

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Metropolitan Government, interest on the Bonds (as defined below) will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).



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

\$455,540,000

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2017

Date of Delivery: February 2, 2017

Due: July 1, as shown on inside cover

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its \$455,540,000 General Obligation Improvement Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to the provisions of Tennessee law described herein and pursuant to resolution of the Metropolitan County Council of the Metropolitan Government as further described herein.

The proceeds of the Bonds will be used to (i) provide long-term financing for public works projects, (ii) retire outstanding commercial paper bond anticipation notes issued to finance public works projects and (iii) pay certain costs of issuance of the Bonds.

The Bonds will be direct obligations of the Metropolitan Government for which its full faith and credit are pledged and shall be payable from ad valorem taxes to be levied on all taxable property within the Metropolitan Government without limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein. The Metropolitan Government has never defaulted on its bonds or notes.

The Bonds shall be fully registered bonds without coupons in denominations of \$5,000 as described herein and integral multiples thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, ("DTC") to which principal and interest will be paid. Beneficial owners of the Bonds will not receive physical delivery of Bond certificates except as described herein. U.S. Bank National Association, Nashville, Tennessee, will serve as Registrar and Paying Agent (the "Registration Agent") for the Bonds.

The Bonds will be dated their date of delivery, will mature on July 1 in each of the years and in the principal amounts as specified on the inside cover and will bear interest from their date payable on January 1 and July 1 in each year beginning July 1, 2017, at the rates per annum specified on the inside cover. The Bonds are subject to optional and mandatory redemption as described herein.

The Bonds are offered for delivery when, as, and if issued, subject to the legal opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the Metropolitan Government. Certain legal matters will be passed on for the Metropolitan Government by the Metropolitan Director of Law. FirstSouthwest, A Division of Hilltop Securities, Dallas, Texas, is serving as Financial Advisor to the Metropolitan Government. The Bonds will be available for delivery through DTC on or about February 2, 2017.

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

\$455,540,000

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2017

<u>Maturity (July 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2018	\$ 8,320,000	4.500%	1.000%	592112 SA5
2019	16,300,000	5.000	1.240	592112 SB3
2020	17,140,000	5.000	1.450	592112 SC1
2021	18,015,000	5.000	1.640	592112 SD9
2022	18,940,000	5.000	1.850	592112 SE7
2023	19,910,000	5.000	2.050	592112 SF4
2024	20,930,000	5.000	2.210	592112 SG2
2025	22,005,000	5.000	2.320	592112 SH0
2026	23,105,000	4.750	2.450	592112 SJ6
2027	24,135,000	4.000	2.560	592112 SK3
2028	25,120,000	4.000	2.740 c	592112 SL1
2029	26,145,000	4.000	2.870 c	592112 SM9
2030	27,215,000	4.000	3.000 c	592112 SN7
2031	28,325,000	4.000	3.100 c	592112 SP2
2032	29,480,000	4.000	3.210 c	592112 SQ0
2033	30,685,000	4.000	3.300 c	592112 SR8
2034	31,935,000	4.000	3.380 c	592112 SS6
2035	33,240,000	4.000	3.430 c	592112 ST4
2036	34,595,000	4.000	3.470 c	592112 SU1

c = Yield to July 1, 2027 call date

¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard and Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. The Metropolitan Government is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Metropolitan Government or FirstSouthwest, A Division of Hilltop Securities (the "Financial Advisor"). This Official Statement does not constitute an offer or solicitation in any jurisdiction which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the Metropolitan Government and other sources which are believed to be reliable, but is it not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the underwriters of the Bonds.

This Official Statement is not to be construed as a contract with the purchaser of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Resolution (as defined herein), and the provisions with respect thereto included in the aforementioned documents and agreements.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE METROPOLITAN GOVERNMENT, THE BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE METROPOLITAN GOVERNMENT TO ADVISE IT WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE BONDS. THE FINANCIAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE HOLDERS OF THE BONDS.

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Official Statement

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Metropolitan Government
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METROPOLITAN GOVERNMENT OFFICIALS, STAFF AND CONSULTANTS

Mayor and Metropolitan County Council

Megan Barry – Mayor
David Briley – Vice Mayor and Council President

John Cooper – Council Member At Large
Erica Gilmore – Council Member At Large
Bob Mendes – Council Member At Large
Sharon Hurt – Council Member At Large
Jim Shulman – Council Member At Large
Nick Leonardo – District Council Member
Decosta Hastings – District Council Member
Brenda Haywood – District Council Member
Robert Swope – District Council Member
Scott Davis – District Council Member
Brett Withers – District Council Member
Anthony Davis – District Council Member
Nancy VanReece – District Council Member
Bill Pridemore – District Council Member
Doug Pardue – District Council Member
Larry Hagar – District Council Member
Steve Glover – District Council Member
Holly Huezo – District Council Member
Kevin Rhoten – District Council Member
Jeff Syracuse – District Council Member

Mike Freeman – District Council Member
Colby Sledge – District Council Member
Burkley Allen – District Council Member
Freddie O’Connell – District Council Member
Mary Carolyn Roberts – District Council Member
Ed Kindall – District Council Member
Sheri Weiner – District Council Member
Mina Johnson – District Council Member
Kathleen Murphy – District Council Member
Russ Pulley – District Council Member
Jeremy Elrod – District Council Member
Davette Blalock – District Council Member
Tanaka Vercher – District Council Member
Karen Johnson – District Council Member
Jason Potts – District Council Member
Fabian Bedne – District Council Member
Jacobia Dowell – District Council Member
Sam Coleman – District Council Member
Angie Henderson – District Council Member
Dave Rosenberg – District Council Member

Select Administrative Staff

Talia Lomax-O’dneal – Director of Finance

Jon Cooper – Director of Law

Kim McDoniel – Deputy Director of Finance

Tom Eddlemon – Treasurer

Shannon B. Hall – Metropolitan Clerk

Consultants and Advisors

Metropolitan Government Counsel Metropolitan Department of Law
Nashville, Tennessee

Bond Counsel Bass, Berry & Sims PLC
Nashville, Tennessee

Financial Advisor FirstSouthwest, A Division of Hilltop Securities
Dallas, Texas

**OFFICIAL STATEMENT
RELATING TO

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

**\$455,540,000
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2017**

INTRODUCTION

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its \$455,540,000 General Obligation Improvement Bonds, Series 2017 (the "Bonds"). The Bonds are issued pursuant to Chapter 21 of Title 9 of the Tennessee Code Annotated, as amended, and the resolution authorizing the Bonds adopted by the Metropolitan County Council on December 6, 2016 (the "Bond Resolution").

The proceeds of the Bonds will be used to (i) provide long-term financing for public works projects, (ii) retire outstanding commercial paper bond anticipation notes and (iii) pay costs of issuance of the Bonds.

The Bonds shall be issued as fully registered bonds without coupons and shall be dated as of their date of delivery. The principal of and interest and premium, if any, on the Bonds shall be payable at the office of U.S. Bank National Association, as Registrar and Paying Agent (the "Registration Agent"), as the same shall become due and payable.

The Bonds will bear interest at the rates specified on the inside cover page, payable semiannually on January 1 and July 1 in each year beginning July 1, 2017, and will be in denominations of \$5,000 or any integral multiple thereof and will mature on July 1 in each of the years and in the amounts as specified on the inside cover page. Interest on the Bonds will be paid by draft or check mailed to the person in whose name the Bond is registered in the bond registration books kept by the Registration Agent as Bond Registrar as of the close of business on the fifteenth day of the calendar month next preceding any interest payment date. As long as the Bonds are held by The Depository Trust Company, New York, New York, ("DTC") or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each interest payment date.

The Bonds will initially be issued in book-entry-only form and will be registered in the name of Cede & Co., as nominee of DTC. Purchases of the Bonds will be made in book-entry form through DTC Participants. No physical delivery of Bonds will be made to purchasers of the Bonds unless the book-entry-only system of registration is discontinued, or as may otherwise be provided herein. Payments on the Bonds will be made to bondholders by DTC through DTC Participants. See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM" herein.

All financial and other information presented in this Official Statement has been compiled from records of the Metropolitan Government, except for information expressly attributed to other sources. All quotations from, and summaries and explanations of, provisions of statutes contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and proceedings of the Metropolitan Government relating thereto are qualified in their entirety by reference to the form of the Bonds and such proceedings. Recent historical information does not indicate future or continuing trends in the Metropolitan Government's financial position or other affairs, unless specifically stated.

An electronic link to the Metropolitan Government's comprehensive annual financial report for the fiscal year ended June 30, 2016 is incorporated herein in Appendix A.

Certain financial and demographic information of the Metropolitan Government is set forth in Appendix B. The form of opinion of Bond Counsel is attached hereto as Appendix C, and the form of Continuing Disclosure Certificate is attached as Appendix D.

Investors should consider the entire Official Statement in making an investment decision, and should not consider information more or less important because of its location. Investors should refer to laws, reports or other documents described in this Official Statement for more complete information.

THE BONDS

Description of the Bonds

The Bonds will be issued by the Metropolitan Government pursuant to the laws of the State of Tennessee (the "State"), particularly Tennessee Code Annotated Sections 9-21-101 *et. seq.* (the "Local Government Public Obligations Law" or "LGPOL") and the Bond Resolution. Proceeds of the Bonds will be used as set forth hereinafter under "Purpose" and in "PLAN OF FINANCE".

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Metropolitan Government believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Metropolitan Government cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2017 Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Metropolitan Government as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal of or interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Metropolitan Government or the Registration Agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent or the Metropolitan Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal or interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Metropolitan Government, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Metropolitan Government and the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The Metropolitan Government may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Metropolitan Government, the Financial Advisor or the Underwriter.

Effect of Discontinuance of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Metropolitan Government, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution.

REDEMPTION PROVISIONS

Optional Redemption

The Bonds maturing July 1, 2028 and thereafter shall be subject to redemption prior to maturity at the option of the Metropolitan Government on July 1, 2027 and thereafter, as a whole or in part at any time, at a redemption price of par plus interest accrued to the redemption date.

If less than all of the Bonds are to be redeemed, the Registration Agent, upon written instruction from the Metropolitan Government, shall select the Bonds for redemption from such maturity dates and in such amounts as are selected by the Metropolitan Government, and if less than all the Bonds within a single maturity are to be redeemed, DTC or a successor depository shall select the Bonds from within such selected maturities by lot or such other manner as DTC or the successor depository shall determine. If less than all the Bonds within a single maturity are to be redeemed and the Bonds are no longer held under a book-entry system by DTC or a successor depository, the Registration Agent shall select the Bonds from within such selected maturities by lot or such other manner as the Registration Agent shall determine. In any event, the portion of any Series 2017 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the Metropolitan Government not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2017 Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. If at the time of the giving of the notice of redemption there shall not be on deposit with the Registration Agent moneys sufficient to redeem all the Bonds of a series called for redemption, the notice of redemption shall state that the redemption of such Bonds of such series is conditional upon and subject to deposit of moneys with the Registration Agent sufficient to redeem all such Bonds not later than the opening of business on the redemption date and that such notice shall be of no effect if such moneys are not on deposit. The Registration Agent shall mail said notices as and when directed by the Metropolitan Government pursuant to written instructions from an authorized officer of the Metropolitan Government given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent).

SECURITY AND SOURCE OF PAYMENT

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Metropolitan Government. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Metropolitan Government are irrevocably pledged.

Under State law, the Metropolitan Government's legislative body is authorized to levy a tax on all taxable property within the Metropolitan Government, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the Bond Resolution.

By referendum passed on November 7, 2006, voters in the Metropolitan Government amended the Charter of the Metropolitan Government (the "Charter") to require that all future increases of the maximum ad valorem (real property) tax rate of \$4.04 per one hundred dollars of assessed property value in the General Service District and \$0.65 per one hundred dollars of assessed property value in the Urban Service District be first approved by voter referendum prior to implementation by the Metropolitan Government. The current tax rates are \$3.924 for the GSD and \$0.592 for the USD. The Charter amendment does not purport to specifically limit that portion of the tax rate allocable to the payment of debt service.

