropolitan Government is authorized to enter into a loan agreement with the Authority to finance the Projects; and

WHEREAS, it is hereby determined to be in the best interests of the Metropolitan Government to finance the Projects through a loan from the Authority to the Metropolitan Government (the "Loan Agreement") whereby the Metropolitan Government will pledge its full faith and credit and unlimited taxing power to the payment of its obligations thereunder, including payment of amounts sufficient to pay its allocable share of the principal of and interest, if any, on the Bonds, costs of issuance of the Bonds, and certain administrative expenses; and

WHEREAS, the Authority has required that the Loan Agreement be additionally secured by a pledge by the Metropolitan Government of taxes imposed and collected by the State pursuant to law and appropriated and allocated to the Metropolitan Government as identified by resolution of the Tennessee Local Development Authority and as established by Section 4-31-102, Tennessee Code Annotated, as amended from time to time ("State-Shared Taxes"), which have not been pledged or applied to any other indebtedness ("Unobligated State-Shared Taxes") in an amount equal to the maximum annual principal and interest payments to be made under the Loan Agreement (such interest rate not to exceed 6.50% per annum) plus an additional amount not to exceed .75% per annum; and

WHEREAS, the Metropolitan Government has Unobligated State-Shared Taxes available to be pledged, and such Unobligated State-Shared Taxes in the preceding fiscal year are in an amount greater than 100% of the maximum annual principal payments to be made under the Loan Agreement plus interest at a rate not to exceed 6.50% per annum plus any additional payments to be made under the Loan Agreement if calculated at the rate of not to exceed .75% per annum; and

WHEREAS, there has been presented to this meeting and attached to this Resolution as Exhibit 1 the Form of the Loan Agreement which appears to be in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, it is in the interest and welfare of the citizens of the Metropolitan Government to authorize the loan from the Authority, execute and deliver the Loan Agreement, pledge the Metropolitan Government's full faith and credit and a portion of its Unobligated State-Shared Taxes for the payment of its obligations under the Loan Agreement, approve the assignment of such pledge to secure the Bonds, and authorize the execution of such other documents and certificates as shall be necessary to consummate the sale and delivery of the Bonds and of the Loan Agreement.

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

Section 1. Approval of Loan. For the purpose of providing funds to finance the costs of the Projects, including the payment of costs incident to the issuance and sale of the Bonds and the Loan Agreement and making and receiving the loan herein authorized, there is hereby authorized a loan ("Loan") from the Authority to the Metropolitan Government in a principal amount not to exceed \$40,000,000. The Metropolitan Government shall make payments of

principal and interest in a manner consistent with Section 54A of the Code, until the final maturity date of the Bonds, which shall be established pursuant to the requirements of said Section 54A, all in accordance with the terms of this Resolution and the Loan Agreement but in any event repayment of the Loan shall occur by the end of calendar year 2029. The Loan shall bear interest at a rate not to exceed 6.50% per annum.

Section 2. Approval of Loan Agreement. The Form of the Loan Agreement, attached hereto as Exhibit A, is approved and the Mayor is hereby authorized, empowered and directed to execute and deliver; and the Metropolitan Clerk to attest the Loan Agreement in the name and on behalf of the Metropolitan Government. The Loan Agreement is to be in substantially the form now before this meeting, or with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution, the execution by the Mayor and the approval as to form and legality by the Department of Law to constitute conclusive evidence of approval of any and all changes or revisions therein. From and after the execution and delivery of the Loan Agreement, the Mayor and the Metropolitan Clerk are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Loan Agreement as executed.

Section 3. Pledge of Taxes. (a) The Metropolitan Government shall levy and collect, annually, a tax upon all taxable property within the Metropolitan Government, in addition to all other taxes authorized by law, sufficient to pay the amounts payable by the Metropolitan Government under the Loan Agreement as and when they become due and payable. The Metropolitan Government hereby pledges such taxing power and its full faith and credit to such payments, provided, however, that the tax hereinabove described will not be required to be levied or, if levied, may be proportionately reduced to the extent of funds appropriated by the Metropolitan Government to the payment of the amounts described above from other revenues. Such tax, to the extent levied, shall be assessed, levied, collected and paid in like manner as other taxes of the Metropolitan Government. As permitted by Section 49-2-1206(e)(1) of the Tennessee Code Annotated, such tax shall not be included within any statutory or other limitation of rate or amount for the Metropolitan Government, but shall be excluded therefrom and be in addition thereto and in excess thereof, notwithstanding and without regard to the prohibitions, restrictions or requirements of any other law, whether public or private. Any amounts payable under the Loan Agreement falling due at any time when there are insufficient funds from the tax levy shall be paid from current funds of the Metropolitan Government whether or not replenished out of the taxes hereby provided to be levied when the same shall have been collected.

(b) The Metropolitan Government additionally pledges its Unobligated State-Shared Taxes in an amount equal to the maximum annual principal payments under the Loan Agreement plus interest thereon at a rate not to exceed 6.50% per annum plus such additional amount, not to exceed .75% per annum, as shall be sufficient to pay when due any additional payments due from the Metropolitan Government under the Loan Agreement as and when they become due and payable. The Metropolitan Government hereby acknowledges that the Authority may direct that Unobligated State-Shared Taxes pledged hereunder and due to the Metropolitan Government be withheld and paid over to the Authority for credit to the Metropolitan Government's payments due under the Loan Agreement at any time that such

payments become delinquent and in an amount necessary to satisfy the amount of the delinquent payment.

Section 4. Consent to Assignment. The Metropolitan Government hereby consents to the assignment of all the Authority's right, title and interest under the Loan Agreement as security for the Bonds.

Section 5. Additional Authorizations. All acts and doings of the Mayor, the Metropolitan Clerk and the Director of Schools of the Metropolitan Government and any other officer of the Metropolitan Government which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the execution and delivery of the Loan Agreement as set forth herein shall be and the same hereby are in all respects, approved and confirmed.

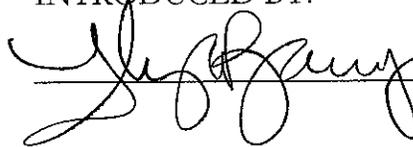
Section 6. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to be extent of such conflict hereby repealed and this Resolution shall be in immediate effect from and after its adoption.

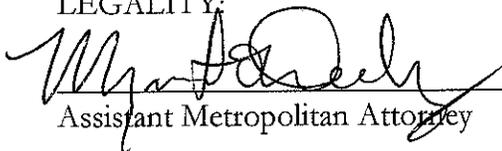
APPROVED AS TO AVAILABILITY OF FUNDS BY:


Richard M. Riebeling,
Director of Finance

INTRODUCED BY:



APPROVED AS TO FORM AND LEGALITY:


Assistant Metropolitan Attorney

MEMBERS OF COUNCIL

EXHIBIT 1

FORM OF LOAN AGREEMENT

**LOAN AGREEMENT
(\$ _____ SERIES 2010)**

DATED AS OF _____, 2010

BETWEEN

TENNESSEE STATE SCHOOL BOND AUTHORITY

AND

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

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LOAN AGREEMENT

This Loan Agreement is made and entered into as of the 1st day of September, 2010, by and between the TENNESSEE STATE SCHOOL BOND AUTHORITY (the "Authority"), and THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE (the "Borrower").

WITNESSETH:

WHEREAS, the Authority is a corporate governmental agency and an instrumentality of the State of Tennessee (the "State"), organized and existing pursuant to the Tennessee State School Bond Authority Act, Sections 49-3-1201 et seq., Tennessee Code Annotated, as amended (the "Act"), and is authorized to issue its bonds or notes to make loans to any county, metropolitan government, incorporated city or town in the State (each a "Local Government") for qualified school credit bond projects as defined in the Act, including buildings, structures, improvements, and equipment for schools and land to be acquired on which any projects are to be constructed with part of the proceeds of such bonds; and

WHEREAS, it has heretofore been determined by the governing body of the Borrower to be in the best interest of the Borrower to finance the acquisition of any land on which a public school facility is to be constructed with a portion of the loan proceeds if any land is to be acquired and to finance the construction, repair, rehabilitation, improvement and equipping of certain public school facilities (as more fully defined hereinafter, the "Project" or "Projects"); and

WHEREAS, under Tennessee law, the Borrower is authorized to enter into a loan agreement with the Authority to finance the Projects; and

WHEREAS, the Borrower has determined that it is necessary and desirable to borrow sufficient funds to accomplish the purposes set forth above; and

WHEREAS, the Authority has determined to lend money to the Borrower for the purposes set forth above on the terms and conditions set forth herein; and

WHEREAS, to obtain funds for such purposes the Authority will issue and sell its Qualified School Construction Bonds, Series 2010 (the "Series 2010 Bonds"), to be secured by and to contain such terms and provisions as are set forth in that certain resolution adopted by the Authority on November 5, 2009, as supplemented by the Second Supplemental Resolution adopted by the Authority on August 26, 2010, including as a part thereof the 2010 Series Certificate authorized thereby, and as from time to time amended or supplemented (the "Resolution"), and deposit the proceeds from the sale of the Series 2010 Bonds with the Authority to be disbursed in the manner and for the purposes set forth in the Resolution, all as more fully provided therein.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the Authority and the Borrower agree as follows:

ARTICLE I

Definitions

Section 1.01. Defined Terms. In addition to the words, terms and phrases elsewhere defined in this Loan Agreement or in the Resolution, the following words, terms and phrases as used in this Loan Agreement shall have the following respective meanings:

“Act” means the Tennessee State School Bond Authority Act, Sections 49-3-1201 et seq., Tennessee Code Annotated, as amended from time to time.

