

OFFICIAL STATEMENT

NEW ISSUE - Book-Entry-Only

Ratings:

Series 2010A Bonds

Series 2010B Bonds

Moody's: "A2"

Moody's: "Aa3"

S&P: "A"

S&P: "A"

Fitch: "A+"

Fitch: "A+"

(See "Other Information - Ratings" herein)

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Issuer, interest on the Tax-Exempt Bonds (as defined below) will be excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the further opinion of Bond Counsel, interest on the Taxable Bonds (as defined below) is not excluded from the gross income of the owners thereof for federal income tax purposes. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Series 2010 Bonds, see the discussion under the heading "TAX MATTERS" herein. Under existing law, all Series 2010 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).

THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

\$51,730,000

\$152,395,000

TOURISM TAX REVENUE BONDS, SERIES 2010A-1

TOURISM TAX REVENUE BONDS FEDERALLY TAXABLE, SERIES 2010A-2 (BUILD AMERICA BONDS - DIRECT PAYMENT)

\$419,090,000

SUBORDINATE TOURISM TAX REVENUE BONDS FEDERALLY TAXABLE, SERIES 2010B (BUILD AMERICA BONDS - DIRECT PAYMENT)

Dated: Date of Delivery

Due: July 1, as shown on inside cover

The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer"), a Tennessee nonprofit public corporation and instrumentality of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), is issuing its \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1 (the "Series 2010A Tax-Exempt Bonds" or the "Tax-Exempt Bonds"); its \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (the "Series 2010A Taxable Bonds" and, together with the Series 2010A Tax-Exempt Bonds, the "Series 2010A Bonds"); and its \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "Series 2010B Bonds"). The Series 2010A Bonds and the Series 2010B Bonds are collectively referred to as the "Series 2010 Bonds". The Series 2010 Bonds are being issued pursuant to the provisions of Tennessee law described herein. The Series 2010A Bonds will be issued pursuant to an Indenture of Trust (the "Series 2010A Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and the Series 2010B Bonds will be issued pursuant to a separate Indenture of Trust between the Issuer and the Trustee (the "Series 2010B Indenture"). The Series 2010A Indenture and the Series 2010B Indenture are collectively referred to as the "Indentures".

The proceeds of the Series 2010A Bonds will be used to (i) pay a portion of costs paid or incurred in respect to the planning, design, engineering, land acquisition, construction, equipping, furnishing, improvement, repair, refurbishment and opening of a new downtown convention center facility in Nashville, Tennessee (the "Convention Center" or the "Convention Center Project"), (ii) pay capitalized interest on the Series 2010A Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010A Bonds, and (iv) pay certain costs of issuance of the Series 2010A Bonds. The proceeds of the Series 2010B Bonds will be used to (i) pay the balance of the costs of the Convention Center Project, (ii) pay capitalized interest on the Series 2010B Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010B Bonds, and (iv) pay certain costs of issuance of the Series 2010B Bonds.

The Series 2010 Bonds will be registered and offered in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2010 Bonds will be payable semiannually on each January 1 and July 1, commencing July 1, 2010. The Series 2010 Bonds are subject to optional, mandatory sinking fund, and extraordinary optional redemption as described herein, and are limited special obligations of the Issuer. The Series 2010A Bonds are equally and ratably secured by a pledge of Tourism Tax Revenues (defined herein) pledged under the Series 2010A Indenture. The Series 2010B Bonds are equally and ratably secured by a pledge of Tourism Tax Revenues (subject to the prior pledge to the Series 2010A Bonds), operating revenues of the Convention Center (subject to the payment of operating expenses), and in the event of a deficiency, a pledge of certain non-tax revenues of the Metropolitan Government to the Issuer pursuant to the terms of an Intergovernmental Project Agreement.

The Series 2010 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued in book-entry only form and holders of the Series 2010 Bonds will not receive physical delivery of bonds except as described herein. During any period in which ownership of any of the Series 2010 Bonds is determined only by a book-entry at DTC, the Trustee will make payments on such Series 2010 Bonds to DTC or DTC's nominee in accordance with arrangements between the Trustee and DTC.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY, AND IS NOT INTENDED AS A SUMMARY OF THE TERMS OF AND SECURITY FOR THE SERIES 2010 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" AND "INVESTMENT CONSIDERATIONS" HEREIN FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2010 BONDS.