The LGPOL (pursuant to which the Bonds are issued) dictates the levy of a tax sufficient to pay debt service of any general obligation bonds issued thereunder, without regard to any other State or local laws to the contrary. Bond Counsel will opine that the pledge of the Metropolitan Government's unlimited taxing power is valid, binding and enforceable against it, and that there is no limitation on the Metropolitan Government's ability to impose sufficient taxes to fund debt service on the Bonds. (See Appendix C – Form of Opinion of Bond Counsel.)

If valid, the Charter amendment may limit the Metropolitan Government's ability to raise additional revenues for governmental requirements – other than the payment of general obligation debt service – by increasing property tax rates. The information set forth in Appendices A and B to this Official Statement details the percentage of the Metropolitan Government's budget funded with ad valorem property tax revenues, and provides other pertinent information regarding the Metropolitan Government's collection and expenditure of ad valorem property tax revenues.

The Metropolitan Government's Department of Law and Bond Counsel have each opined that a court would likely find the Charter amendment to be invalid as an unconstitutional limitation on the exercise of the Metropolitan County Council's taxing authority. Neither the legal effect nor the constitutionality of the Charter amendment has been challenged, and the timing and outcome of any such challenge cannot be predicted.

REMEDIES

Pursuant to State law, any holder of the Bonds may by mandamus or other suit, action or proceeding, enforce such holder's rights against the Metropolitan Government, the Metropolitan County Council or any officer, agent or employee of the Metropolitan Government, including but not limited to, the right to require the Metropolitan Government, the Metropolitan County Council and any proper officer, agent or employee of the Metropolitan Government to assess, levy and collect taxes to pay when due principal and premium, if any, of and interest on the Bonds.

PLAN OF FINANCE

The proceeds of the Bonds will be used to (i) provide long-term financing for public works projects, (ii) retire outstanding commercial paper bond anticipation notes and (iii) pay costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

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

SOURCES

Par Amount	\$455,540,000
Original Issue Premium	48,128,140
Total Sources	\$503,668,140

USES

Commercial Paper Retirement	\$460,000,000
Project Fund	40,000,000
Costs of Issuance ⁽¹⁾	3,668,140
Total Uses	\$503,668,140

(1) Includes underwriters' discount, legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Bonds.

CURRENT FINANCIAL CONSIDERATIONS

Current expectations for Fiscal Year 2017 are an increase in revenue as compared to budget, and expenses to be under budgeted numbers. The result is expected to show a use of fund balance below budgeted amounts for the Fiscal Year.

The Fiscal Year 2017 budget of \$2,087,320,200 has been adopted and represents a \$119,034,300 increase over Fiscal Year 2016, or 6.10%. The budget included no increase in property tax rates. Increases in the budgeted expenditures were primarily in these categories: (1) public education (\$33.3 million); (2) debt service (\$18.6 million), and (3) benefits and pay increase (\$30.2 million). The approved budget included appropriations of fund balance of \$71.9 million.

SUMMARY OF GENERAL FUND, FISCAL YEARS 2012-2016 (in thousands of dollars)

	2016	2015	2014	2013	2012
Beginning Fund Balance	\$138,054	\$ 117,017	\$ 100,538	\$ 70,744	\$ 67,486
Revenues	938,174	913,495	863,970	838,922	778,024
Expenditures	(854,404)	(815,485)	(787,236)	(769,234)	(736,999)
Other Financing Sources (Uses)	(77,321)	(76,973)	(60,255)	(39,894)	(37,767)
Ending Fund Balance	\$144,503	\$138,054	\$117,017	\$100,538	\$70,744
Unreserved Fund Balance	\$84,493	\$83,196	\$81,650	\$84,054	\$69,837

Source: Metropolitan Government Department of Finance

ANTICIPATED FUTURE BORROWING PLANS

The Metropolitan Government maintains and routinely draws on a general obligation commercial paper program with up to \$700 million of funding capacity of which approximately \$50 million will be outstanding following the issuance of the Bonds. The general obligation commercial paper program will continue to provide initial funding for capital expenditures with no planned bond issue within the next 12 to 24 months.

INVESTMENT CONSIDERATIONS

General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Metropolitan Government to pay principal of and interest on the Bonds, and which could also affect the marketability of or the market price for the Bonds.

The purchase of the Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

Ratings

There is no assurance that the ratings assigned to the Bonds at the time of issuance (see "RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds.

Secondary Market Prices

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

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current owner of the Bonds, depending on existing market conditions and other factors.

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
LONG-TERM GENERAL OBLIGATION DEBT SERVICE SCHEDULE
(As of January 1, 2017)

Fiscal Year Ending June 30	Outstanding General Obligation Debt Service (1, 2)			Series 2017 Debt Service			Total General Obligation Debt Service (1, 2)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 6,665,000	\$ 1,332,467	\$ 7,997,467	-	-	-	\$ 6,665,000	\$ 1,332,467	\$ 7,997,467
2018	139,150,000	100,510,826	239,660,826	-	\$18,066,566	\$18,066,566	139,150,000	118,577,392	257,727,392
2019	145,505,000	94,036,950	239,541,950	\$8,320,000	19,581,687	27,901,687	153,825,000	113,618,637	267,443,637
2020	143,835,000	88,318,607	232,153,607	16,300,000	18,986,987	35,286,987	160,135,000	107,305,594	267,440,594
2021	150,005,000	82,146,382	232,151,382	17,140,000	18,150,987	35,290,987	167,145,000	100,297,369	267,442,369
2022	152,575,000	75,157,018	227,732,018	18,015,000	17,272,112	35,287,112	170,590,000	92,429,130	263,019,130
2023	160,785,000	67,949,956	228,734,956	18,940,000	16,348,237	35,288,237	179,725,000	84,298,193	264,023,193
2024	170,915,000	60,801,516	231,716,516	19,910,000	15,376,987	35,286,987	190,825,000	76,178,503	267,003,503
2025	169,660,000	53,448,875	223,108,875	20,930,000	14,355,987	35,285,987	190,590,000	67,804,862	258,394,862
2026	149,575,000	46,176,469	195,751,469	22,005,000	13,282,612	35,287,612	171,575,000	59,459,081	231,039,081
2027	133,860,000	39,364,429	173,224,429	23,105,000	12,183,743	35,288,743	156,965,000	51,549,172	208,513,172
2028	130,080,000	32,847,797	162,927,797	24,135,000	11,152,300	35,287,300	154,215,000	44,000,097	198,215,097
2029	87,740,000	27,524,671	115,264,671	25,120,000	10,167,200	35,287,200	112,860,000	37,691,871	150,551,871
2030	90,910,000	23,802,234	114,712,234	26,145,000	9,141,900	35,286,900	217,055,000	32,944,134	149,999,134
2031	90,695,000	19,308,352	110,003,352	27,215,000	8,074,700	35,289,700	117,910,000	27,383,052	145,293,052
2032	94,730,000	14,683,506	109,413,506	28,325,000	6,963,900	35,288,900	123,055,000	21,647,406	144,702,406
2033	98,965,000	9,831,514	108,796,514	29,480,000	5,807,800	35,287,800	128,445,000	15,639,314	144,084,314
2034	62,755,000	4,809,950	67,564,950	30,685,000	4,604,500	35,289,500	93,440,000	9,414,450	102,854,450
2035	61,915,000	1,596,739	63,511,739	31,935,000	3,352,100	35,287,100	93,850,000	4,948,839	98,798,839
2036	-	-	-	33,240,000	2,048,600	35,288,600	33,240,000	2,048,600	35,288,600
2037	-	-	-	<u>34,595,000</u>	<u>691,900</u>	<u>35,286,900</u>	<u>34,595,000</u>	<u>691,900</u>	<u>35,286,900</u>
	\$2,240,320,000	\$843,648,259	\$3,083,968,259	\$455,540,000	\$225,610,810	\$681,150,810	\$2,695,860,000	\$1,069,260,063	\$3,765,119,063

- (1) Includes Debt Service on District Energy Revenue and Refunding Bonds, Series 2012 secured by Net Revenues from the District Energy System and additionally secured by ad valorem taxes levied on all taxable property in the Metropolitan Government.
- (2) Does not include any direct pay subsidy or tax credit subsidy on outstanding bonds

LITIGATION

At the time of original delivery of the Bonds, there will also be furnished to the Underwriter a certificate of certain officers of the Metropolitan Government stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Bonds or the power of the Metropolitan Government to levy and collect ad valorem taxes to pay them.

The Metropolitan Government is a party to various lawsuits in the normal course of business. It is the opinion of the Director of Law of the Metropolitan Government that there is no pending litigation against the Metropolitan Government that, if decided adversely to the Metropolitan Government, would have a material adverse financial impact upon the Metropolitan Government or its operations.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinion in substantially the form attached hereto as Appendix C will be delivered with the Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinion set forth herein under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system), "SECURITY AND SOURCE OF PAYMENT" (excluding financial and statistical data as to which no opinion is expressed), "TAX MATTERS," and APPENDIX C – FORM OF OPINION OF BOND COUNSEL, which have been reviewed by Bond Counsel, Bond Counsel has not undertaken any responsibility for any of the information contained in this Official Statement. Certain legal matters with respect to the Metropolitan Government will be passed upon by its Director of Law.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

CONTINUING DISCLOSURE

In connection with the issuance of the Bonds and to assist the Underwriter in complying with Rule 15c2-12 (the "Rule") promulgated by the SEC under the Securities Exchange Act of 1934, as amended, the Metropolitan Government has executed the Continuing Disclosure Certificate. The Metropolitan Government has covenanted for the benefit of the holders of the Bonds that, consistent with the Rule, it will provide: annual financial information for the Metropolitan Government, including audited financial statements of the Metropolitan Government for each fiscal year ending on and after June 30, 2017, in a timely manner, and notices of certain events with respect to the Bonds. The proposed form of the Continuing Disclosure Certificate is in Appendix D hereto.

The Metropolitan Government has agreed to provide the foregoing information only as described in the Continuing Disclosure Certificate. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at emma.msrb.org.

In evaluating its compliance with its continuing disclosure obligations during the previous five years, the Metropolitan Government made the following findings: (1) the Metropolitan Government's annual financial statements were correctly linked to each CUSIP initially-assigned to a maturity of bonds, but were not correctly linked to the CUSIPs that replaced the initially-assigned CUSIP as a result of a partial refunding of that maturity of bonds (i.e. CUSIPs distinguishing between pre-refunded and unrefunded bonds); (2) the Metropolitan Government's annual financial statements for the fiscal year ended June 30, 2011 were not correctly linked to the CUSIPs for the Metropolitan Government's then-outstanding District Energy System Revenue Bonds, Series 2002; and (3) the Metropolitan Government's annual financial statements for the fiscal years ended June 30, 2011 – 2014 were not filed within the six-month time frame required by the Metropolitan Government's continuing disclosure obligation related to The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee Revenue Refunding and Improvement Bonds

(Meharry Medical College Project) Series 1996 (the filings were in each case made within the nine-month period required by all of the Metropolitan Government's other continuing disclosure agreements). The Municipality believes that it has otherwise complied in all respects with its previous continuing disclosure undertakings.

TAX MATTERS

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. A form of their opinion is attached as Appendix C. Their opinion under existing law, relying on certain statements by the Metropolitan Government and assuming compliance by the Metropolitan Government with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is taken into account in determining the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds.

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

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

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

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

State Taxes

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

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings, have assigned ratings of "Aa2" and "AA", respectively, to the Bonds. The ratings reflect only the respective views of such organizations, and the Metropolitan Government makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Moody's Investors Services, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041. The Metropolitan Government furnished to each rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Metropolitan Government and its outstanding debt. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Citigroup Global Markets Inc., acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$500,652,465, which is par, plus original issue premium of \$48,128,140, less Underwriter's discount of \$3,015,675.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

FirstSouthwest, A Division of Hilltop Securities, is employed as Financial Advisor to the Metropolitan Government in connection with the issuance of the Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. FirstSouthwest, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, FirstSouthwest may from time to time sell investment securities to the Metropolitan Government for the investment of bond proceeds or other funds of the Metropolitan Government upon the request of the Metropolitan Government.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Metropolitan Government and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INDEPENDENT AUDITORS

An electronic link to the Metropolitan Government's comprehensive annual financial statements as of the fiscal year ended June 30, 2016 is included in Appendix A, and such financial statements have been audited by Crosslin & Associates, P.C., independent auditors, as stated in its report.