“Additional Payment” means the amounts described in Section 3.04(b)(ii) through Section 3.04(b)(v) hereof.

“Administrative Expenses” means the Authority’s fees and expenses of carrying out and administering its powers, duties and functions in connection with the Loan Agreement, the Projects and the Resolution, and shall include without limiting the generality of the foregoing: administrative costs and expenses with respect to the Loan, construction monitoring, legal, accounting and consultant’s services and expenses, the fees and expenses of the State Treasurer, the Trustee, the Paying Agent and the Registrar, payments to the United States Treasury to satisfy any arbitrage rebate requirements under the Code and any other expenses required or permitted to be paid by the Authority under the provisions of the Act, the Loan Agreement and the Resolution or otherwise required to be made by the Borrower pursuant to Section 3.04 hereof.

“Administrative Expenses Account” means the Administrative Expenses Account of the Series 2010 Bond Fund Account of the Bond Fund.

“Authority” means the Tennessee State School Bond Authority, the corporate governmental agency and instrumentality created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Authority.

“Authorized Authority Representative” means any member of the Authority, any Assistant Secretary of the Authority and any other officer or employee of the Authority authorized by law, by resolution of the Authority or by a certificate of the Secretary of the Authority to perform the act or sign the document in question.

“Authorized Borrower Representative” means the Mayor, the Finance Director of the Borrower or his designee as evidenced by a designation in writing of the Finance Director, and any such other Person from time to time authorized to act in behalf of a Borrower pursuant to its Charter, or ordinance or resolution of the governing body of the Borrower, a copy of which is filed with the Secretary of the Authority, to perform such act or execute such document on behalf of the Borrower pursuant to a certificate signed by any of the above and giving the name and specimen signature of the Person or Persons so designated.

“Available Project Proceeds” means (A) the excess of (i) the proceeds from the sale of the Series 2010 Bonds allocable to the Project, over (ii) the issuance costs of the Series 2010

Bonds allocable to the Loan financed by the issue (to the extent that such costs do not exceed 2% of such proceeds), and (B) the proceeds from any investment of the excess described in subparagraph (A).

“Bond Fund” means the fund established under Section 6.02 of the Resolution.

“Bonds” means the Authority’s Qualified School Construction Bonds issued pursuant to the Resolution, as supplemented by any Supplemental Resolution.

“Borrower” means The Metropolitan Government of Nashville And Davidson County, Tennessee.

“Borrower Account” means the account in the Loan Fund designated for the Borrower pursuant to Section 6.03 of the Resolution in which the proceeds of the Loan to the Borrower are deposited.

“Borrower Interest Sub-Account” means that portion of the Borrower Loan Repayment Sub-Account created for interest payments within the Series 2010 Bond Fund Account for the Borrower in accordance with Section 3.04(a) hereof.

“Borrower Loan Repayment Sub-Account” means that portion of the Borrower Loan Repayment Account created within the Series 2010 Bond Fund Account for the Borrower in accordance with the Resolution as described in Section 3.04(b) hereof.

“Borrower Request”, “Borrower Order” and “Borrower Consent” means, respectively, a written request, order or consent signed by an Authorized Borrower Representative and delivered to the Authority.

“Borrower Principal Sub-Account” means that portion of the Borrower Loan Repayment Sub-Account created for principal payments within the Series 2010 Bond Fund Account for the Borrower in accordance with Section 3.04(a) hereof.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions located in the State or in any of the cities in which the principal United States office of the Trustee, any Paying Agent or the Registrar is located are required or authorized by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed.

“Closing Date” means the date of issuance and delivery of the Series 2010 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder. Reference herein to sections of the Code are to the sections thereof as they exist on the date of execution of this Loan Agreement, but include any successor provisions thereof to the extent applicable to the Series 2010 Bonds.

“Cost” or “Cost of the Projects” means the following to the extent for Qualified Purposes:

(a) The cost of improving, equipping, and repairing the Projects, or any combination of such purposes, demolishing structures on the Project sites, and acquiring the site upon which any of the Projects is to be constructed and easements necessary or convenient for the Projects;

(b) The cost of labor, materials, machinery and equipment as payable to contractors, builders and materialmen in connection with the Projects;

(c) Governmental charges levied or assessed during equipping of the Projects or upon any property acquired therefor, and premiums on insurance in connection with the Projects during construction;

(d) Fees and expenses of architects and engineers for estimates, surveys and other preliminary investigations, environmental tests, soil borings, appraisals, preparation of plans, drawings and specifications and supervision of the Projects properly chargeable to the Projects, as well as for the performance of all other duties of architects and engineers in relation to the construction and installation of the Projects;

(e) Expenses of administration, supervision and inspection properly chargeable to the acquisition and construction of Projects, including the fees of the Borrower relating to the design, construction and equipping of the Projects and all other items of expense, not elsewhere specified herein, incident to the construction, installation and placing in operation of the Projects;

(f) Fees and expenses incurred in connection with the issuance, sale, execution and delivery of the Series 2010 Bonds and this Loan Agreement, including but not limited to, fees and expenses of the Authority and its counsel, Bond Counsel, the Trustee, Paying Agent and Registrar and its counsel, printing costs, rating fees and discount; and

(g) Any other cost of the Projects permitted to be financed pursuant to the Act and the Code.

“Event of Default” means any event defined in Section 5.01 hereof.

“General Bond Resolution” means the Qualified School Construction Bonds General Bond Resolution adopted by the Authority on November 5, 2009.

“Interest Payment Date” means, with respect to the Series 2010 Bonds, March 15 and September 15 of each year commencing on March 15, 2011.

“Interest Subsidy Payments” means cash payments received by the Authority from the United States Treasury with respect to the Series 2010 Bonds as a result of, among other things, an election by the Authority pursuant to Section 6431(f) of the Code to treat the Series 2010 Bonds as “qualified school construction bonds” within the meaning of Section 54F of the Code that are “qualified bonds” within the meaning of Sections 54AA(g) and 6431(e) of the Code including without duplication any funds appropriated by the State on account of any offset by the United States government reducing the amount of any Interest Subsidy Payment received by the Authority.

“Investment Income” means, with respect to the applicable period of determination, all amounts received by the Authority during such period in connection with the Authority’s investment of amounts in the applicable Fund or Account subject to such determination, established for the Borrower under the Resolution in connection with the Series 2010 Bonds, excluding the principal portion of any such investments.

“Investment Losses” means, with respect to the applicable period of determination, all losses of principal incurred during such period in connection with the Authority’s investment of amounts in the applicable Fund or Account subject to such determination, established for the Borrower under the Resolution in connection with the Series 2010 Bonds.

“Investment Obligations” means and includes any instruments, securities, certificates, obligations and the like if and to the extent the same are at the time permitted and legal for investment of the Authority’s funds pursuant to the Act or in accordance with any other law, regulation, guideline or policy, in effect from time to time, applicable to the Authority with respect to investments; provided, however, that an investment in the State’s Pooled Investment Fund and/or Local Government Investment Fund shall be deemed to be an investment in Investment Obligations.

“Loan” means the loan made by the Authority to the Borrower pursuant to this Loan Agreement as described in Section 2.02 hereof.

“Loan Agreement” means this Loan Agreement as it now exists and as it may thereafter be amended.

“Loan Fund” means the fund established under Section 6.03 of the Resolution.

“Loan Repayments” means the payments on account of principal of and interest on the Loan, Administrative Expenses and any and all other amounts payable by the Borrower hereunder, including amounts attributable to any Additional Payments, Investment Losses and Redemption Price or Borrower’s Proportionate Share of the foregoing, when applicable.