THE SERIES 2010 BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE METROPOLITAN GOVERNMENT, THE STATE OF TENNESSEE, OR ANY OTHER POLITICAL SUBDIVISION OR CORPORATION OF THE STATE OF TENNESSEE, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2010 BONDS WILL BE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS AVAILABLE THEREFOR AS PROVIDED IN THE INDENTURES. THE ISSUER IS AN ENTITY ENTIRELY SEPARATE AND APART FROM THE METROPOLITAN GOVERNMENT, AND NO FUNDS OR OTHER ASSETS OR RESOURCES OF THE METROPOLITAN GOVERNMENT, OTHER THAN THE REVENUES SPECIFICALLY DESCRIBED HEREIN, ARE PLEDGED TO THE PAYMENT OF THE SERIES 2010 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE, THE METROPOLITAN GOVERNMENT NOR ANY OTHER POLITICAL SUBDIVISION OR CORPORATION OF THE STATE OF TENNESSEE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2010 BONDS OR ANY OTHER AMOUNTS SECURED BY THE INDENTURES. THE ISSUER HAS NO TAXING POWER.

The Series 2010 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 Issuer. Certain legal matters will be passed on for the Issuer by its counsel, Bone McAllester Norton PLLC, Nashville, Tennessee; for the Metropolitan Government by the Metropolitan Director of Law; and for the Underwriter by its counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., Nashville, Tennessee. The Series 2010 Bonds will be available for delivery through DTC on or about April 21, 2010.

GOLDMAN, SACHS & CO.

MORGAN KEEGAN & CO., INC.

MORGAN STANLEY

BANK OF AMERICA MERRILL LYNCH

FIFTH THIRD SECURITIES, INC.

HARVESTONS SECURITIES, INC.

MESIROW FINANCIAL, INC.

STEPHENS INC.

MATURITY SCHEDULE

CUSIP Prefix: 592125⁽¹⁾

\$51,730,000
TOURISM TAX REVENUE BONDS, SERIES 2010A-1

<u>Principal Amount</u>	<u>Maturity (July 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Suffix</u>
\$3,220,000	2015	5.000%	2.940%	AR9
1,610,000	2016	5.000	3.390	AN8
1,810,000	2016	3.250	3.390	BA5
1,290,000	2017	5.000	3.680	AP3
2,280,000	2017	3.500	3.680	BB3
1,210,000	2018	5.000	3.890	AQ1
2,515,000	2018	3.750	3.890	BC1
3,860,000	2019	5.000	4.080	AS7
4,050,000	2020	4.000	4.240	AT5
4,200,000	2021	5.000	4.360*	AU2
4,470,000	2022	5.000	4.440*	AV0
4,775,000	2023	4.250	4.510	AW8
5,225,000	2024	5.000	4.580*	AX6
5,485,000	2025	4.500	4.650	AY4
5,730,000	2026	5.000	4.720*	AZ1

* Yield to July 1, 2020 Call Date

\$152,395,000
TOURISM TAX REVENUE BONDS FEDERALLY TAXABLE, SERIES 2010A-2
(BUILD AMERICA BONDS - DIRECT PAYMENT)

\$152,395,000 7.431% Term Bond Due July 1, 2043, Yield 7.431% CUSIP Suffix AA6⁽¹⁾

\$419,090,000
SUBORDINATE TOURISM TAX REVENUE BONDS FEDERALLY TAXABLE, SERIES 2010B
(BUILD AMERICA BONDS - DIRECT PAYMENT)

<u>Principal Amount</u>	<u>Maturity (July 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Suffix</u>
\$4,445,000	2016	4.862%	4.862%	AB4
6,745,000	2017	5.012	5.012	AC2
8,530,000	2018	5.417	5.417	AD0
9,565,000	2019	5.567	5.567	AE8
9,915,000	2020	5.692	5.692	AF5
10,235,000	2021	5.817	5.817	AG3
10,625,000	2022	5.967	5.967	AH1
11,035,000	2023	6.067	6.067	AJ7
11,435,000	2024	6.167	6.167	AK4
11,900,000	2025	6.217	6.217	AL2

\$324,660,000 6.731% Term Bond Due July 1, 2043, Yield 6.731% CUSIP Suffix AM0⁽¹⁾

⁽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.

NOTICE TO INVESTORS

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein will not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof. For the period beginning on the date of the award of the sale of the Series 2010 Bonds by the underwriters shown on the cover of this Official Statement (the "Underwriters") and ending on the 25th day after the "end of the underwriting period" (as defined in Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "SEC")), if any event occurs of which the Issuer has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not misleading, the Issuer will promptly notify the Underwriters of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading. Except as may be required by law, the Issuer assumes no responsibility for supplementing this Official Statement thereafter.

THE SERIES 2010 BONDS HAVE NOT BEEN REGISTERED WITH THE 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 ISSUER, THE SERIES 2010 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE SERIES 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, in connection with the offering of the Series 2010 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Metropolitan Government, the Issuer, the Underwriters or their respective consultants and attorneys. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government or the Issuer since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in 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 or the Issuer and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the Underwriters.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2010 Bonds are qualified in their entirety by reference to the forms thereof included in the Indentures, and the provisions with respect thereto included in the aforementioned documents and agreements.