Crosslin & Associates, P.C. has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Metropolitan Government, that are not purely historical, are forward-looking statements, including certain statements regarding the Metropolitan Government's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Metropolitan Government on the date hereof and the Metropolitan Government assumes no obligation to update any such forward-looking statements. It is important to note that the Metropolitan Government's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Metropolitan Government. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all information included herein (particularly the information under the captions "INVESTMENT CONSIDERATIONS" and "FORWARD LOOKING STATEMENTS") to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Bonds.

MISCELLANEOUS INFORMATION

There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information. Reference is made to original documents in all respects. This Official Statement, and the execution and delivery of this Official Statement, were authorized by the Metropolitan Government.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

/s/ Megan Barry

Metropolitan Mayor

/s/ Talia Lomax O'dneal

Director of Finance

APPENDIX A

**ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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General Purpose Financial Statements

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 2016, together with the independent auditors' report from Crosslin & Associates, Certified Public Accountants, are available through the website of the Metropolitan Government's Department of Finance at <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx> and are hereby incorporated by reference as part of this Appendix A. To the extent there are any differences between the electronically posted financial statements of the Metropolitan Government and the printed financial statements of the Metropolitan Government, the printed version shall control.

Crosslin & Associates, Certified Public Accountants has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.

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APPENDIX B

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

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FINANCIAL INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

The Metropolitan Government

Organization

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

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

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

Fiscal Year

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

Budgeting Procedures

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

The Mayor reviews the operating budget submitted by the Director of Finance, and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Metropolitan County Council for consideration no later than May 1st. In no event can the total appropriations from any fund exceed the total anticipated revenues plus the estimated unappropriated fund balance and applicable reserves. After the Metropolitan County Council has passed the budget ordinance on first reading, it will hold public hearings. After the conclusion of the public hearings, the Metropolitan County Council may amend the operating budget prepared by the Mayor. The budget as finally amended and adopted, however, must provide for all expenditures required by law or by provisions of the Charter and for all debt service requirements for the ensuing fiscal year as certified by the Director of Finance. If the Metropolitan County Council fails to adopt a budget by July 1st, the budget submitted by the Mayor is deemed to be the adopted budget.

The Charter requires that following the adoption of the Metropolitan Government’s annual operating budget, an annual tax is to be levied on all taxable property within the GSD and an additional annual tax on all taxable property within the USD. These annual taxes must be at rates sufficient to finance the GSD and USD budgets adopted for their respective service districts.

Capital Improvements Budget. As provided by the Charter, the capital improvements budget and program for the Metropolitan Government is prepared annually to “include a program of proposed capital expenditures for the ensuing fiscal year and the five fiscal years thereafter....” The Mayor submits to the Metropolitan County Council the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metropolitan Government for capital improvements, and recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor’s recommendation notes the impact of proposed projects on the debt structure of the Metropolitan Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Metropolitan County Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Metropolitan County Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Metropolitan County Council.

The following information identifies recommended capital projects in the 2016-2017 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2016-2017 and the following five fiscal years.

The following table also does not reflect any additional funding for transit projects anticipated to be proposed in the next five years. See “—Transportation” below.

The water and sewer improvements listed on the following page include both water and sewer system projects and stormwater projects. Water and sewer improvements will be funded from water and sewer system revenues and/or proceeds from water and sewer system revenue bonds. Stormwater improvements would be funded with general obligation bonds but would be primarily payable from stormwater fees, which are set at rates sufficient to provide for the payment in full of all stormwater-related debt service.

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FY2016-2017 to FY2021-2022 Capital Improvements Budget - Final - By Agency

Departments	% of '16-'17		FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	% of '17-'22	
	FY2016-17	Total						Total	Total
Agricultural Extension	\$201,000	0.011%						\$201,000	0.003%
Arts Commission	1,720,000	0.090%	408,000					2,128,000	0.034%
County Clerk	2,000	0.000%						2,000	0.000%
District Energy System - USD	1,017,500	0.053%	825,000	495,000	495,000	495,000		3,327,500	0.053%
Emergency Communications Ctr	51,482,700	2.690%						51,482,700	0.818%
Farmers Market	11,623,700	0.607%						11,623,700	0.185%
Finance	40,300,000	2.106%	5,000,000	2,000,000	2,000,000			49,300,000	0.783%
Fire Department - GSD	15,200,100	0.794%	10,850,000	10,400,000				36,450,100	0.579%
General Hospital	29,768,200	1.556%	808,600	492,500				31,069,300	0.494%
General Services	185,251,600	9.681%	39,301,000	39,198,000	12,300,000	12,300,000	12,100,000	300,450,600	4.774%
General Sessions Court	1,376,700	0.072%						1,376,700	0.022%
Health	850,000	0.044%						850,000	0.014%
Historical Commission	3,556,440	0.186%						3,556,440	0.057%
Human Relations Commission	135,200	0.007%	60,000					195,200	0.003%
Human Resources	500,000	0.026%						500,000	0.008%
Information Technology Services	23,816,900	1.245%	10,859,300	8,375,100	802,900			43,854,200	0.697%
Juvenile Court	5,382,600	0.281%						5,382,600	0.086%
Juvenile Court Clerk	380,000	0.020%						380,000	0.006%
MDHA - GSD	29,350,000	1.534%	21,125,000	33,000,000	23,000,000	23,000,000	7,000,000	136,475,000	2.169%
Metro Action Commission	20,011,250	1.046%						20,011,250	0.318%
Metropolitan Clerk		0.000%		150,000				150,000	0.002%
MNPS (Schools)	274,635,000	14.352%	264,221,000	497,517,555	250,095,000	146,035,000	112,182,000	1,544,685,555	24.545%
MTA	31,049,000	1.623%	22,810,000	20,087,500	22,640,500			96,587,000	1.535%
Municipal Auditorium	4,973,000	0.260%	1,575,000	1,600,000	1,900,000			10,048,000	0.160%
Parks & Recreation	133,925,000	6.999%	24,000,000	24,000,000				181,925,000	2.891%
Planning - GSD	2,650,000	0.138%	6,000,000	5,250,000				13,900,000	0.221%
Police	86,103,900	4.500%						86,103,900	1.368%
Public Library	21,840,000	1.141%	8,850,000	16,300,000	19,850,000	21,800,000	18,000,000	106,640,000	1.695%
Public Works - GSD	508,563,700	26.577%	238,015,000	290,881,700	265,841,600	258,548,600	251,756,600	1,813,607,200	28.818%
Public Works - USD	76,130,000	3.979%	8,600,000	6,000,000	1,000,000	1,000,000	1,000,000	93,730,000	1.489%
Social Services	772,500	0.040%						772,500	0.012%
Sports Authority	108,000,000	5.644%	3,000,000	3,000,000				114,000,000	1.811%
State Fair Board	17,940,000	0.938%	725,000	725,000	1,105,000	725,000	725,000	21,945,000	0.349%
State Trial Courts	275,000	0.014%						275,000	0.004%
Water & Sewer GSD	200,749,900	10.491%	282,130,000	250,885,100	356,725,000	254,310,000	141,510,000	1,486,310,000	23.617%
Water & Sewer USD	24,000,000	1.254%						24,000,000	0.381%
Totals	\$1,913,532,890	100.000%	\$949,162,900	\$1,210,357,455	\$957,755,000	\$718,213,600	\$544,273,600	\$6,293,295,445	100.000%

District Energy System of the Metropolitan Government

The Metropolitan Government's District Energy System ("DES") began operations in December 2003. DES is a district heating and cooling system that provides steam and chilled water to 41 buildings in the downtown Metropolitan Nashville area for the purposes of general heating and air conditioning. DES is managed by Constellation NewEnergy Projects ("CNE") of Baltimore, MD. CNE has been involved in the development of many other district energy plants, including those in Chicago, Las Vegas, Old Hickory, TN, Pittsburgh and Baltimore. The Metropolitan Government is the owner of the DES and the site on which the facility is located.

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

The Metropolitan Government is a customer of DES and purchased approximately 44.9% of the steam and 46.0% of the chilled water sold by the system for FY 16. In addition, the Metropolitan Government has covenanted to provide funding in an amount equal to any shortage in revenues necessary to pay debt service and operating expenses (the "Metro Funding Amount") and to replenish the DES debt service reserve fund and operating reserve fund if necessary. To date, no amounts have been required to replenish the reserve funds and the amounts paid as the Metro Funding Amounts are as follows:

Fiscal Year	Amount
2004	\$2,000,000
2005	1,698,000
2006	2,173,100
2007	2,291,300
2008	1,214,050
2009	2,256,100
2010	2,444,100
2011	2,444,100
2012	2,363,000
2013	2,315,700
2014	1,958,300
2015	1,849,500
2016	1,794,000
2017	1,722,000*

*Budgeted Amount

The Sports Authority of the Metropolitan Government

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

The Authority owns, and has provided financing for, four facilities in the Metropolitan Government:

Nissan Stadium. The Sports Authority owns Nissan Stadium, which is the home of the National Football League's Tennessee Titans and the home stadium of Tennessee State University. The Authority has financed (or refinanced) a

portion of the construction and improvement of Nissan Stadium through the issuance of its Series 2012A, 2013B and 2014 Bond issues and through a bank loan incurred in 2015. Aggregate debt service on the Authority's Nissan Stadium debt approximates \$5.2 million per year, and is payable through 2033. This debt is payable primarily from dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University, and a ticket tax at Nissan Stadium). In the event of a deficiency, the Nissan Stadium debt is payable from the Metropolitan Government's non-tax GSD General Fund revenues (the "GSD Non-Tax Revenues").

Bridgestone Arena. The Sports Authority owns Bridgestone Arena, which is the home of the National Hockey League's Nashville Predators and is the primary large-scale concert venue in the Metropolitan Government. The Authority financed certain expenses associated with relocating the Predators to the Arena with its Series 1998 Bonds (since refunded by its Series 2012B Bonds). Debt service on the Bridgestone Arena debt is approximately \$1.7 million per year, and is payable through 2018. This debt is payable primarily from surcharges levied on Arena tickets ("Arena Surcharges"). In the event of a deficiency, the debt is payable from GSD Non-Tax Revenues.

Ford Ice Center. The Sports Authority owns the Ford Ice Center, a two-sheet ice skating and hockey facility located in the southeastern part of the Metropolitan Government. The Ford Ice Center is leased to, and operated by, the Nashville Predators. The Sports Authority financed the construction of the Ford Ice Center with its Series 2013A Bonds. Debt service on the Ford Ice Center debt is approximately \$1.1 million per year, and is payable through 2033. This debt is payable primarily from Arena Surcharges and Predators lease payments. In the event of a deficiency, the debt is payable from GSD Non-Tax Revenues.

First Tennessee Ballpark. The Authority owns the First Tennessee Ballpark, the downtown baseball park that is the home of the Nashville Sounds, the AAA affiliate of Major League Baseball's Oakland Athletics. The Ballpark was financed by the Authority's Series 2013A and 2013B Ballpark Bonds. Debt service on the Ballpark Bonds is approximately \$4.35 million annually, and is payable through 2043. Debt service on the Series 2013A and 2013B Ballpark Bonds is primarily payable by Ballpark sales tax rebate revenues, tax increment financing payments from development adjacent to the Ballpark, and Sounds lease payments. Any deficiency is payable from the Metropolitan Government's non-tax USD General Fund revenues.

The Sports Authority has entered into a contract for a comprehensive study of the current condition of Bridgestone Arena and Nissan Stadium for the purpose of forecasting repairs and future capital needs. The study will cover all aspects of the facilities from physical plant to operational elements. The report is expected to be completed in spring 2017 and will be the basis for future funding needs for these facilities.