“Loan Repayment Dates” means: (i) with respect to that portion of Loan Repayments consisting of scheduled Administrative Expenses, the first day of each month, commencing on _____ 1, ____, and continuing on the first day of each month thereafter until all Administrative Expenses and the Loan are paid in full, or if such day is not a Business Day, then on the next succeeding Business Day; (ii) with respect to that portion of Loan Repayments attributable to any payment into the Borrower Interest Sub-Account relating to the interest on the Series 2010 Bonds, the first day of each month, commencing on _____ 1, ____, (other than September 1 of each year) until the Loan is paid in full, or if such day is not a Business Day, then on the next succeeding Business Day; (iii) with respect to that portion of the Loan Repayments attributable to any payment into the Borrower Principal Sub-Account relating to the principal of the Series 2010 Bonds, on each of the dates set forth on **Exhibit D** attached hereto, or if such day is not a Business Day, then on the next succeeding Business Day, and (iv) with respect to all other Loan Repayments, at any time on demand by the Authority.

“Local Government” means any county, metropolitan government, incorporated city or town in the State.

“Mandatory Prepayment Date” means the date selected by the Authority, with written notice thereof provided to the Borrower, as the date on which the Loan shall be mandatorily prepaid in whole or in part.

“Mandatory Prepayment Price” means the amount determined pursuant to the provisions of Section 6.02 hereof required to be paid by the Borrower in prepayment of its Loan pursuant to Section 2.05, Section 3.04 and Section 6.01 hereof.

“Maturity” means _____, _____, the maturity date of the Series 2010 Bonds.

“Optional Prepayment Price” means the amount determined pursuant to the provisions of Section 6.01 hereof required to be paid by the Borrower in prepayment of its Loan pursuant to Section 3.04 and Section 6.01 hereof.

“Outstanding”, when used with respect to the Series 2010 Bonds or any Series of Bonds issued pursuant to the Resolution, means as of any date, all Series 2010 Bonds or other Series of Bonds, respectively, theretofore authenticated and delivered under the Resolution, except:

- (a) any Bonds cancelled at or prior to such date;
- (b) any Bonds (or portions of Bonds) the principal of, interest on and Redemption Price, if any, of which shall have been paid in accordance with the terms hereof;
- (c) any Bonds in lieu or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and
- (d) Bonds deemed to have been paid as provided in the Resolution.

“Outstanding Loan Principal Amount” means that amount necessary to repay the original principal amount of the Loan reduced only by the Redeemed Amount, if any, at the time of determination.

“Paying Agent” means any Paying Agent for the Series 2010 Bonds, its successors and any other Person which may at the time be substituted in its place, pursuant to the Resolution.

“Person” means any individual, corporation, partnership, limited partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability corporation or partnership, or government or any agency or subdivision thereof, or other legal entity or group of entities.

“Pledged Revenues” means with respect to the Series 2010 Bonds (i) all payments made or required to be made by the Borrower pursuant to this Loan Agreement; (ii) funds held under the Resolution with respect to the Series 2010 Bonds and the earnings thereon (subject to the application thereof to the purposes and on the conditions set forth in the Resolution); and (iii) Unobligated State-Shared Taxes at such time as such taxes have been withheld pursuant to law and the Loan Agreement and which have become property of the Authority.

“Prepayment Date” means the date on which the Borrower is required to deposit the Mandatory Prepayment Price or Optional Prepayment Price with the Paying Agent or Trustee pursuant to Section 6.01 or Section 6.02 hereof, which day may be any Business Day.

“Prior Lien Obligations” means the following: [none, or where appropriate for the applicable Borrower, insert: [5], between the _____ and the Borrower.]

“Project” or “Projects” means the construction, rehabilitation or repair of public school facilities, acquisition of land for construction of public school facilities, if any, and equipment for public school facilities as described in **Exhibit C** hereto. **Exhibit C** shall be amended automatically and without further action required by the Borrower to conform **Exhibit C** to any additional project that is approved pursuant to Section 2.05 hereof. Where more than one Project is being financed, Project applies to each Project individually or collectively, as the context requires.

“Proportionate Share” means, (x) with respect to interest on the Series 2010 Bonds, a fraction the numerator of which is the principal amount of the Loan made under this Loan Agreement and the denominator of which is the principal amount of the Series 2010 Bonds adjusted to account for any reduction in Outstanding Loan Principal Amount that is not proportionate to all loans derived from the proceeds of the Series 2010 Bonds (in such event the numerator shall be the then Outstanding Loan Principal Amount and the denominator shall be the then outstanding principal amount of Series 2010 Bonds at the time of the determination), (y) with respect to the allocation of Administrative Expenses and any Redemption Price on the Series 2010 Bonds, (1) if such payment is directly attributable to the actions of the Borrower (including the Borrower’s action or failure to act when otherwise required to act hereunder), one hundred percent (100%) of such expense or Redemption Price, and (2) if such payment is attributable to the general administration of the Series 2010 Bonds and the Authority’s Obligations in connection therewith, or if such payment is attributable to the general administration of all Series of Bonds and the Authority’s obligations in connection therewith, a fraction the numerator of which is the Outstanding Loan Principal Amount and the denominator of which is an amount equal to the principal amount of all Series of Bonds which are Outstanding, and (z) with respect to the allocation of Interest Subsidy Payment following an event which causes the Interest Subsidy Payment to be lost or reduced from the initial subsidy provided by the United States Treasury, with respect to any borrower whose action or failure to act when otherwise required to act hereunder causes such loss or reduction, zero percent (0%) or such other percentage as shall be permitted by the Authority to allow such borrower to receive such portion of the Interest Subsidy Payment as shall be determined by the Authority, in its discretion, to be warranted without allowing such borrower to profit in the share of other borrowers’ Interest Subsidy Payments.

“Qualified Purposes” shall include only costs properly allocable to (i) the construction, rehabilitation or repair of a public school facility, (ii) the acquisition of land on which such a facility is to be constructed with part of the proceeds of the Series 2010 Bonds, and (iii) the acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated or repaired with the proceeds of the Series 2010 Bonds.

“Redeemed Amount” means the principal portion of Series 2010 Bonds redeemed from the Mandatory Prepayment Price or Optional Prepayment Price.

“Redemption Date” means that date any portion of the Series 2010 Bonds are required to be redeemed.

“Redemption Price” means the amount required to be paid to the holders of the Series 2010 Bonds upon early redemption of the Series 2010 Bonds as described in the Resolution, as supplemented by the 2010 Series Certificate and as described in Section 6.01 or Section 6.02 hereof.

“Registrar” means the registrar for the Series 2010 Bonds and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

“Resolution” means the General Bond Resolution, as supplemented by the Second Supplemental Resolution adopted by the Authority on August 26, 2010, including as a part thereof the 2010 Series Certificate authorized thereby, as from time to time amended or supplemented in accordance with the terms and provisions thereof.

“Series” or “Series of Bonds” or “Bonds of a Series” means all Bonds authorized by a Supplemental Resolution designated as being of the same series initially delivered as part of a simultaneous transaction evidencing a borrowing authorized by the Resolution to fund one or more Loans made under one or more related Loan Agreements under the Resolution, and any Bonds thereafter authenticated and delivered in lieu thereof or in exchange therefor.

“Series 2010 Bonds” means the Qualified School Construction Bonds, Series 2010, of Authority from time to time Outstanding under the Resolution.

“State” means the State of Tennessee.

“State-Shared Taxes” means taxes imposed and collected by the State pursuant to law and appropriated and allocated by law to a Local Government, whether appropriated or allocated for a particular purpose or for the general use of such Local Government, as identified by resolution of the Tennessee Local Development Authority and as established by Section 4-31-102, Tennessee Code Annotated, as amended from time to time.

“Tax Certificate” means the Tax Certificate executed and delivered by the Authority in connection with the issuance of the Series 2010 Bonds.

“Trustee” means the bank, trust company or national banking association appointed pursuant to Section 13.01 of the Resolution to act as trustee, paying agent and registrar under the Resolution, if any, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the Resolution.

“Unobligated State-Shared Taxes” means State-Shared Taxes which have not been pledged or applied to any other prior indebtedness.

Section 1.02. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The words “Bond”, “holder”, and “person” shall include the plural as well as the singular number unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate.

Any certificate or opinion made or given by an Authorized Authority Representative or an Authorized Borrower Representative may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion made or given by counsel may be based (insofar as it relates to factual matters, information with respect to which is in the possession of the Authority or a Borrower), upon the certificate or opinion of or representations by an officer or officers or officials of the Authority or the Borrower, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II

The Series 2010 Bonds and the Loan

Section 2.01. Issuance of the Series 2010 Bonds. In order to obtain funds to lend to the Borrower to assist in financing the Projects and pay costs of issuance in connection with the Series 2010 Bonds and the Loan Agreement as provided in Section 2.02 hereof, the Authority agrees to issue and deliver its Series 2010 Bonds. The Series 2010 Bonds shall bear interest as provided in the Resolution. The portion of the proceeds received from the sale of the Series 2010 Bonds in an amount equal to the costs of issuance of the Series 2010 Bonds allocable to the Loan shall be deposited by the Authority in the Administrative Expenses Account of the Series 2010 Bond Fund Account and the portion of the balance of the proceeds of the Series 2010 Bonds allocable to the Loan shall be deposited by the Authority in the Borrower Account of the Loan Fund pursuant to Section 6.03 of the General Bond Resolution.