Metropolitan Development and Housing Agency

In December 2014, the Metropolitan Development and Housing Agency ("MDHA") entered into a lease arrangement under which MDHA will construct and operate an approximately 1,000-space parking facility in downtown Nashville. The lease arrangements obligate MDHA to annual lease payments of approximately \$2.9 million through 2044. The lease payments are payable primarily from parking revenues generated by the parking facility, which are projected by MDHA to be sufficient therefor, and in the event of a deficiency, from a subordinate pledge of non-tax USD General Fund Revenues.

Convention Center Authority of the Metropolitan Government

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

On April 21, 2010, the CCA issued \$51,730,000 of its Tourism Tax Revenue Bonds, Series 2010A-1 and \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct

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

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

Economic and Demographic Profile of the Metropolitan Government

Introduction

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

Population Growth

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC STATISTICS - POPULATION GROWTH

Area	2000	2010	Change 2000 - 2010	2015 Estimates
Nashville/Davidson	569,891	626,681	10.0%	678,889
MSA	1,311,789	1,670,900	27.4%	1,830,345
State	5,689,283	6,346,105	11.5%	6,600,299
United States	281,421,906	308,745,538	9.7%	321,418,820

Source - Census Bureau (census.gov)

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

Per Capita Personal Income

<u>Area</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Davidson, TN	45,170	45,992	48,070	46,690	48,245	50,130	52,658	52,193	54,307	55,411
MSA	38,720	39,755	41,133	39,718	41,205	43,037	45,792	45,825	47,392	50,635
Tennessee	32,950	34,117	35,322	34,635	35,653	37,452	38,771	39,312	40,233	42,094
United States	38,144	39,821	41,082	39,376	40,277	42,453	44,267	38,806	46,414	48,112

Source - Bureau of Economic Analysis (bea.gov)

Economy of the Metropolitan Area

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

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Employment

The following table shows the labor force segments of the eight-county Nashville Metropolitan Statistical Area for calendar years 2006 through 2015.

NASHVILLE MSA EMPLOYMENT BY INDUSTRY ⁽¹⁾

<u>Industry</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Education & Health Services	108.2	112.1	116.1	118.9	122.7	126	129.5	132.6	135.9	140.7
Financial Activities	48.2	48.6	48.4	47.3	48.4	49.6	51	53.7	56.6	59.6
Government	104.3	105.8	109	110.5	111.9	111	109.8	110.7	112	112.2
Information	19.9	20.4	21.7	20.6	19.8	20.5	20.7	21.1	20.5	21.2
Leisure & Hospitality	80.2	83.5	82.4	79.4	79.7	81.6	86.4	90.5	95.7	99.9
Manufacturing	91.6	85.2	79.6	67.3	63.1	65.4	70.3	74.8	77.7	79.1
Professional & Business Services	101.2	104.1	102.9	95.1	100.4	108.5	117.7	125.7	136.5	146.8
Trade, Transportation, Utilities	159.2	160	160.4	153.1	153.1	157.7	163	167.6	172.9	176
Total Non-Agriculture Employment	785.1	794.7	793.5	756.3	762.5	786.1	816.4	846.1	880.2	912.1
Other	72.3	75	73	64.1	63.4	65.8	68	69.4	72.4	76.6

Source - Bureau of Labor Statics (bls.gov)

(1) Employment numbers in thousands

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

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

	Nashville MSA					Tennessee					United States				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Employed All Industries ¹	912	880	846	816	786	2,892	2,822	2,714	2,661	2,615	139,042	136,393	134,104	131,842	130,275
In Percentages:															
Education & Health Services	15.43%	15.44%	15.67%	15.86%	16.03%	14.35%	14.40%	14.42%	14.44%	14.30%	15.86%	15.72%	15.43%	15.34%	15.27%
Financial Activities	6.53%	6.43%	6.35%	6.25%	6.31%	5.12%	5.11%	5.07%	5.13%	5.24%	5.84%	5.85%	5.80%	5.84%	5.91%
Government	12.30%	12.58%	13.08%	13.45%	14.12%	14.66%	15.03%	15.61%	16.07%	16.55%	15.83%	16.04%	16.35%	16.75%	17.26%
Information	2.32%	2.33%	2.49%	2.54%	2.61%	1.51%	1.55%	1.58%	1.65%	1.72%	1.98%	2.00%	2.00%	2.03%	2.08%
Leisure & Hospitality	10.95%	10.87%	10.70%	10.58%	10.38%	10.65%	10.51%	10.21%	10.05%	10.02%	10.88%	10.77%	10.27%	10.13%	10.02%
Manufacturing	8.67%	8.83%	8.84%	8.61%	8.32%	11.50%	11.51%	11.55%	11.44%	11.43%	8.86%	8.93%	8.89%	8.89%	8.85%
Professional & Business Services	16.09%	15.51%	14.86%	14.42%	13.80%	13.58%	13.31%	12.40%	12.13%	11.63%	14.15%	13.98%	13.37%	13.15%	12.84%
Trade, Transportation, Utilities	19.30%	19.64%	19.81%	19.97%	20.06%	20.85%	20.90%	21.18%	21.17%	21.23%	19.36%	19.34%	19.00%	19.01%	18.91%
Other	8.40%	8.37%	8.20%	8.33%	8.37%	7.78%	7.69%	7.97%	7.92%	7.89%	7.24%	7.36%	8.89%	8.86%	8.87%

(1)Total Non-Farm Employment in thousands

Source-Bureau of Labor Statistics (bls.gov)

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited – See Accompanying Accountants' Report**

<u>June 30, 2016</u>				<u>June 30, 2007</u>		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>
Vanderbilt University	24,719	1	2.75%	18,252	3	2.29%
Metro Nashville-Davidson Co. Governments and Public Schools	18,820	2	2.09	19,188	2	2.40
State of Tennessee	17,219	3	1.91	20,029	1	2.51
U.S. Government	12,225	4	1.36	11,216	4	1.40
Nissan North America Inc.	10,900	5	1.21	8,100	7	1.01
Saint Thomas Health	7,100	6	0.79	8,200	6	1.03
HCA Holdings Inc.	7,000	7	0.78	9,649	5	1.21
Community Health Systems Inc.	4,300	8	0.48	-	-	(1)
Asurion	4,175	9	0.46	-	-	(1)
Randstad	4,100	10	0.46	-	-	(1)
Wal-Mart Stores Inc.	-	-	(1)	4,500	10	0.56
Bridgestone America Holdings Inc.	-	-	(1)	4,900	8	0.61
Gaylord Entertainment Company	-	-	(1)	4,519	9	0.57
	<u>110,558</u>		<u>12.29%</u>	<u>108,553</u>		<u>13.59%</u>

Sources:

Principal Employers and Number of Employees – Nashville Area Chamber of Commerce, Nashville Business Journal
Total Employment – TN Department of Labor & Workforce Development

Note: The schedule reflects employers and number of employees within the Metropolitan Statistical Area.

(1) National, State or Corporate Headquarters.

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Investment and Job Creation

FY2015-2016, the Nashville Area Chamber of Commerce announced 138 business relocations or expansions into the Nashville MSA, bringing 12,137 jobs.

In FY 2016, the Nashville Area Chamber of Commerce announced 67 business relocations or expansions into Davidson County, collectively bringing 5,164 new jobs into Metro Davidson County. Continued expansion has occurred in recent years in corporate and regional headquarters, information processing operations, the automotive industry, health care management and many areas where the local economy has established strength and growth potential.

Over the past several years, many sizable headquarters, shared service operations, and manufacturing operations have relocated and/ or expanded in Nashville. In the 2015-2016 Fiscal Year, Lyft announced they were locating their Regional Headquarter and bringing 400 new jobs to downtown Nashville. Aegis Science announced an expansion adding 740 new jobs to their Headquarters. Sinomax Group announced the relocation of a manufacturing plant adding 350 new jobs making them the largest Chinese employer in the state. Another advanced manufacture that located to Nashville was Harry's Fresh Foods announcing 300 new jobs. The General Insurance is planning an expansion creating 276 jobs in Nashville. Hankook Tire announced the location of its North American Headquarters to Nashville and will be adding another 200 jobs in Nashville Region. Healthcare leader, HCA, announced the addition of 200 new jobs. Another Healthcare company, Triwest Healthcare, announced the addition of 303 new jobs with their relocation to Nashville. In November 2016, Warner Music Group announced that it will move some of its U.S. departments, including U.S. Accounting Operations, Cash Management and Recorded Music Rights Administration to a new center in Nashville, Tennessee; and global shipping firm UPS announced that it will double the size of its ground-package hub in Nashville.

Other successes in Davidson County include DayNine Consulting establishing corporate operations in Nashville adding 260 new jobs and Accenture established a new corporate operations office adding 250 new jobs in Nashville. Postmates announced new corporate operations in Nashville bringing 200 new jobs. A Healthcare company, Intermedix, announced 116 new jobs with its new corporate operations in Nashville. Two leading Tech companies announced expansions in Nashville: Eventbrite bringing 100 new jobs and LeanKit bringing 70 new jobs.

Unemployment Rates

The following table sets forth the unemployment percentage rates in Davidson County, the MSA, the State and the United States for the calendar years 2006-2015.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Davidson County	4.2	3.8	5.4	8.9	8.2	7.5	6.2	5.9	5.0	4.5
Nashville MSA	4.3	4.1	5.8	9.5	8.6	7.8	6.4	6.2	5.2	4.6
Tennessee	5.2	4.7	6.6	10.5	9.7	9	7.8	7.8	6.5	5.8
United States	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2	5.3

Source - Bureau of Labor Statistics (bls.gov)

Manufacturing

As of December 2015, an average of 79,100 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

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

Trade

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

Agriculture

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

Transportation

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

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

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

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

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. MTA provides a comprehensive public transportation system covering the entire metropolitan area. In addition to regularly scheduled bus routes, MTA provides special transportation services for the handicapped and operates bus service in the downtown area for shoppers, tourists and downtown workers. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2016, approximately \$40.014 million and \$4.585 million, respectively, to pay approximately 60.7% of the Authority's operating expenses. The State directs revenues from a two cent per gallon gasoline tax, which it imposes on local governments that may be applied to mass transit. The contribution of the Metropolitan Government was paid from its general revenues.

The Metropolitan Nashville Airport Authority (the "Airport Authority") owns Nashville International and John C. Tune airports. Nashville International Airport (the "Airport") is situated approximately eight miles from downtown Nashville.

Airport Facts:

- 1 million+-square-foot terminal
- 44 gates and 15 commuter aircraft parking positions
- Up to 78 commuter aircraft parking positions on 4,500 acres
- Four runways
- Ranked ninth in the nation for Best Domestic Airport by Travel and Leisure in 2016
- Served more than 12.2 million passengers in Fiscal Year 2015-2016
- 33rd busiest airport in the United States
- 12 airlines
- \$1.18 billion in wages and more than 39,700 jobs annually
- Serving 70 markets; 50 nonstop
- 440 daily flights

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

Two major planning groups in middle Tennessee, the Middle Tennessee Regional Transportation Authority and the Nashville Metropolitan Transit Authority Transportation, have recommended the pursuit of a 25-year, \$6 billion transit program aimed at relieving congestion in Nashville and the surrounding region. No funding sources were identified in the recommendation, and any transit program would require funding from new and existing sources at the federal, state and local level. To date, no specific transit program or major transit improvements have been approved by the Metropolitan Council, but the Metropolitan Government expects to pursue some type of transit program in the near future.

Construction

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

Of the nine major areas of office development in Nashville, the Central Business District ("CBD") is by far the largest, with approximately 12.6 million square feet of leasable space. The CBD achieved positive absorption of 470,000 square feet in 2015. Office vacancy in the CBD at the end of 2014 was 9.6% with another 1.7 million square feet under construction. There continues to be strong interest throughout the Downtown and around the new Music City Center, which has sparked continued strong interest in office space and hotel development downtown. Five other important office submarkets- Green Hills, West End, Airport North, MetroCenter and Rivergate - in Davidson County, meanwhile have vacancy rates at 10% or lower, reflecting the overall vitality of the city and improvement over 2014. Area-wide the city has the lowest vacancy in eight years. Leasing activity remains steady and growing in many Nashville office submarkets, which is a positive sign of very dynamic economic patterns in Nashville. There is continued national interest in Nashville, and Tennessee's attractiveness has been evident with new relocations, renewals and expansions.

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

Calendar Year	Residential		Non-Residential		Repairs, Alterations and		Other (1)		Number of Permits	Total Value
	Construction		Construction		Installations		Other (1)			
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value		
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778	1,272	11,960,044	9,376	1,322,948,024
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779	1,179	14,962,413	9,196	1,227,397,114
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860	1,433	20,029,867	9,432	1,076,007,515
2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647	1,222	20,013,372	9,653	1,193,138,429
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279	1,291	23,195,687	9,871	1,429,128,397
2005	3,794	747,525,151	865	428,627,829	4,431	462,950,966	1,434	24,073,860	10,524	1,663,177,806
2006	3,801	758,964,847	620	503,077,069	5,094	553,177,902	1,422	15,722,367	10,937	1,830,942,185
2007	5,965	851,544,710	1,453	619,951,806	2,754	267,721,486	1,469	17,293,882	11,641	1,756,511,884
2008	4,361	412,842,242	489	408,945,106	3,597	460,743,268	858	21,723,839	9,305	1,304,254,455
2009	3,149	318,357,857	495	375,074,904	1,913	205,828,855	1,730	14,464,364	7,287	913,725,980
2010	2,067	294,470,986	528	647,479,914	6,722	424,461,986	1,663	15,189,625	10,980	1,381,602,481
2011	2,166	372,440,931	444	382,483,854	3,163	377,053,306	1,840	18,738,180	7,613	1,150,716,271
2012	2,656	526,206,509	735	621,590,087	4,850	431,579,639	2,047	34,340,897	10,288	1,613,717,132
2013	3,406	737,396,336	762	493,330,146	3,405	455,745,450	2,135	23,344,644	9,708	1,709,816,576
2014	4,579	1,163,334,572	696	692,801,880	3,244	397,757,642	2,522	23,934,719	11,041	2,277,828,813
2015	5,774	1,428,091,853	762	937,747,113	2,988	441,598,956	2,862	38,771,613	12,386	2,846,209,535

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

Medical and Cultural Facilities

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

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

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

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

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

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

The Nashville Children's Theater is home to the oldest professional theater for children in the county. Thousands of school age children and adults are treated to a variety of productions each year. The 2016-2017 season will be the 85th year for the theater.

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

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

Tourism

Tourism is a major industry in Nashville consistently ranking in the top 3 producers. The Convention and Visitors Corporation (CVC) and U. S. Travel Data Center estimate more than 13.5 million tourists came to Nashville in 2015 and spent an estimated \$5.8 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Recently the city has become known as a destination for great food and culinary creativity. Excellent air service combined with geographic location and a superior highway system contribute to the city's success. A world-wide reputation as The Music City is a major factor.

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

In fall of 2016 a 454 room full-service Westin Hotel opened adjacent to the Music City Center. It features 20,000 square feet of meeting space, spa and three restaurants.

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

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

Each year for 45 years the Country Music Association has coordinated a music festival known as CMA Music Festival. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased, with 88,500 attendees in 2016. The last four years ABC has broadcast a 2 hour show of highlights with Nashville featured as much as the music.

In 2013, ABC TV network began broadcasting a weekly music/drama "Nashville." The hour-long show is shot entirely in Nashville and features well known locales. Songs from top Nashville songwriters drive the storyline, enticing millions of viewers to watch an extended commercial for the city and then visit. The show is currently broadcast in 85 countries worldwide. The 4th season will begin broadcasting January 2017.

The downtown entertainment district features the Hard Rock Café, Jimmy Buffett's Margaritaville and the Wild Horse Saloon; a newly renovated (\$8 million) concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium (2,362 seats), a former home of the Grand Ole Opry, is known for outstanding acoustics. The 124 year old Ryman has become a venue of choice by entertainers visiting Nashville and seven times has been named Pollstar Magazines venue of the year for the United States. A four block section of the downtown area, called lower Broadway, features bars and clubs known as Honky Tonks. These venues are housed in historic brick buildings and highlight live bands performing 15 hours a day, 7 days a week and are in close proximity of the Bridgestone Arena (20,000 seats) and Nissan Stadium.

The Bridgestone Arena is now in its 21st year of operation as a premier entertainment facility and in 2011, 2012, 2013 and 2014 ranked 6th in the United States in concert attendance. In 2015 it became the 2nd ranked arena in the U. S. and 6th in the world. The Arena is home of the Nashville Predators, a National Hockey League team that in 2012 played two rounds into the Stanley Cup playoffs, in its nineteenth season in Nashville.

The Musicians Hall of Fame and Museum is a premier attraction located in the historic 1962 Municipal Auditorium. The Museum honors the musicians behind the music. In 2016, a \$ 1 million Grammy Gallery opened inside the attraction that features recording studios, instruments and memorabilia from throughout the U. S.

Nashville is the headquarters of CMT (formerly Country Music Television). Their Nashville friendly programming is transmitted daily to 87 million households. Sirius XM Radio has their southern broadcast facilities inside the Bridgestone Arena where they program multiple channels in 8 studios with a potential daily audience of 27 million. RFD TV moved their production facilities to Nashville and is billed as Rural America's most important network.

The Tennessee NFL Stadium, opened in 1999, named Nissan Stadium, is the home of the 1999 American Football Conference Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 Ohio Valley Conference Champion Tennessee State University Tigers. Now in its seventeenth year of operation, the stadium also hosts the Music City Bowl each December.

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

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

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

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

The Nashville MSA has more than 333 hotels and motels offering more than 38,846 rooms. In addition to the 800 room OMNI Hotel, a 255 room Hyatt Place opened in fall of 2013 near the Music City Center and a 194 room Hilton Garden Inn opened in the Vanderbilt area. Developers are in the construction or due diligence stage for 16 additional hotel properties with 4,700 rooms in the downtown and midtown area. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,881 hotel rooms, 263,000 square feet of exhibit space and 300,000 square feet of meeting space.

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MSA HOTEL AND MOTEL ROOMS / OCCUPANCY RATE

Calendar Year	Rooms Available	Occupancy Rate
1998	30,122	61.90%
1999	31,106	61.00%
2000	32,385	59.90%
2001	33,316	56.50%
2002	33,474	56.90%
2003	32,661	58.50%
2004	32,727	60.70%
2005	32,983	62.30%
2006	33,052	66.20%
2007	33,056	66.90%
2008	34,921	62.50%
2009	35,662	57.00%
2010	35,639	59.50%
2011	35,727	63.50%
2012	36,263	66.80%
2013	37,124	69.80%
2014	37,824	72.50%
2015	38,721	73.70%

Source: Nashville Conventions and Visitors Corporation

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Education

The school system had its beginning in 1963 with the merger of Nashville and Davidson County. The Nashville public schools make up the second largest school system in Tennessee. In the 2016-2017 school year, Nashville had 171 public schools, with more than 89,000 students and approximately 5,500 teachers. In addition, there are approximately 70 independent schools, which are attended by over 2,600 students from pre-kindergarten through 12th grade.

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

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

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Anna Shepherd	Chair, District 4	2018
Jill Speering	Vice-Chair, District 3	2020
Dr. Sharon Gentry	Member, District 1	2020
Dr. Jo Ann Brannon	Member, District 2	2018
Christiane Buggs	Member, District 5	2020
Tyese Hunter	Member, District 6	2018
Will Pinkston	Member, District 7	2020
Mary Pierce	Member, District 8	2018
Amy Frogge	Member, District 9	2020

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

SCHOOL SYSTEM
Public Education Facilities
2016-2017

<u>Education Level</u>	<u>Number of Schools</u>	<u>School Year Enrollment</u>
Pre-School	*	684
Pre-Kindergarten	4	3,029
Elementary	84	36,648
Middle	49	25,691
High	30	23,615
Alternative	4	**
Total	159	89,667

*No Separate Facilities

** Enrollment count included in tier levels above

SCHOOL SYSTEM
Public Schools Enrollment and Attendance***

<u>School Year</u>	<u>Enrollment</u>	<u>Average Attendance</u>
2007-2008	74,733	70,231
2008-2009	75,043	69,686
2009-2010	76,329	70,979
2010-2011	78,096	73,808
2011-2012	79,117	75,072
2012-2013	81,077	76,946
2013-2014	82,863	75,190
2014-2015	84,500	76,252
2015-2016	89,753	77,059
2016-2017	87,572	76,951

*** Does not include preschool or prekindergarten

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

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Financial

Accounting

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

The Metropolitan Government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Metropolitan Government reports the following major enterprise funds:

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

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

Additionally, the Metropolitan Government reports the following fund types:

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

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

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

Revenues

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, fees, and State of Tennessee (the “State”) and Federal payments. During the fiscal year ended June 30, 2016, property taxes totaled \$944.0 million dollars and accounted for 53.65% of all revenues available to the GSD General Fund and for GSD Debt Service; 90.84% of all revenues available to the USD General and Debt Service Funds; 37.98% of revenues available to the Schools funds, including Debt Service; and 0.66% of revenues available to the other governmental funds. Sales tax collections totaled \$365.7 million in the fiscal year ended June 30, 2016. A description of each major revenue category available to both the GSD and USD follows:

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

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

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

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

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

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

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

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

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

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

	Years Ended June 30				
	2016	2015	2014	2013	2012
REVENUES:					
Property taxes	\$508,417,976	\$499,753,779	\$491,647,887	\$480,982,166	\$443,340,151
Local option sales tax	112,386,239	124,756,122	102,395,435	97,752,470	91,050,593
Other taxes, licenses and permits	143,264,669	132,376,873	120,627,119	115,430,380	107,705,008
Fines, forfeits and penalties	10,536,938	11,920,012	12,780,838	12,866,976	12,573,870
Revenue from use of money of property	695,634	255,599	198,903	86,552	20,916
Revenue from other governmental agencies	103,945,191	94,263,064	87,412,640	83,258,475	77,327,122
Commissions and fees	14,528,053	13,627,359	14,790,053	15,590,951	15,355,507
Charges for current services	35,359,332	31,106,384	30,996,165	28,890,730	27,011,407
Compensation for loss, sale or damage to property	6,879,924	3,289,222	1,193,663	2,103,455	1,509,595
Contributions and gifts	266,525	343,681	359,992	391,814	432,325
Miscellaneous	1,893,902	1,802,914	1,567,356	1,568,111	1,697,115
Total Revenues	\$938,174,383	\$913,495,009	\$863,970,051	838,922,080	\$778,023,609
EXPENDITURES					
General Government	\$50,211,810	\$47,417,134	\$25,903,721	\$26,138,400	\$26,010,451
Fiscal administration	21,463,006	20,510,344	21,517,557	22,164,457	21,912,507
Administration of Justice	57,481,614	54,856,715	56,599,410	55,703,453	53,575,166
Law enforcement and care of prisoners	262,052,423	249,765,327	240,770,156	231,121,038	219,993,520
Fire prevention and control	116,948,664	113,389,098	109,211,951	110,753,856	108,609,078
Regulation and inspection	8,101,479	7,547,675	7,615,499	7,685,912	7,760,963
Conservation of natural resources	373,209	348,293	357,658	398,931	333,713
Public welfare	6,293,042	7,835,469	7,944,408	7,814,574	7,735,922
Public health and hospitals	62,958,373	53,361,022	62,670,990	65,669,538	60,411,628
Public library system	27,432,634	24,003,183	21,426,128	21,430,534	20,363,498
Public works, highway, and street	32,302,132	33,124,553	31,930,278	30,497,505	29,171,348
Recreational and cultural	37,931,086	35,965,864	34,535,016	33,609,697	32,214,593
Employee benefits	81,576,678	80,114,975	79,043,492	76,165,493	72,920,868
Miscellaneous	89,278,037	87,245,357	87,709,934	80,080,144	75,985,530
Total Expenditures	\$854,404,223	\$815,485,009	\$787,236,198	\$769,233,532	\$736,998,785
Excess (Deficiency) of revenues over expenditures	83,770,160	98,010,000	76,733,853	69,688,548	41,024,824
OTHER FINANCING SOURCES (USES)					
Transfers in	22,890,396	23,509,995	20,174,668	36,857,090	40,553,865
Transfers out	(100,211,388)	(100,483,300)	(80,429,883)	(76,751,375)	(78,320,831)
Total Other Financing Sources (Uses)	(77,320,992)	(76,973,305)	(60,255,215)	(39,894,285)	(37,766,966)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$6,449,168	\$21,036,695	\$16,478,638	\$29,794,263	\$3,257,858
FUND BALANCE, beginning of year	138,053,598	117,016,903	100,538,265	70,744,022	67,486,144
FUND BALANCE, end of year	<u>\$144,502,766</u>	<u>\$138,053,598</u>	<u>\$117,016,903</u>	<u>\$100,538,265</u>	<u>\$70,744,002</u>