Section 2.02. Loan. The Authority hereby agrees to lend and advance to the Borrower and the Borrower hereby agrees to borrow and accept from the Authority, the Loan in the principal amount of \$_____. The Authority shall disburse the proceeds of the Loan to the Borrower from amounts on deposit in the Borrower Account of the Loan Fund derived from proceeds of the Series 2010 Bonds, upon receipt of a requisition as set forth in Section 2.04 hereof.

Section 2.03. Use of Proceeds by the Borrower. The Borrower will use the funds loaned to it by the Authority pursuant to Section 2.02 hereof solely to pay the Costs of the Projects.

Section 2.04. Disbursements of Loan Proceeds. Pursuant to Section 6.03 of the General Bond Resolution, the Authority shall use the moneys in the Borrower Account of the Loan Fund solely to pay the Costs of the Projects, including the reimbursement of the Borrower for

advances and payments made or costs incurred by the Borrower for or in connection with the Projects to the extent permitted by Section 2.08(k) hereof. The Authority shall disburse funds from the Borrower Account of the Loan Fund only upon receipt of a requisition, appropriately completed and signed by an Authorized Borrower Representative in the form attached hereto as **Exhibit A**.

Section 2.05. Completion of the Projects. When requesting final payment from the Borrower Account of the Loan Fund, the Borrower shall cause to be submitted the requisition required by Section 2.04 hereof and a certificate signed by an Authorized Borrower Representative in the form attached hereto as **Exhibit B**. Said certificate shall state that no further funds will be withdrawn from the Borrower Account of the Loan Fund to pay the Cost of the Projects. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. All moneys shall be expended from the Borrower Account of the Loan Fund within two and one-half (2½) years of the date of the issuance of the Series 2010 Bonds unless otherwise approved by the Authority. All moneys remaining in the Borrower Account of the Loan Fund, including investment earnings thereon, may be used for other Qualified Purposes of the Borrower or for other borrower(s) as may be approved in the opinion of such bond counsel (with appropriate adjustment being made to the amounts to be repaid by Borrower) upon receipt of an opinion of nationally recognized bond counsel that the additional projects or additional borrower(s), as the case may be, do not adversely affect the qualification of the Series 2010 Bonds as “qualified school construction bonds” within the meaning of Section 54F of the Code or shall be used to redeem Series 2010 Bonds on a Redemption Date as set forth in the Resolution. Any premium required to redeem Series 2010 Bonds shall be paid from Borrower’s funds other than any derived from the proceeds of the sale of the Series 2010 Bonds. The Authority does not make any warranty, either express or implied, that the moneys which will be paid into the Borrower Account of the Loan Fund and which, under the provisions of this Loan Agreement, will be available for payment of the Costs of the Projects, will be sufficient to pay all of the Costs of the Projects.

Section 2.06. Investment of Funds; Application of Investment Earnings. Any moneys held by the Authority in the Borrower Account of the Loan Fund shall be invested or reinvested by the Authority in Investment Obligations and shall be retained in the Loan Fund to be used for Costs of the Projects or for partial redemption of the Series 2010 Bonds as set forth in the Resolution and as contemplated by Sections 2.05 and 2.08(k) hereof.

Section 2.07. Interest Subsidy Payment Transfer. The Authority shall transfer to Borrower for deposit in Borrower’s Local Government Investment Pool Account maintained with the State the Borrower’s Proportionate Share of any Interest Subsidy Payment; provided, however, that if at the time the Authority receives an Interest Subsidy Payment any amount payable by the Borrower to the Authority under this Loan Agreement shall be due and owing, the Borrower agrees that the Authority may apply such share in whole or in part as may be necessary to satisfy such obligations. In the event any Interest Payment Subsidy is reduced by the United States government on account of any offset, the Authority will promptly take such action as may be required to obtain from the State of Tennessee from amounts appropriated for the purpose the amount of the offset and deposit the same in the Borrower’s Local Government Investment Pool Account, provided that, if at the time the Authority receives such funds from the State of

Tennessee any amount payable by the Borrower to the Authority under this Loan Agreement shall be due and owing, the Borrower agrees that the Authority may apply such share in whole or in part as may be necessary to satisfy such obligations.

Section 2.08. Tax Status of the Series 2010 Bonds. It is the intention of the parties hereto that the Series 2010 Bonds be and remain “qualified school construction bonds” within the meaning of Section 54F of the Code and are “qualified bonds” within the meaning of Sections 54AA(g) and 6431(e) of the Code entitling the Authority pursuant to an election made pursuant to Section 6431(f) of the Code to receive Interest Subsidy Payments, and to that end the Borrower hereby represents, warrants and agrees as follows:

(a) That it shall not take any action or fail to take any action, or permit such action to be taken on its behalf, or use or permit the use of any proceeds of the Series 2010 Bonds, or cause or permit any circumstances within its control to arise or continue, if the same would adversely affect either the status of the Series 2010 Bonds as “qualified school construction bonds” under Section 54F of the Code or as “qualified bonds” under Sections 54AA(g), 6431(e) and 6431(f) of the Code.

(b) That the Series 2010 Bonds are designated as “qualified school construction bonds” within the meaning of Section 54F of the Code and “qualified bonds” within the meaning of Sections 54AA(g) and 6431(e) of the Code and authorizes the Authority to make an election pursuant to Section 6431(f) of the Code to receive Interest Subsidy Payments with respect to the Series 2010 Bonds.

(c) That the Borrower will not take or omit to take any action, which action or omission will in any way cause the proceeds from the Loan to be applied in a manner other than as provided in this Loan Agreement or which would cause the Authority to lose eligibility to receive Interest Subsidy Payments.

(d) That all Available Project Proceeds will be spent on Qualified Purposes and costs of issuance of the Series 2010 Bonds not to exceed 2% of such proceeds. The description of the Projects to be financed with the proceeds of the Series 2010 Bonds is included as **Exhibit C** attached hereto. The Borrower may finance additional Qualified Purposes from proceeds of the Series 2010 Bonds only with the express approval by the Authority upon receipt of opinion of nationally recognized bond counsel as provided in Section 2.05 hereof.

(e) Subject to Sections 2.05 and 6.02(a) and (c), 100% of the Available Project Proceeds shall be used for Qualified Purposes within the 3-year period beginning on the date of issuance of the Series 2010 Bonds. A binding commitment with a third party to spend at least 10% of the Available Project Proceeds will be incurred within the 6-month period beginning on the date of issuance of the Series 2010 Bonds, and Borrower will promptly provide written evidence thereof to the Authority;

(f) That all applicable State and local law requirements governing conflicts of interest are satisfied with respect to the Series 2010 Bonds.

(g) That if the United States Secretary of the Treasury prescribes additional conflicts of interest rules governing appropriate Members of Congress, Federal, State and local

officials and their spouses, such additional rules will be satisfied with respect to the Series 2010 Bonds.

(h) That without limiting the generality of subsection (c) above and in connection with the acquisition, construction, rehabilitation, repair and equipping of the Projects, the Borrower (i) has complied with and will comply with all requirements of the Davis-Bacon Act (40 U.S.C. § 3141 *et seq.*), (ii) has caused and will cause all contractors and subcontractors who are employed at the actual work sites to comply with all requirements of the Davis-Bacon Act, (iii) will monitor such compliance by contractors and subcontractors, and (iv) upon request of the Authority, will confirm compliance with this subsection (h). The Borrower acknowledges that such compliance includes but is not limited to causing contractors and subcontractors employed at the Projects to pay workers who are employed on the actual work sites to pay no less than the prevailing wage locally, as established by the Wage and Hour Division of the US Department of Labor, plus fringe benefits normally paid on similar projects in conformity with the Davis-Bacon Act, the inclusion in contracts of required contractual language and the posting of job-site notices as required by the Davis-Bacon Act.

(i) That the ownership, use or nature of any property financed with the proceeds of the Loan will not change and that the Borrower will not take any deliberate action that will adversely affect the qualification of the Series 2010 Bonds as a “qualified school construction bond” under Section 54F of the Code or “qualified bonds” under Sections 54AA(g), 6431(e) and 6431(f) of the Code as long as any portion of the Series 2010 Bond remains outstanding (whether or not defeased).