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

Years Ended June 30

	2016	2015	2014	2013	2012
REVENUES:					
Property taxes	\$295,533,190	\$291,219,946	\$286,542,463	\$277,467,379	\$225,243,162
Local option sales tax	214,139,486	192,810,899	186,859,425	201,896,100	188,282,638
Other taxes, licenses and permits	90,624,525	80,547,035	69,743,468	59,271,893	55,099,243
Fines, forfeits and penalties	6,194,363	5,540,757	4,910,031	5,479,124	3,256,519
Revenue from the use of money or property	893,265	722,798	870,054	64,148	22,113
Revenue from other governmental agencies	475,832,993	462,085,581	458,085,265	460,861,393	482,755,957
Commissions and fees	9,497,930	9,474,964	9,330,306	8,620,598	8,646,969
Charges for current services	29,979,888	27,648,479	28,787,365	29,709,668	29,298,030
Compensation for loss, sale or damage to property	3,188,064	1,909,472	1,486,943	1,698,946	968,076
Contributions and gifts	5,563,171	4,796,650	6,424,294	6,163,884	4,716,714
Miscellaneous	847,745	587,883	633,575	513,816	572,582
Total revenues	\$1,132,294,620	\$1,077,344,464	\$1,053,673,189	\$1,051,746,949	\$998,862,003
EXPENDITURES					
General government (1)	\$78,008,259	73,963,991	62,990,380	55,691,027	69,071,765
Fiscal administration	271,676	200,547	228,557	151,790	-
Administration of justice	13,872,252	14,377,227	13,691,453	12,776,019	-
Law enforcement and care of prisoners	21,818,071	23,141,747	23,004,447	28,263,321	35,283,366
Fire prevention and control	6,500	1,105,747	2,308,173	2,698,298	-
Regulation and inspection	87,755	81,650	167,225	371,494	-
Public welfare	32,656,928	30,594,494	30,417,582	32,241,772	31,433,222
Public health and hospitals	22,604,542	21,055,299	23,413,534	24,087,867	25,564,284
Public library system	951,871	1,040,918	923,424	898,004	814,644
Public works, highways and streets	31,551,513	29,843,795	29,887,199	27,753,624	22,621,447
Recreational and cultural	2,113,171	2,369,651	1,801,619	2,500,800	2,239,899
Education	918,529,638	871,205,208	856,359,742	832,358,297	797,821,823
Capital outlay	25,378,504	25,739,455	24,853,521	30,927,789	49,352,454
Total Expenditures	\$1,147,850,680	\$1,094,719,729	\$1,070,046,856	\$1,050,720,102	\$1,034,202,904
Excess (deficiency) of revenues over expenditures	(15,556,060)	(17,375,265)	(16,373,667)	1,026,847	(35,340,901)
OTHER FINANCING SOURCES (USES)					
Transfers in	140,720,312	108,588,367	97,581,716	112,746,251	113,965,491
Transfers out	(105,413,507)	(106,556,684)	(75,528,001)	(72,698,705)	(60,474,881)
Total other financing sources (uses)	35,306,805	2,031,683	22,053,715	40,047,546	53,490,610
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$19,750,745	\$(15,343,582)	\$5,680,048	\$41,074,393	\$18,149,709
FUND BALANCE, beginning of year	150,140,752	165,484,334	159,804,286	118,729,893	100,580,184
FUND BALANCE, end of year	\$169,891,497	\$150,140,752	\$165,484,334	\$159,804,286	\$118,729,893

(1) Beginning in 2013, certain expenditures previously reported as general government are reported in other categories.

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

	Years Ended June 30				
REVENUES:	2016	2015	2014	2013	2012
Property Taxes	\$140,059,158	\$137,822,517	\$135,931,269	\$133,949,349	\$122,191,565
Local option sales tax	39,178,209	22,509,494	26,223,882	1,782,042	1,961,289
Fines, forfeits and penalties	324,053	266,864	534,916	306,638	422,692
Revenue from the use of money of property	743,257	718,531	461,938	324,354	198,825
Revenue from other governmental agencies	4,024,838	3,247,299	2,817,234	9,395,046	8,203,784
Compensation for loss, sale, or damage to property	-	6,084,798	650,000	-	-
Bond interest tax credit	4,864,020	4,839,480	4,837,386	4,900,351	5,033,674
Total Revenues	\$189,193,535	\$175,488,983	\$171,456,625	\$150,657,780	\$138,011,829
EXPENDITURES					
Principal retirement	115,957,762	113,588,002	97,320,344	44,743,407	12,943,203
Interest	104,982,211	103,301,816	101,497,666	93,272,037	93,879,521
Fiscal charges	7,898,402	6,911,332	3,226,035	6,421,271	5,464,525
Total Expenditures	\$228,838,375	\$223,801,150	\$202,044,045	\$144,436,715	\$112,287,249
Excess (deficiency) of revenues over expenditures	(39,644,840)	(48,312,167)	(30,587,420)	6,221,065	25,724,580
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	338,311,539	163,710,000	-	382,598,457	316,085,913
Payments to refunded bond escrow agent	(409,215,077)	(176,341,921)	-	(433,836,850)	(383,595,322)
Bond issue premium (discount)	73,093,369	13,815,134	-	53,750,807	67,444,362
Transfers in	31,647,985	53,665,301	17,655,902	16,407,137	15,724,752
Transfers out	-	-	(2,844,500)	(16,978,806)	(51,793,700)
Total other financing sources (uses)	33,837,816	54,848,514	14,811,402	1,940,745	(36,133,995)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(\$5,807,024)	\$6,536,347	(\$15,776,018)	\$8,161,810	(\$10,409,415)
FUND BALANCE, beginning of year	28,090,457	21,554,110	37,330,128	29,168,318	39,577,733
FUND BALANCE, end of year	\$22,283,433	\$28,090,457	\$21,554,110	\$37,330,128	\$29,168,318

(1) Includes the Correctional Facility Revenue Bonds.

Certain amounts have been reclassified for comparability purposes.

Investment Policy

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

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

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

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

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

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Debt Calculations

The Metropolitan Government typically funds general governmental capital projects through draws on its general obligation commercial paper program, which has up to \$700 million of funding capacity. Long term financing for capital projects is provided through the issuance of long-term general obligation bonds, the proceeds of which are used to retire outstanding commercial paper. The tables set forth on pages B-29 through B-32 only reflect the Metropolitan Government's long-term bonded indebtedness as of June 30, 2016 and thus do not reflect the issuance of the Bonds or the approximately \$50 million in principal amount of commercial paper that will remain outstanding following the issuance of the Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY COMPUTATION OF NET GENERAL OBLIGATION DEBT JUNE 30, 2016

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$	720,140,151
For General Purposes		1,404,282,050
Urban Services District:		
For General Purposes		<u>240,467,799</u>
Total Gross General Obligation Debt	\$	2,364,890,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes		7,139,448
For General Purposes		10,989,900
Urban Services District:		
For General Purposes		<u>4,154,085</u>
Total Amounts Available In Debt Service Funds		<u>22,283,433</u>
Net General Obligation Debt	\$	<u><u>2,342,606,567</u></u>

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2016

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT RATIOS

AS OF JUNE 30, 2016

Total Debt

Debt to Estimated Market Value	3.50%
Debt to Assessed Value	11.40%
Debt per Capita	\$ 3,483.47

Net Debt

Debt to Estimated Market Value	3.47%
Debt to Assessed Value	11.29%
Debt per Capita	\$ 3,450.65

The above table is based upon:

Estimated Market Value	\$	67,533,296,332
Assessed Value	\$	20,742,695,403
Population		678,889

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2016

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The following table illustrates certain debt ratios for the past ten fiscal years.

HISTORICAL DEBT RATIOS

Fiscal Year	Population	Estimated Market Valuation (in thousands)	Assessed Valuation (in thousands)	Gross Debt (in thousands)	Debt Service Monies Available (in thousands)	Net Debt (in thousands)	Percentage of Ratio of Net Debt to Assessed Valuation	Percentage of Ratio of Net Debt to Assessed Valuation	Per Capita
2006-07	578,698	51,736,469	15,897,957	1,572,720	70,969	1,501,751	2.90	9.45	2,595.05
2007-08	619,626	60,386,015	16,152,729	1,791,289	56,803	1,734,486	2.87	10.74	2,799.25
2008-09	626,144	61,881,138	16,554,354	1,646,023	43,962	1,602,061	2.59	9.68	2,558.61
2009-10	635,710	63,157,227	19,222,371	2,003,576	25,950	1,997,626	3.13	10.29	3,220.89
2010-11	626,681	63,280,838	19,208,515	1,022,593	37,955	984,638	1.56	5.13	1,571.19
2011-12	635,475	63,127,519	19,104,264	2,105,210	29,168	2,076,042	3.29	10.87	3,266.91
2012-13	648,295	63,259,449	19,160,523	2,564,208	37,330	2,526,878	3.99	13.19	3,897.73
2013-14	658,602	65,810,055	20,209,537	2,446,867	21,554	2,425,313	3.69	12.00	3,682.52
2014-15	668,347	66,270,673	20,376,059	2,335,207	28,090	2,307,117	3.48	11.32	3,451.97
2015-16	678,889	67,533,296	20,742,695	2,364,890	22,283	2,342,607	3.47	11.29	3,450.65

Source: The Metropolitan Government CAFR as of June 30, 2016

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The following table sets forth annual debt service requirements by district of the Metropolitan Government on outstanding general obligation bonds secured by ad valorem taxes. The table does not reflect debt service on the Series 2017 Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
TOTAL DEBT SERVICE AS OF JUNE 30, 2016
SECURED BY AD VALOREM TAXES

Year	GSD		USD		
Ending June 30	School Purposes	General Purposes	General Purposes	Total GSD and USD	
2017	\$ 77,927,447	\$ 129,934,362	\$ 22,622,057	\$ 230,483,866	
2018	80,415,250	134,731,196	24,514,379	239,660,825	
2019	79,916,994	136,006,120	23,618,837	239,541,951	
2020	71,443,574	139,256,588	21,453,446	232,153,608	
2021	71,235,427	139,426,006	21,489,948	232,151,381	
2022	70,328,116	136,338,683	21,065,218	227,732,017	
2023	66,832,736	140,709,276	21,192,945	228,734,957	
2024	72,934,177	136,527,817	22,254,522	231,716,516	
2025	68,455,854	133,199,572	21,453,450	223,108,876	
2026	57,754,150	118,646,750	19,350,570	195,751,470	
2027	49,226,440	104,314,156	19,683,832	173,224,428	
2028	42,892,306	101,462,286	18,573,205	162,927,797	
2029	29,218,922	71,233,502	14,812,247	115,264,671	
2030	29,064,343	70,929,502	14,718,388	114,712,233	
2031	27,702,095	67,740,695	14,560,562	110,003,352	
2032	27,538,308	67,419,555	14,455,644	109,413,507	
2033	27,368,295	67,086,274	14,341,945	108,796,514	
2034	17,988,536	39,317,867	10,258,547	67,564,950	
2035	17,805,165	38,958,909	6,747,670	63,511,744	
2036	-	-	-	-	
2037	-	-	-	-	
2038	-	-	-	-	
2039	-	-	-	-	
2040	-	-	-	-	
2041	-	-	-	-	
2042	-	-	-	-	
2043	-	-	-	-	
2044	-	-	-	-	
	<u>\$ 986,048,135</u>	<u>\$ 1,973,239,116</u>	<u>\$ 347,167,412</u>	<u>\$ 3,306,454,663</u>	

Source: The Metropolitan Government CAFR as of June 30, 2016

Principal Property Taxpayers

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

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

Unaudited- See Accompanying Accountants' Report

Taxpayer	December 31, 2015					December 31, 2006				
	2014 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy		2005 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	
Electric Power Board (1)	\$ N/A	\$ 30,599,681	1	3.39	%	\$ N/A	\$ 23,113,613	1	3.24	%
RHP Hotels Inc./Gaylord (3)	233,724,537	10,550,598	2	1.17		238,419,877	11,169,885	2	1.56	
Columbia/HCA	215,832,468	9,393,410	3	1.04		231,272,170	10,085,491	3	1.41	
AT&T Telephone/BellSouth (3)	178,897,269	7,940,454	4	0.88		153,635,577	7,054,873	4	0.99	
Piedmont Natural Gas	116,084,151	5,072,360	5	0.56		89,124,884	4,039,957	5	0.57	
The Mall at Green Hills	88,553,621	4,231,589	6	0.47		-	-	(2)	-	
Opry Mills Co.	90,924,588	4,107,497	7	0.45		81,014,605	3,799,585	6	0.53	
Vanderbilt	87,724,558	3,955,529	8	0.44		66,301,420	3,135,665	8	0.44	
Highwoods Realty	67,414,815	3,145,268	9	0.35		-	-	(2)	-	
Verizon	67,231,222	2,717,161	10	0.30		-	-	(2)	-	
CBL & Associates	-	-	(2)	-		76,494,477	3,290,507	7	0.46	
Davis Street Land	-	-	(2)	-		42,308,870	1,984,286	9	0.28	
PREFCO XIV LTD	-	-	(2)			34,438,376	1,944,712	10	0.28	
	<u>\$ 1,146,387,229</u>	<u>\$ 81,713,547</u>		<u>9.05</u>	<u>%</u>	<u>\$ 1,013,010,256</u>	<u>\$ 69,618,570</u>		<u>9.76</u>	<u>%</u>

Source: Tax Assessor's Office, Trustee Office

- (1) The amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.
- (2) Values for taxpayers that are outside the top ten ranking are excluded.
- (3) Certain properties have changed ownership between December 31, 2006 and December 31, 2015. For comparability purposes, the current and prior owners are shown jointly.

Pension Plans and Other Post-Employment Benefits

Overview

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

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

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

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

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

Metropolitan Nashville Public School's (MNPS) teachers participate in the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple-employer, contributory, defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). Approximately 7,573 current teachers and retired teachers are covered by TCRS. TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

The TCRS employer contribution rate is established at an actuarially determined rate and set every two years by the TCRS Board of Trustees. MNPS is required to make contributions based on the established rate directly to TCRS. The Metropolitan Government funds this contribution from its operating funds and revenues, through its annual funding of MNPS's education budget. The employer rate for the fiscal years ending June 30, 2016 and June 30, 2015, was 9.04% of annual covered payroll. The employer's contributions to TCRS for the years ending June 30, 2016 and 2015 were \$27,095,828 and \$28,722,365, respectively, equal to the required contributions for each year. Teachers are required by state statute to contribute 5% of salary to the plan.

The Closed Plans are defined benefit plans collectively covering one active employee and approximately 1,700 retired employees. Contributions to the Closed Plans are funded from Metro's operating fund through the Guaranteed Payment Plan and contributions from the State of Tennessee.

Metro Active Plan

Benefits

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

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

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

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

Funding

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

Historic Employer Contribution: Metro has historically made employer contributions at a rate higher than the minimum required contribution. Metro's policy has been to make annual contributions to the Active Plans equal to the actuary's recommended rate, sufficient to amortize the unfunded liability over the 40 year period commencing in 1978. Beginning with the plan year ended June 30, 2006, the Benefit Board adopted a level unfunded liability amortization period of 15 years. The level amortization period is designed to reduce contribution volatility compared with a continuing decline in the amortization period. The chart below shows the annual employer contribution rate (in both percentage of employee salary and aggregate dollar terms) for the past 10 years. The employer contribution rate for fiscal year 2015-2016 is 15.510%. The contribution rate for 2016-2017 is 12.340%. Factors affecting the reduction in the contribution rate are investment returns, compensation increases were less than expected, and COLA adjustments were less than projected.

**Historical Metro Contributions
Metro Active Plan**

Fiscal Year Ending June 30	Contribution Rate	Contribution Amount
2016	15.510%	\$85,676,490
2015	17.987	94,045,896
2014	17.117	87,643,045
2013	15.938	82,653,128
2012	15.416	81,636,995
2011	15.416	81,502,645
2010	13.012	72,253,372
2009	13.012	72,561,790
2008	16.658	90,922,719
2007	16.637	85,427,968
2006	13.857	68,674,155
2005	12.171	58,894,435
2004	9.265	44,902,059
2003	6.610	30,123,759

Key Actuarial Assumptions

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

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Schedule of Funding Progress

The table below provides a ten year history of funding progress, based on the Metropolitan Government's Unfunded Actuarial Accrued Liability (UAAL). Effective June 30, 2014, the Metropolitan Government adopted GASB Statement No. 68, which revised the calculation and financial statement disclosure regarding the liability related to pensions. As a result, beyond the fiscal year ended June 30, 2015, the Metropolitan Government will no longer report its pension liability on the basis of its UAAL, but will instead report its pension liability on the basis of net pension liability, as set forth in the table below.

Metropolitan Government of Nashville and Davidson County Tennessee Pension Plan Schedule of Funding Progress June 30, 2015 (amounts expressed in thousands)

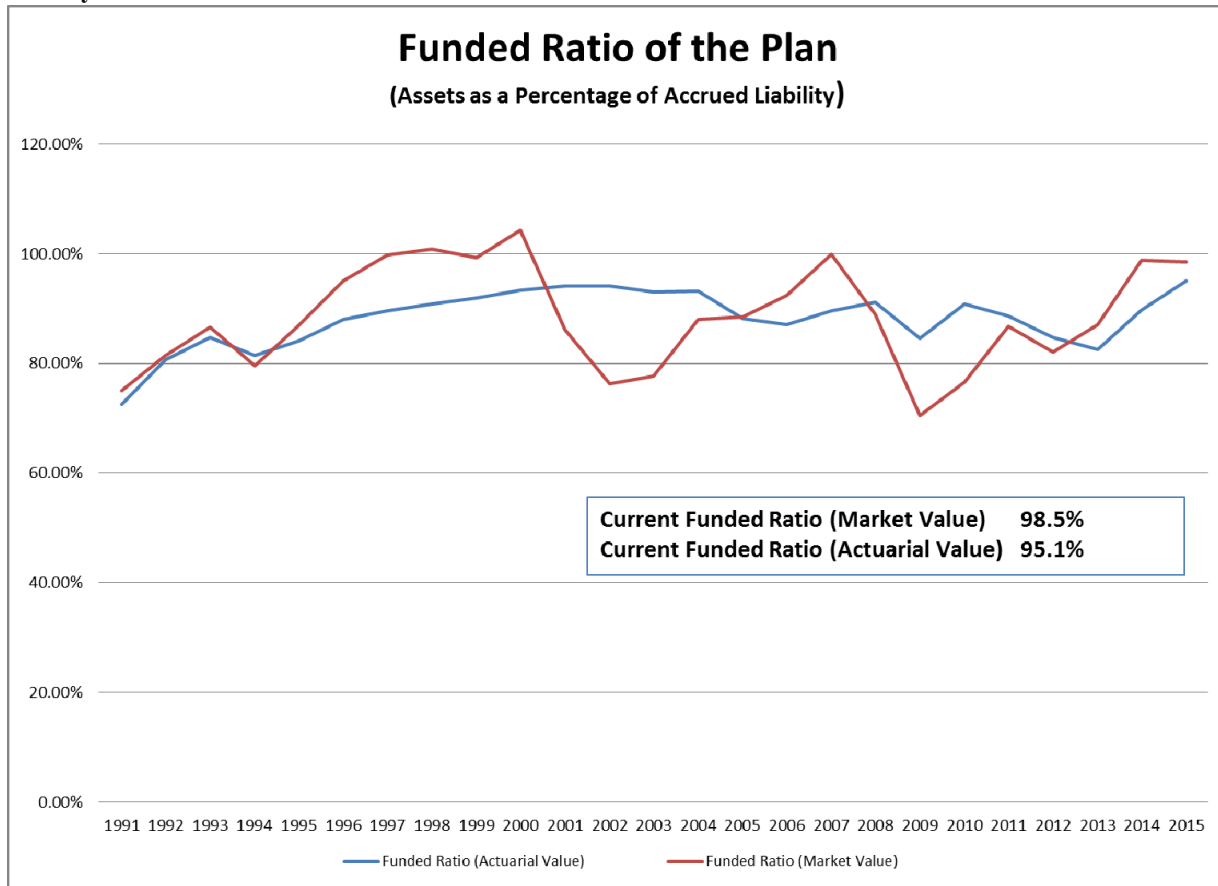
Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
June 30, 2006	1,706,677	1,959,952	253,275	87.10%	515,501	49.13%
June 30, 2007	1,921,194	2,144,145	222,951	89.60%	529,100	42.14%
June 30, 2008	2,119,229	2,323,837	204,609	91.20%	555,973	36.80%
June 30, 2009	1,925,305	2,275,400	350,094	84.60%	562,015	62.29%
June 30, 2010	2,143,522	2,360,892	217,370	90.80%	554,606	39.19%
June 30, 2011	2,188,868	2,468,971	280,103	88.70%	571,381	49.02%
June 30, 2012	2,185,047	2,580,685	395,638	84.70%	563,357	70.23%
June 30, 2013	2,220,622	2,688,496	467,873	82.60%	556,220	84.12%
June 30, 2014	2,450,132	2,730,431	280,299	89.73%	513,759	54.56%
June 30, 2015	2,668,035	2,806,588	138,552	95.06%	531,267	26.08%

The table below provides a three year history of funding progress, based on the Metropolitan Government's net pension liability, in accordance with GASB Statement No. 68. Future funding reports will be calculated on this basis.