(j) That the Borrower acknowledges and understands that (i) to the extent that less than 100% of the Available Project Proceeds are expended for Qualified Purposes by the close of the 3 year period beginning on the date of issuance of the Series 2010 Bonds, or any longer period permitted by the Secretary of the Treasury pursuant to Section 54A(d)(2)(B)(iii) of the Code, the unspent Available Project Proceeds may be required to be used to redeem Series 2010 Bonds within 90 days after the end of such period, and (ii) the Authority may be required to call any or all of the Series 2010 Bonds for redemption prior to maturity in the event the Borrower (or other borrowers under similar loan agreements) defaults in its obligations hereunder (or such other borrowers default in their obligations under such other loan agreements), any or all of which may result in increased costs hereunder including costs incidental to redeeming Series 2010 Bonds in authorized denominations.

(k) That no costs of the Projects to be paid from Available Project Proceeds have been expended to date, or if there have been costs paid, no such costs to be reimbursed from Available Project Proceeds will have been expended more than 60 days prior to the earlier of (i) the date the Borrower’s resolution RS2010 - _____ approved the execution and delivery of this Loan Agreement unless otherwise permitted under applicable law relating to use of bond proceeds for reimbursement applicable to qualified school construction bonds, or (ii) the date the governing body of the Borrower adopted a reimbursement resolution for purposes of Section 1.150-2 of the Regulations under the Code, but in no event earlier than April 27, 2009, the date Internal Revenue Service Notice 2009-35 allocating the Qualified School Construction Bond cap was published, in the case of projects to which unused 2009 cap is allocated, and March 17,

2010, the date Internal Revenue Service Notice 2010-17 allocating the Qualified School Construction Bond cap was published in the case of projects to which 2010 cap is allocated.

ARTICLE III

Payment Obligations of Borrower

Section 3.01. Loan Repayments. The Borrower agrees to pay to the Authority all Loan Repayments on each Loan Repayment Date, in the amounts and in the manner hereinafter provided, to be deposited by the Authority to the Series 2010 Bond Fund Account in the Bond Fund to be applied to the payment of principal on the Series 2010 Bonds, whether at Maturity or upon redemption, interest thereon, Administrative Expenses, Additional Payments and Investment Losses.

Section 3.02. Return of Excess Payments. Upon payment in full of all Loan Repayments due under the Loan Agreement, any funds remaining in the Borrower's Loan Repayment Sub-Account, including any sub-account thereof, shall be returned to the Borrower promptly following payment in full of the Series 2010 Bonds.

Section 3.03. Time and Manner of Payment. Except as provided in Section 3.05 hereof, the Borrower agrees to make each Loan Repayment directly to the Authority on or before each Loan Repayment Date in lawful money of the United States of America by electronic funds transfer of immediately available funds. The Authority shall send a statement to the Borrower setting forth the amount of the Borrower's Loan Repayment with respect to each Loan Repayment Date.

Section 3.04. Amount, Allocation and Deposit of Loan Repayments. The amount of each of the Loan Repayments to be made on each Loan Repayment Date shall be determined, allocated and deposited as set forth below:

(a) *Borrower Principal Sub-Account and Borrower Interest Sub-Account*. There shall be established the Borrower Principal Sub-Account and Borrower Interest Sub-Account within the Borrower Loan Repayment Sub-Account within the Loan Repayment Account created within the Series 2010 Bond Fund Account. The following amounts shall be deposited to and retained in the Borrower Principal Sub-Account and Borrower Interest Sub-Account for use as hereinafter provided:

(i) On the first day of each month (other than September 1 of each year), commencing on _____, 20__, until the Loan is paid in full, or if such day is not a Business Day, then on the next succeeding Business Day, the Borrower shall pay to the Authority the amount of interest set forth on **Exhibit D**, representing the portion of Borrower's Proportionate Share of the interest due to be paid on the Series 2010 Bonds' next Interest Payment Date, which amount shall be adjusted as hereinafter provided. Borrower acknowledges that it is responsible for the gross monthly payment of its Proportionate Share of the interest due on the Series 2010 Bonds without reduction for any Interest Subsidy Payment.

(ii) On each of the dates set forth on **Exhibit D**, or if such day is not a Business Day, then on the next succeeding Business Day, the Borrower shall pay to the

Authority the related "Principal" amount set forth on **Exhibit D**, as such amount may be adjusted at the time of determination to account for any prior redemption of the Series 2010 Bonds appropriately credited for the benefit of the Borrower and with such payments to be made in approximately equal monthly amounts (prior to any adjustment as hereafter provided and [acknowledging that the scheduled principal payments for the last ____ monthly payments are increased over the prior _____ scheduled principal payments]), which amount shall be adjusted as hereinafter provided.

(iii) In calculating the amounts to be paid pursuant to Section 3.04(a)(i) and (ii), such amounts shall be:

(A) decreased by an amount equal to the Borrower's Investment Income in the Borrower Principal Sub-Account and Borrower Interest Sub-Account, or for August by an amount equal to an assumed amount of Investment Income for that month and for September (to be trued up thereafter when actual investment results are determined), in each case to the extent not required to make payments to the United States Treasury to satisfy any arbitrage rebate requirements under the Code, to be applied as directed by an Authorized Authority Representative toward the particular Loan Repayment as the same shall become due;

(B) decreased by the Borrower's Proportionate Share of the Redeemed Amount, if any, appropriately credited for the benefit of the Borrower, in inverse order of the Loan Repayment Date; and

(C) increased by an amount equal to the Borrower's Investment Losses in the Borrower Principal Sub-Account and Borrower Interest Sub-Account.

(iv) the Optional Prepayment Price or the Mandatory Prepayment Price, if any, and earnings thereon; and

(v) the Borrower's Investment Income reduced by the Borrower's Investment Losses, if any, from amounts on deposit in the Borrower Principal Sub-Account and Borrower Interest Sub-Account.

(b) *Borrower Loan Repayments.* (i) The amounts deposited to the Borrower Principal Sub-Account and Borrower Interest Sub-Account as heretofore or hereafter provided shall be used by the Authority to pay principal of and interest on the Series 2010 Bonds as the same shall become due and in the manner provided by the Resolution, and no additional transfer to any other fund herein established shall be required with respect thereto. Use of Borrower Principal Sub-Account moneys to pay interest does not discharge the obligation to pay interest and any such payment of interest shall be deemed to be on account of principal and deposited into the Borrower Principal Sub-Account to the extent of the transfer at the demand of the Authority.

(ii) The Borrower shall also pay to the Authority upon demand by the Authority (but in all events prior to the Maturity of the Series 2010 Bonds) the Borrower's Investment Losses resulting in insufficient funds to pay the Series 2010 Bonds when due, and

any such payment by the Borrower shall be deposited by the Authority to the Borrower Principal Sub-Account or the Borrower Interest Sub-Account, as the case may be, to be applied to the payment of the Series 2010 Bonds.

(iii) Upon demand by the Authority (but in all events prior to the Redemption Date), the Borrower shall also pay to the Authority an amount equal to (a) the Borrower's Proportionate Share of any Redemption Price required to be paid to the holders of the Series 2010 Bonds upon partial redemption of the Series 2010 Bonds from funds on deposit in the Borrower Account of the Loan Fund which will not be used to pay Costs of the Projects plus (b) such additional amount, if any, as shall be determined to be required by the Authority to effect the contemplated redemption of the Series 2010 Bonds in authorized denominations, and any such payment by the Borrower shall be deposited by the Authority to the Borrower Principal Sub-Account or the Borrower Interest Sub-Account to be applied to the payment of any such Redemption Price on the Series 2010 Bonds upon redemption.

(iv) Upon demand by the Authority, the Borrower shall pay to the Authority the Mandatory Prepayment Price which shall be used to redeem the Series 2010 Bonds, in whole or in part, in accordance with the Resolution and to pay any redemption premium thereon.

(v) The Borrower shall pay to the Authority the Optional Prepayment Price which shall be used to redeem the Series 2010 Bonds, in whole or in part, in accordance with the Resolution and to pay any redemption premium thereon.

(c) *Administrative Expense Account of the Series 2010 Bond Fund Account.* The Administrative Expenses portion of each of the Loan Repayments shall be paid by the Borrower in an amount equal to the Borrower's Proportionate Share of Administrative Expenses for any period commencing on the Closing Date, or the Business Day on which Administrative Expenses were last paid to and ending on the day next preceding the Loan Repayment Date and shall be deposited to the Administrative Expenses Account. ~~Any Investment Income earned on amounts in the Administrative~~The Administration Expense Account shall be retained by not be invested and all amounts deposited therein shall be the property of the Authority without credit to the Borrower.