Metropolitan Government of Nashville and Davidson County Tennessee Pension Plan Schedule of Funding Progress June 30, 2016 (amounts expressed in thousands)

Plan Year Ending	Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Accrued Net Pension Liability as a % of Covered Employee Payroll
June 30, 2014	2,697,364	2,797,807	100,443	96.41%	556,220	18.06%
June 30, 2015	2,763,496	2,832,405	68,909	97.57%	513,759	13.41%
June 30, 2016	2,688,227	2,909,545	221,318	92.39%	531,267	41.66%

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



Source: Bryan, Pendleton, Swats & McAllister, LLC

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

TCRS

Benefits

Closed Pension Plan for employees hired on or before June 30, 2014

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. The plan was closed to new members on June 30, 2014. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

Funding Sources

Closed Teacher Plan

Teachers – 5% of salaries

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

Historical Funding Progress Based on Market Value of Assets

Closed Teacher Plan

At June 30

(dollars expressed in thousands)

Valuation Year*	Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability	Covered Payroll	Net Pension Liability (Asset) as a % of Covered Employee Payroll
2015**	\$21,268,085	\$21,309,048	\$ 40,963	99.81%	\$3,743,503	1.09%
2014**	21,214,637	21,198,387	(16,250)	100.08	3,925,132	(0.41)
2013	18,658,230	20,300,591	1,642,361	91.91	3,747,221	43.83
2011	16,875,007	19,423,152	2,548,145	86.88	3,626,582	70.26
2009	13,359,796	17,118,650	3,758,854	78.04	3,523,942	106.67
2007	16,637,769	15,998,286	(639,483)	104.00	3,241,772	(19.73)
2005	14,185,802	14,646,578	460,776	96.85	3,000,297	15.36

*Annual reporting beginning with 2014

**Based on GASB 67 and 68 requirements; Years prior to 2014-Based on funding methodology.

Source: TN Department of Treasury

New defined benefit plan and defined contribution plan for employees hired on or after July 1, 2014

Employees hired on or after July 1, 2014 became members of a new plan that consists of two components, a defined benefit plan and a defined contribution plan. TCRS members in the defined benefit plan are eligible to retire either at the age of 65 and vested with five years of service or under the rule of 90 where a combination of age and service credit totals 90. An actuary reduced benefit is available at age 60 or the rule of 80. Disability benefits are available after five years of service for those who become disabled and cannot engage in gainful employment. Benefits are determined by a formula using the member's high five-year average salary and years of service. TCRS members in the defined contribution plan elect to participate in the Optional Retirement Program. Members are immediately vested in employer and employee contributions. Members make the determination as to how the employer contributions made on their behalf are invested. Members can choose among a variety of investment products. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

New Plan Funding

The maximum employer pension cost is a total of 9% of salary for both the defined benefit plan and the defined contribution plan. Employer contributions to the defined benefit plan will be 4% of salary and employer contributions to the defined contribution plan will be 5% of salary.

Historical Funding Progress Based on Market Value of Assets**New Teachers Plan****At June 30****(dollars expressed in thousands)**

<u>Valuation Year*</u>	<u>Plan Fiduciary Net Position</u>	<u>Total Pension Liability</u>	<u>Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability (Asset) as a % of Covered Employee Payroll</u>
2015*	\$18,676	\$14,653	(\$4,023)	127.46%	\$207,773	(1.94%)

*New plan began July 1, 2014

Additional Information

Additional information about TCRS can be accessed at www.tn.gov/treasury/tcrs

Annual Contributions

Required TCRS contributions in 2015 and 2016 were 9.04% of salary, or \$28,722,365 and \$27,095,828.

Trends

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

Additional Information

Additional information about TCRS can be accessed at www.tn.gov/treasury/tcrs.

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Closed Plans – Guaranteed Payment Plan

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

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

Current Funded Status

The table below provides a description of the status of the funding of the Metropolitan Government's Closed Plans. This information was previously presented on an actuarial basis. As a result of GASB Statement No. 68, this table is now and will in the future be presented on the basis of the plan's net position and net pension liability.

Metropolitan Government Liability June 30, 2016 (amounts expressed in thousands)

	Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability
Metro Teachers	\$79,333	\$266,020	\$186,687	29.82%
County Teachers	974	35,296	34,322	2.76%
City Teachers	784	17,086	16,302	4.59
City Employees	-	34,241	34,241	-
County Employees	-	7,486	7,486	-

Historical Contributions

Contributions Metro Closed Plans

Fiscal Year Ending June 30	Metro Contributions	State Contributions
2016	\$33,493,456	\$16,200,749
2015	33,524,016	16,902,423
2014	33,512,358	17,593,670
2013	33,521,052	18,130,962
2012	33,520,844	18,769,087
2011	33,529,553	19,333,186
2010	33,519,574	19,643,816
2009	33,513,758	20,106,215
2008	33,507,435	20,635,657
2007	33,486,214	21,017,217
2006	33,474,046	21,260,495
2005	33,519,098	21,699,309
2004	33,577,400	21,143,526
2003	33,577,329	20,983,034

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

The Metropolitan Government currently provides various other post-employment benefits ("OPEB") other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro Medical Benefit Plan, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. For employees hired January 1, 2013 or later, the Metropolitan Government contribution is based on years of service and ranges from 25% for a retiree with less than 15 years of service to 75% for a retiree with 20 or more years of service. January 1, 2014, Metro implemented a Medicare Part D or Employer Group Waiver Plan for eligible retirees that are expected to reduce OPEB liability. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. The Metropolitan Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. During the year ended June 30, 2016, contributions totaled \$52,179,077.

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of the Metropolitan Nashville Public Schools, Schools contribute 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid. During the year ended June 30, 2016, contributions totaled \$21,340,985.

The Metropolitan Government adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, in Fiscal Year 2008. This Statement addresses how governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits; it does not require that the liability be funded.

For June 30, 2016, amounts related to OPEB were (all amounts in thousands):

	<u>Metro Plan</u>	<u>School Plan</u>
Net OPEB Obligation	\$ 1,123,729	\$ 215,237
Actuarial Accrued Liability (AAL)	2,236,967	549,351
Unfunded AAL	2,236,967	549,351
Annual Required Contribution	196,832	49,020

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2015 valuation date and census data
- Actual dependent coverage information
 - 4.5% rate of return (net of administrative expenses), 2.75% rate of inflation, and 4% of projected increases in salary
 - Health care cost trend rate: 7% graded to 5% for other medical expenses, 7% graded to 5% for prescription drugs, 4% each year for dental and vision expenses

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Public Employees' Representation

As of June 30, 2016, the Metropolitan Government and the Metropolitan Board of Education (the "MBE") employed approximately 19,268 persons full time of whom approximately 10,960 worked full-time for the MBE and 8,308 worked full-time for the Metropolitan Government. Approximately 1013 (93%) of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1826 active employees, of which 1516 are sworn personnel. Approximately 1074 sworn officers (or 71%) of the Police Department belong to the Fraternal Order of Police, Andrew Jackson Lodge No. 5, the designated employee representative. Of those employed by the MBE, approximately 1540 (or 22%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 534 (or 14%) of the remaining non-teaching employees are members of the Service Employees International Union; and 152 (or 4%) are in the Steel Workers Union.

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

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

New Developments in State Law and Reporting

Under current Tennessee law and except as described below, the Metropolitan Government is generally not permitted to change the terms of a pension plan to reduce an accrued benefit, or the right to accrue future benefits, of any participant who is eligible to receive benefits under the plan (i.e., any vested participant) unless that participant consents to the decrease or reduction in benefits. However, a pension plan can be amended so as to exclude new employees. In addition, "The Public Employee Defined Benefit Financial Security Act of 2014" (the "2014 Act"), was signed into law by the Governor of Tennessee on May 22, 2014. The 2014 Act provides that for all affected employees of any political subdivision (such as the Metropolitan Government) hired on or after the effective date of the 2014 Act, the political subdivision may freeze, suspend or modify benefits, employee contributions and plan terms and design on a prospective basis (except as to those employees employed prior to the effective date of the 2014 Act where applicable law provides otherwise).

The 2014 Act also requires each political subdivision which provides its own defined benefit plan (such as Metro's Active Plans and Closed Plans) to annually make a payment to its pension plan of no less than 100% of the actuarially-determined contribution that incorporates both the normal cost of benefits and amortization of the pension plan's unfunded accrued liability, if any. As described herein, the Metropolitan Government has historically funded at least 100% of the actuarially-determined contribution. The Metropolitan Government is in compliance with the 2014 Act and does not anticipate that continued compliance will materially affect the financial condition of the Metropolitan Government.

In 2012, the Governmental Accounting Standards Board ("GASB") approved Statement No. 68, *Accounting and Financial Reporting for Pensions*, which first applied to the Active Plans and the TCRS Plans beginning with the Metropolitan Government's 2015-2016 fiscal year. Among other things, Statement No. 68 requires the Metropolitan Government to identify the plan's net pension liability (total plan liability minus the plan's net position) as a liability on the Metropolitan Government's statement of net position. For each fiscal year, Statement No. 68 also requires the Metropolitan Government to recognize certain changes in its net pension liability as a pension expense on its schedules of revenues, expenses and changes in net position. These accounting changes do not have any effect on the Metropolitan Government's cash flows or fund financial statements, but do negatively impact the government wide statements of net position and activities, as described above.

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APPENDIX C- FORM OF OPINION OF BOND COUNSEL

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

February 2, 2017

We have acted as bond counsel to The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") in connection with the issuance of \$455,540,000 General Obligation Improvement Bonds, Series 2017, dated February 2, 2017 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Metropolitan Government.
2. The resolution of the Metropolitan County Council of the Metropolitan Government authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Metropolitan Government enforceable in accordance with its terms.
3. The Bonds constitute general obligations of the Metropolitan Government for the payment of which the Metropolitan Government has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Metropolitan Government.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Metropolitan Government comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Metropolitan Government has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2017

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered this 2nd day of February, 2017 by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") in connection with the issuance of its \$455,540,000 General Obligation Improvement Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to the provisions of Tennessee law described herein and pursuant to the resolution of the Metropolitan County Council of the Metropolitan Government on December 6, 2016.

The Metropolitan Government covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Metropolitan Government for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Metropolitan Government pursuant to the Rule and this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" means the Metropolitan Government or any successor designated in writing by the Metropolitan Government and which has filed with the Metropolitan Government a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Metropolitan Government as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the Official Statement dated January 24, 2017, relating to the Bonds.

"Participating Underwriter" shall mean Citigroup Global Markets, Inc.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Tennessee.

"State Depository" shall mean any public or private depository or entity designated by the State as a state depository to which continuing disclosure information shall be sent pursuant to State law. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. Not later than one year after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2017, the Metropolitan Government shall provide an Annual Report to the MSRB at emma.msrb.org and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Metropolitan Government may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Metropolitan Government shall include unaudited financial statements of the Metropolitan Government in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Metropolitan Government will be submitted. The audited financial statements of the Metropolitan Government, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Metropolitan Government shall in a timely manner send a notice to the MSRB and to the State Depository, if any. As of the date hereof, the Metropolitan Government is in compliance with the all required disclosure filings.

SECTION 4. Content of Annual Reports. The Metropolitan Government's Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements of the Metropolitan Government are not yet available, the unaudited financial statements of the Metropolitan Government, and when audited financial statements are available, the audited financial statements of the Metropolitan Government, both such types of financial statements to be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Such financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If the accounting principles changed from the previous Fiscal Year, a description of the impact of the change as required by Section 8 of this Disclosure Certificate.

(c) A statement indicating that the Fiscal Year has not changed, or, if the Fiscal Year has changed, a statement indicating the new Fiscal Year.

(d) An update of the information in Appendix B to the Official Statement under the following headings:

1. "Capital Improvements Budget by Department";
2. "Revenues";
3. "Property Taxes";
4. "Summary of Major Funds";
5. "Computation of Net General Obligation Debt";
6. "Debt Ratios";
7. "Historical Debt Ratios";
8. "Total Debt Service"; and
9. "Pension Plans and other Post-Employment Benefits"

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Metropolitan Government is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available

from the MSRB at emma.msrb.org. The Metropolitan Government shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Metropolitan Government shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB.

(c) For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Metropolitan Government shall determine the materiality of such event as soon as possible after learning of its occurrence.

SECTION 6. Termination of Reporting Obligation. The Metropolitan Government's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The Metropolitan Government shall notify the MSRB and any State Depository

that the Metropolitan Government's obligations under this Disclosure Certificate have terminated. If the Metropolitan Government's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Metropolitan Government, and the original Metropolitan Government shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The Metropolitan Government may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Metropolitan Government may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Metropolitan Government shall be the dissemination agent.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the Metropolitan Government to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to the MSRB and any State Depository.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Metropolitan Government from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Metropolitan Government chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Metropolitan Government shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Metropolitan Government to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Metropolitan Government to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the Metropolitan Government of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Metropolitan Government, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Tennessee.

SECTION 14. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this

Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 15. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at emma.msrb.org, shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY

By: _____
Megan Barry, Metropolitan Mayor

Attest: _____
Shannon B. Hall, Metropolitan Clerk

APPROVED AS TO FORM AND
LEGALITY:

Jon Cooper, Director of Law

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