Section 3.05. Payments Assigned. It is understood and agreed that the rights of the Authority under this Loan Agreement (except its rights to indemnification, payment of expenses and receive notices), are assigned to the Trustee, if any, pursuant to the Resolution. The Borrower consents to such assignment. The Borrower agrees to pay to the Authority or at the direction of the Authority, the State Treasurer, or a separate custodian, all amounts payable by the Borrower that are so assigned unless the Borrower shall have been notified in writing that an Event of Default exists hereunder which is continuing, in which event all amounts payable hereunder shall be paid to the Trustee. All such assigned payments shall be deposited as provided in the Resolution.

Section 3.06. Payments; Obligation of Borrower Unconditional. The obligation of the Borrower to make payments hereunder and to perform and observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional until payment of all

Borrower obligations hereunder, irrespective of any defense or any rights of setoff, recoupment or counterclaim which the Borrower might otherwise have against the Authority or the Trustee, if any. Until payment of all Borrower obligations hereunder, the Borrower shall not suspend or discontinue any such payment hereunder or fail to observe and perform any of their other covenants, conditions and agreements hereunder for any cause, including without limitation failure of consideration, failure of title to any part of all of the Projects, or commercial frustration of purpose, or any damages to or destruction or condemnation of all or any part of the Projects, or any change in the tax or other laws of the United States of America, the State of Tennessee or any political subdivision of either, or any failure of the Authority, or the Trustee, if any, to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with any document in connection with the financing of the Projects. Nothing contained in this Section, however, shall be construed to release the Authority or the Trustee, if any, from the performance of any of their respective obligations hereunder or under any documents related hereto.

Section 3.07. Pledge of Taxing Power. Pursuant to Section 49-3-1206(e)(1), Tennessee Code Annotated, the Borrower covenants that it shall provide for the annual levy and collection of a tax sufficient to pay when due the Loan Repayments payable under the Loan Agreement if and when they become due and payable. The Borrower hereby pledges its full faith and credit to such payments. The tax to be levied pursuant to this Section shall be assessed, levied, collected and paid in like manner as other taxes of the Borrower. Such tax shall not be included within any statutory or other limitation of rate or amount for the Borrower but shall be excluded therefrom and be in addition thereto and in excess thereof, notwithstanding and without regard to the prohibitions, restrictions or requirements of any other law. To the extent other moneys are not available therefor, there shall be set aside by the Borrower from the tax to be levied pursuant to this Section and the Act in a special fund an amount sufficient for the payment of the amounts under this Loan Agreement, and such fund shall be used exclusively for such purpose and shall not be used for any other purpose until the amounts payable hereunder have been paid in full. Notwithstanding the foregoing, the tax hereinabove described will not be required to be levied by the Borrower or, if levied, may be proportionately reduced to the extent of payments made from other funds of the Borrower appropriated by the governing body of the Borrower to the payment of the amounts described above from other revenues of the Borrower.

Section 3.08. Pledge of Unobligated State-Shared Taxes. Except for its Prior Lien Obligations, the Borrower has not previously pledged any portion of its State-Shared Taxes to other obligations. As security for the Loan Repayments, pursuant to Section 49-3-1206(e)(2), Tennessee Code Annotated, the Borrower hereby pledges its Unobligated State-Shared Taxes in an amount equal to the maximum annual principal portions of the Loan Repayments, plus the Borrower's Proportionate Share of the interest borne by the Series 2010 Bonds due under this Loan Agreement, plus such additional amount, not to exceed .75% per annum, as shall be sufficient to pay when due any additional payments due from Borrower under this Loan Agreement as and when they become due and payable.

The Borrower hereby acknowledges that, pursuant to Section 49-3-1206(e)(2), Tennessee Code Annotated, the Authority without notice to the Borrower may direct that any Unobligated State-Shared Taxes due to the Borrower be withheld and paid over to the Authority for credit to

the Borrower's Loan Repayments at any time a Loan Repayment becomes delinquent in an amount necessary to satisfy the amount of the delinquent payment.

So long as this Loan Agreement remains outstanding, the Borrower agrees that it will not create, assume or incur any pledge, encumbrance, lien or charge on a parity with or prior to the lien created under this Loan Agreement on the Borrower's Unobligated State-Shared Taxes.

ARTICLE IV

Representations and Covenants

Section 4.01. Representations and Covenants of the Authority. The Authority makes the following representations and covenants as the basis for the undertakings on the part of the Borrower contained herein:

(a) The Authority is a corporate governmental agency and instrumentality of the State of Tennessee, organized and existing pursuant to the Act. The Authority is authorized to issue the Series 2010 Bonds in accordance with the Act and to use the proceeds thereof to provide funds for making the Loan.

(b) The Authority has complied with the provisions of the Act and has full power and authority to execute and deliver this Loan Agreement and to consummate the transactions contemplated hereby and to perform its obligations hereunder.

(c) The Authority is not in violation of any of the laws of the State of Tennessee which would affect its existence or its powers referred to in the preceding subsection (b).

(d) By Resolution duly adopted by the Authority and in full force and effect on the date hereof, the Authority has authorized the execution and delivery of this Loan Agreement and the Series 2010 Bonds, the due performance of all obligations of the Authority hereunder, under the Resolution and under the Series 2010 Bonds, and the taking of any and all actions as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated by each of the foregoing, and the Authority will take all actions within its reasonable control to obtain all approvals necessary in connection with the foregoing that have not been obtained as of the date hereof.

(e) This Loan Agreement has been duly authorized, executed and delivered by the Authority, and upon due authorization, execution and delivery by the Borrower, will constitute a valid contractual obligation of the Authority. The Series 2010 Bonds will constitute valid and binding limited special obligations of the Authority and will be payable solely from the Pledged Revenues and any amounts otherwise available under the Resolution, and will be entitled to the benefit of the Resolution. None of the Authority (except to the foregoing extent), the State of Tennessee, or any political subdivision thereof shall be obligated, directly or (except as a Borrower from the Authority) indirectly, to pay the principal of, interest on, if any, or Redemption Price on the Series 2010 Bonds. The Authority has no taxing power.

(f) The execution and delivery by the Authority of this Loan Agreement, the Series 2010 Bonds, and the Resolution and the consummation of the transactions contemplated in each of the foregoing will not violate any resolution, mortgage, deed of trust, note, loan agreement or other contract or instrument to which the Authority is a party or by which it is bound or, to the best of the Authority's knowledge, any judgment, decree, order, statute, rule or regulation applicable to the Authority, and the Authority will take all actions within its reasonable control to obtain all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby that have not been obtained as of the date hereof.

(g) The Authority will apply or cause to be applied the proceeds of the Series 2010 Bonds in accordance with the Resolution and this Loan Agreement.

(h) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Authority or, to the best knowledge of the Authority, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or by the Resolution or the Series 2010 Bonds or which, in any way, would adversely affect the validity of this Loan Agreement, the Series 2010 Bonds, the Resolution or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in consummation of the transactions contemplated by each of the foregoing.

(i) The Authority covenants that it will not pledge the amounts derived from this Loan Agreement other than to secure the Series 2010 Bonds.

(j) The Authority will designate the Series 2010 Bonds as "qualified school construction bonds" pursuant to Section 54F of the Code and "qualified bonds" pursuant to Sections 54AA(g), 6431(e) and 6431(f) of the Code, and will take all actions that can reasonably be expected of the Authority to preserve the status of the Series 2010 Bonds as "qualified school construction bonds" and "qualified bonds" and preserve the Authority's eligibility to receive Interest Subsidy Payments.

Section 4.02. Representations and Covenants of the Borrower. The Borrower makes the following representations and covenants, in addition to those elsewhere set forth herein, as the basis for the undertakings on the part of the Authority contained herein:

(a) The Borrower is a public corporation duly created and existing under the laws of the State of Tennessee and possessing general powers of taxation, including the power to levy ad valorem taxes, and has full legal right, power and authority (i) to conduct its business and own its properties, (ii) to enter into this Loan Agreement, and (iii) to carry out and consummate all other transactions contemplated by this Loan Agreement.

(b) With respect to the authorization, execution and delivery of this Loan Agreement, the Borrower has complied and will comply with all applicable laws of the State of Tennessee.

(c) The Borrower has duly approved the execution and delivery of this Loan Agreement and has authorized the taking of any and all action as may be required on the part of

the Borrower to carry out, give effect to and consummate the transactions contemplated by this Loan Agreement.

(d) This Loan Agreement has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the Authority, will constitute a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally or by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require or may require enforcement by a court of equity and no other authorization is required.

(e) There is no action, suit, proceedings, inquiry on investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Borrower, threatened against the Borrower, nor is there any basis therefor, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution or delivery of this Loan Agreement or (iii) in any way contesting or affecting the validity or enforceability of this Loan Agreement or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by any of the foregoing.

(f) The Borrower is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its properties is bound, and no event has occurred which with the passage of time, the giving of notice or both would constitute such a breach or default; and the execution and delivery of this Loan Agreement and compliance with the respective provisions thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or of the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound.

(g) The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds of the Series 2010 Bonds advanced to it to be applied in a manner contrary to that provided in the Resolution and this Loan Agreement.

(h) The Borrower has not taken or omitted to take, ~~and will not take or omit to take, any action,~~ and knows of no action that any other person, firm or corporation has taken or intends to take, which adversely affect the eligibility of the Authority to receive Interest Subsidy Payments.

(i) The Borrower is not in default under any loan agreement, note, bond, mortgage or other instrument evidencing or securing indebtedness.

(j) The Borrower approves the issuance of the Series 2010 Bonds and, as of the date hereof, is not in default in the performance or observance of any of the covenants,

conditions, agreements or provisions of this Loan Agreement and all warranties and representations of Borrower herein are true and correct on the date hereof.

(k) The Borrower covenants and agrees to provide annual audited financial statements to the Authority as soon as reasonably practical upon their becoming available and if not made available within one year of the end of the fiscal year, then the Borrower shall provide unaudited annual financial statements for such fiscal year within one year of the end of the fiscal year and audited financial statements for such fiscal year when they become available and, upon request, such other financial information as shall be reasonably requested to the Authority.

(l) The Borrower covenants and agrees to comply with the terms and requirements applicable to Borrower in the Resolution.

(m) All information provided to the Authority in this Loan Agreement or in any other document or instrument with respect to the Loan, this Loan Agreement or the Projects, was at the time provided, and is now, true, correct and complete, and such information does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE V

Events of Default

Section 5.01. Events of Default. An Event of Default shall occur hereunder if any one or more of the following events shall happen:

(a) the payments required by Sections 3.01 through 3.08 are not paid punctually when due;

(b) default shall be made by the Borrower in the due performance of or compliance with any of the terms hereof, other than those referred to in the foregoing subdivision (a), and such default shall continue for sixty (60) days after the Authority or the Trustee shall have given the Borrower written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60-day period, if the Borrower shall fail to proceed promptly to commence curing the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the 60 days that the time to cure the same shall be extended for such period as may be reasonably necessary to complete the curing of the same with all due diligence);

(c) the Borrower shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties or of the Projects or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(d) a petition shall be filed against the Borrower seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation and shall remain undismissed or unstayed for an aggregate of 90 days (whether or not consecutive), or if any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties or of the Projects shall be appointed without the consent or acquiescence of the Borrower and such appointment shall remain unvacated or unstayed for an aggregate of 90 days (whether or not consecutive).

Section 5.02. Remedies. (a) Pursuant to Section 49-3-1206(e)(2), Tennessee Code Annotated, in the event the Borrower fails to remit the Loan Repayments when and as required under this Loan Agreement, the Commissioner of Finance and Administration of the State, upon notification by the Authority, shall without further authorization, withhold the Loan Repayment due from the Borrower's Unobligated State-Shared Taxes and pay such amount to the Authority. The Authority shall deliver notice of the foregoing to the Borrower as required by the Act.

(b) Upon the continuing occurrence of an Event of Default not cured pursuant to subsection (a) above, (regardless of the pendency of any proceeding which has or might have the effect of preventing the Borrower from complying with the terms of this Loan Agreement), the Authority, the Trustee, as assignee of the Authority, or any other Person who has succeeded to the rights of the Authority hereunder, at any time thereafter and while such Event of Default shall continue, may, at its option, and subject to the provisions of the Resolution, take any action at law or in equity to collect amounts then due and thereafter to become due hereunder, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement. Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the Resolution.

ARTICLE VI

Prepayment

Section 6.01. Optional Prepayment. The Borrower shall have the right to optionally prepay its Loan by providing written notice thereof to the Authority. Thereupon the Authority shall so notify the Paying Agent/Trustee for the Series 2010 Bonds of the proposed redemption and shall make arrangements satisfactory for the optional redemption of the Series 2010 Bonds. In connection therewith, the Borrower shall prepay all or such portion of the Loan as shall correspond to the amount of the Series 2010 Bonds to be redeemed and in sufficient time to permit the redemption in accordance with the Resolution. The amount to be paid by Borrower shall be Borrower's Proportionate Share of the Redemption Price to be paid by the Authority with respect to the Series 2010 Bonds to be redeemed (which shall be paid by Borrower from sources other than any proceeds derived from the sale of the Series 2010 Bonds and investment earnings thereon), if any, plus such additional amount as shall be determined to be required by the Authority to permit the contemplated redemption of the Series 2010 Bonds in authorized denominations.

Section 6.02. Mandatory Prepayment Price.

(a) The Loan shall be subject to mandatory prepayment in such amount as shall be determined under Section 6.02(d) if the Borrower fails to expend all proceeds in Borrower's Account of the Loan Fund either (i) within three years of the issuance of the Series 2010 Bonds and no extension of the period for expenditures has been granted by the Internal Revenue Service or (ii) by the expiration of such extension period.

(b) The Loan shall also be subject to mandatory prepayment in such amount as shall be determined under Section 6.02(e) if the Authority has determined that an "Extraordinary Event" (as defined in the Series 2010 Bonds) shall have occurred and determining to redeem the Series 2010 Bonds prior to the maturity.

(c) Following the occurrence of the event specified in Section 6.02(a) or Section 6.02(b), the Borrower shall prepay the Loan on the Mandatory Prepayment Date at the Mandatory Prepayment Price.

(d) The Mandatory Prepayment Price with respect to a Section 6.02(a) event shall be that amount that the Borrower shall be required to prepay as of the designated Mandatory Prepayment Date, which shall be equal to unspent amounts in the Borrower's Account of the Loan Fund (which shall be used, to the extent possible, to redeem Series 2010 Bonds), plus the Borrower's Proportionate Share of any Redemption Price for the Series 2010 Bonds that will be redeemed (which shall be paid by Borrower from sources other than any proceeds derived from the sale of the Series 2010 Bonds and investment earnings thereon), if any, plus such additional amount as shall be determined to be required by the Authority to permit the contemplated redemption of the Series 2010 Bonds in authorized denominations.

(e) The Mandatory Prepayment Price with respect to a Section 6.02(b) event shall be that amount the Borrower shall be required to prepay as of the designated Mandatory Prepayment Date, which shall be equal to Borrower's Proportionate Share of the Redemption Price to be paid by the Authority with respect to the Series 2010 Bonds being redeemed.

Section 6.03. Partial Prepayment. Except as otherwise provided herein, any principal prepayment amount shall be applied in reduction of payment obligations set forth on **Exhibit D** as Borrower shall elect by written notice to the Authority with the consent of the Authority.

Section 6.04. Deposit of Prepayment Amount. The prepayment amount shall be deposited with the Treasurer, its custodian or the Trustee in immediately available funds not later than 10:00 a.m., Nashville time, on the Prepayment Date.

Section 6.05. Discharge of Other Obligations. Notwithstanding any other provisions hereof, this Loan Agreement shall not terminate on the date on which the Borrower shall be obligated to prepay (whether or not any delay in the completion of such prepayment shall be the fault of Authority), nor shall the Borrower's obligations hereunder cease when the Borrower shall have paid all amounts payable hereunder (including all amounts due under Article III hereof) without set-off, counterclaim, abatement, suspension, deduction, diminution, or defense for any reason whatsoever, so long as the Series 2010 Bonds are Outstanding and unpaid, and until the Borrower shall have discharged, or provision satisfactory to Authority shall have been made for the discharge of, all of its obligations under this Loan Agreement, which obligations

have arisen on or after the date for prepayment, including the obligation to pay amounts due and payable on the date of the prepayment.

ARTICLE VII

Indemnification

Section 7.01. Indemnification of Trustee and Authority. The Borrower covenants and agrees, to the extent it is authorized by applicable law, to indemnify the Trustee, if any, and the Authority and each successor trustee and the officers, directors, employees and agents of the Trustee or any such successor trustee and the Authority (the Trustee, each successor trustee, the Authority, and such officers, directors, employees and agents being hereinafter referred to in this Section collectively as the "Indemnified Parties" and individually as an "Indemnified Party") for, and to hold each Indemnified Party harmless against, any loss, liability, tax, assessment or other governmental charge (other than taxes applicable to their compensation hereunder) or expenses incurred without negligence, willful misconduct or bad faith on the part of such Indemnified Party, arising out of or in connection with the acceptance or administration of the Resolution or the trusts thereunder and the duties of the Trustee and the Authority thereunder (but only to the extent the Resolution, its administration, required duties and trusts thereunder are applicable to Borrower, this Loan Agreement or the Series 2010 Bonds), including enforcement of this Loan Agreement and this Section thereof and also including any liability which may be incurred as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and the costs and expenses incurred by such Indemnified Party in the course of defending itself against or investigating any claim of liability in the premises. The obligations of the Borrower under this Section to compensate and indemnify the Indemnified Parties and to pay or reimburse each Indemnified Party for expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Loan Agreement.

ARTICLE VIII

Miscellaneous

Section 8.01. Waiver of Statutory Rights. The rights and remedies of the Authority and the Borrower under this Loan Agreement shall not be adversely affected by any laws, ordinances, or regulations, whether federal, state, county, city, municipal or otherwise, which may be enacted or become effective from and after the date of this Loan Agreement affecting or regulating or attempting to affect or regulate any amounts payable hereunder.

Section 8.02. Non-Waiver by Authority. No failure by Authority or by any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of any payment hereunder, in full or in part, during the continuance of such breach, shall constitute waiver of such breach or of such term. No waiver of any breach shall affect or alter this Loan Agreement or constitute a waiver of a then existing or subsequent breach.

Section 8.03. Remedies Cumulative. Each right, power and remedy of Authority provided for in this Loan Agreement shall be cumulative and concurrent and shall be in addition

to every other right, power or remedy provided for in this Loan Agreement, or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers or remedies are sought to be enforced, and the exercise or beginning of the exercise by the Authority or the Trustee, if any, of any one or more of the rights, powers or remedies provided for in this Loan Agreement or now or hereafter existing at law or in equity or by statute, or otherwise shall not preclude the simultaneous or later exercise by the Authority or Trustee of any or all such other rights, powers or remedies.

Section 8.04. Amendments, Changes and Modification. Except as otherwise provided in this Loan Agreement or in the Resolution, subsequent to the issuance of the Series 2010 Bonds and prior to the payment in full of the Series 2010 Bonds, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, if any, and the holders of the Series 2010 Bonds.

Section 8.05. Applicable Law - Entire Understanding. This Loan Agreement shall be governed exclusively by the applicable laws of the State of Tennessee. This Loan Agreement expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Loan Agreement.

Section 8.06. Severability. In the event that any clause or provision of this Loan Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provisions shall not affect any of the remaining provisions of such instrument.

Section 8.07. Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Loan Agreement shall be in writing, and shall be deemed to have been properly given and received if sent by United States certified or registered mail, postage prepaid, (a) if to the Borrower, addressed to the Borrower, at The Metropolitan Government of Nashville And Davidson County, Attention: Metropolitan Mayor, Metropolitan Courthouse, P.O. Box 196300, Nashville, Tennessee 37219, with a copy to the Metropolitan Treasurer at the same address, (b) if to the Authority, addressed to the Authority, Attention: Director of Bond Finance, 1600 James K. Polk Office Building, 505 Deaderick Street, Nashville, Tennessee 37243-0273, (c) if to the Trustee, addressed to the Trustee at The Bank of New York Mellon Trust Company, N.A., 900 Ashwood Parkway, Suite 426, Atlanta, Georgia 30338, Attention: Corporate Trust Department, or at such other addresses as any addressee from time to time may have designated by written notice to the other addressees named above. The Authority shall promptly forward to the Borrower copies of any notice received by it from the Trustee under the Resolution.

Section 8.08. Headings and References. The headings in this Loan Agreement are for the convenience of reference only and shall not define or limit the provisions thereof. All references in this Loan Agreement to particular Articles or Sections are references to Articles or Sections of this Loan Agreement, unless otherwise indicated.

Section 8.09. Successors and Assigns. The terms and provisions of this Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 8.10. Multiple Counterparts. This Loan Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 8.11. Amendments, Changes and Modifications of Resolution. The Authority covenants and agrees that it will not, without the prior written consent of the Borrower, enter into or consent to any amendment, change or modification of the Resolution which would adversely affect the Borrower's rights under this Loan Agreement.

Section 8.12. No Liability of Authority's and Borrower's Officers. No recourse under or upon any obligation, covenant or agreement contained in this Loan Agreement shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Authority or the Borrower, either directly or through the Authority or the Borrower. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by the Borrower and the Authority against the other's incorporators, members, directors or officers as a condition of and consideration for the execution of this Loan Agreement.

Section 8.13. Continuing Disclosure. Borrower agrees to furnish any and all financial information and operating data pertaining to it which is required to be disclosed by the Authority annually pursuant to Rule 15c2-12 of the Securities and Exchange Commission, at the times required by the Authority to comply with its secondary market disclosure obligations under Rule 15c2-12. The Authority agrees to provide to the Borrower a list of the information and data required to be furnished by the Borrower and the time frame within which the same is to be furnished to the Authority.

Signatures on Following Page

IN WITNESS WHEREOF, THE TENNESSEE STATE SCHOOL BOND AUTHORITY has executed this Loan Agreement by causing its name to be hereunto subscribed by two of its Authorized Officers; and THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE, has executed this Loan Agreement by causing its name to be hereunto subscribed by its Mayor and Metropolitan Clerk, all being done as of the day and year first above written.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE:

Metropolitan Mayor

APPROVED AS TO AVAILABILITY OF FUNDS:

Director of Finance

APPROVED AS TO FORM AND LEGALITY:

Metropolitan Attorney

ATTEST:

Metropolitan Clerk

TENNESSEE STATE SCHOOL BOND AUTHORITY:

Authorized Officer

ATTEST:

Authorized Officer

EXHIBIT A
REQUISITION
Series 2010 Bonds

REQUISITION NO. _____

Tennessee State School Bond Authority

The undersigned, being an Authorized Borrower Representative within the meaning of that term as set forth in a loan agreement (the "Loan Agreement"), dated _____, 2010, by and between the Tennessee State School Bond Authority and The Metropolitan Government of Nashville And Davidson County, Tennessee (the "Borrower"), submits this Requisition on behalf of the Borrower pursuant to Section 2.04 of the Loan Agreement, as follows:

1. Borrower hereby requests disbursement to the Borrower pursuant to the Loan Agreement of \$ _____.

2. All amounts advanced hereunder will be used to pay Cost of the Projects, as defined in the Loan Agreement.

3. The amounts requested hereunder have not been the subject of a previous request for disbursement of funds.

4. The subject of this request is a proper Costs of the Projects, as described in the Loan Agreement.

5. The amount requested should be wired to:

Bank: _____

ABA Number: _____

Account Name: _____

Account Number: _____

It is understood that your duties will be discharged with respect to the disbursement requested hereunder if payment is made as provided herein.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand, this _____ day of _____, ____.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY,
TENNESSEE

Name: _____

Title: _____

Funding Date: _____, _____, ____.

After execution, fax the Requisition as follows.

Attn: _____
(615) _____ (Office Confirm)
(615) _____ (FAX)

EXHIBIT B

COMPLETION CERTIFICATE

Series 2010 Bonds

The undersigned, being an Authorized Borrower Representative within the meaning of that Loan Agreement ("Loan Agreement"), dated _____, 2010, by and between the Tennessee State School Bond Authority and The Metropolitan Government of Nashville And Davidson County, Tennessee (the "Borrower"), submits this Completion Certificate on behalf of the Borrower pursuant to Section 2.05 of the Loan Agreement, as follows:

1. No additional advances of funds under the Loan Agreement will be requested from the Trustee, and no additional Requisitions for disbursement of funds will be presented to the Trustee;

2. The Project or Projects to be financed with the proceeds of the Loan under the Loan Agreement have been completed or sufficient funds are available to complete the Project or Projects to the satisfaction of the Borrower; and

3. The Authority and the Trustee are directed to apply any excess funds remaining in the Borrower Account of the Loan Fund under the Loan Agreement in accordance with the provisions of Section 2.05 of the Loan Agreement.

Notwithstanding the foregoing, this Certificate is given without prejudice to any rights against third parties which exist as of the date hereof or which may subsequently come into being.

IN WITNESS WHEREOF, the undersigned has hereunto set his (her) hand this _____ day of _____.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY,
TENNESSEE

Name: _____

Title: _____

EXHIBIT C

DESCRIPTION OF PROJECTS

Chadwell Elementary Renovation, Gateway Elementary Addition, Gateway Elementary Renovation, Litton Middle School Addition, Litton Middle School Renovation, Hermitage Elementary School Renovation, Apollo Middle School Roof Replacement, Haywood Elementary School Roof Replacement and miscellaneous other projects

EXHIBIT D

LOAN REPAYMENT SCHEDULE

Loan Repayment Dates

Principal

Interest