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 or the Issuer since the date hereof.

This Official Statement is not to be construed as a contract with the purchaser of the Series 2010 Bonds. Statements contained in this Official Statement which involves 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 IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2010 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE TRUSTEE ASSUMES NO RESPONSIBILITY FOR THIS OFFICIAL STATEMENT AND HAS NOT REVIEWED OR UNDERTAKEN TO VERIFY ANY INFORMATION CONTAINED HEREIN.

THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE METROPOLITAN GOVERNMENT AND THE ISSUER TO ADVISE THEM WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE SERIES 2010 BONDS. THE FINANCIAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE HOLDERS OF THE SERIES 2010 BONDS.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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.

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Appendix A – Glossary of Defined Terms

Appendix B – Summary of Certain Provisions of the Series 2010A Indenture

Appendix C – Summary of Certain Provisions of the Series 2010B Indenture

Appendix D – HVS Market Study

Appendix E – Electronic Link to Comprehensive Annual Financial Report for the Metropolitan Government for the Fiscal Year ended June 30, 2009

Appendix F – Supplemental Information Regarding the Metropolitan Government

Appendix G – Forms of Bond Counsel Opinions

Appendix H – Form of Continuing Disclosure Agreement

ISSUER BOARD OF DIRECTORS AND OFFICERS

Marty G. Dickens
Vonda McDaniel
Mona Lisa Warren
C. Mark Arnold
Darrell Drumwright
Kenneth Levitan
William McDonald
William Lucas Simons
Leo Waters
Charles Starks
Larry Aterna
Mark Sturtevant

Chair
Vice Chair
Secretary-Treasurer
Director
Director
Director
Director
Director
Director
Convention Center Manager
Senior Project Director
Project Director

METROPOLITAN GOVERNMENT OFFICIALS, STAFF AND CONSULTANTS

Mayor and Metropolitan Council

Karl Dean – Mayor
Diane Neighbors – Vice Mayor and Council President

Tim Garrett – Council Member At Large	Anna Page – District Council Member
Megan Barry – Council Member At Large	Sandra Moore – District Council Member
Charlie Tygard – Council Member At Large	Kristine LaLonde – District Council Member
Ronnie Steine – Council Member At Large	Erica Gilmore – District Council Member
Jerry Maynard – Council Member At Large	Buddy Baker – District Council Member
Lonnell Matthews Jr. – District Council Member	Edith Langster – District Council Member
Frank Harrison – District Council Member	Eric Crafton – District Council Member
Walter Hunt – District Council Member	Emily Evans – District Council Member
Michael Craddock – District Council Member	Jason Holleman – District Council Member
Jamie Hollin – District Council Member	Sean McGuire – District Council Member
Mike Jameson – District Council Member	Greg Adkins – District Council Member
Erik Cole – District Council Member	Randy Foster – District Council Member
Karen Bennett – District Council Member	Duane A. Dominy – District Council Member
Jim Forkum – District Council Member	Vivian Wilhoite – District Council Member
Rip Ryman – District Council Member	Jim Hodge – District Council Member
Darren Jernigan – District Council Member	Parker Toler – District Council Member
Jim Gotto – District Council Member	Sam Coleman – District Council Member
Carl Burch – District Council Member	Robert Duvall – District Council Member
Bruce Stanley – District Council Member	Carter Todd – District Council Member
Phil Claiborne – District Council Member	Bo Mitchell – District Council Member

Selected Administrative Staff

Richard M. Riebeling – Director of Finance
Kim McDoniel – Assistant Director of Finance
Marilyn S. Swing – Metropolitan Clerk

Sue B. Cain – Director of Law
Lannie Holland – Treasurer

Consultants And Advisors

Issuer Counsel Bone McAllester Norton PLLC
Nashville, Tennessee
Bond Counsel Bass, Berry & Sims PLC
Nashville, Tennessee
Financial Advisor First Southwest Company
Dallas, Texas

For additional information regarding the Metropolitan Government and the Issuer, please contact:

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Director of Finance for the Metropolitan Government
Metropolitan Courthouse
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Suite 106
Nashville, TN 37201
(615) 862-6151

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OFFICIAL STATEMENT

RELATING TO

**THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

\$51,730,000
TOURISM TAX REVENUE BONDS, SERIES 2010A-1

\$152,395,000
TOURISM TAX REVENUE BONDS
FEDERALLY TAXABLE, SERIES 2010A-2
(BUILD AMERICA BONDS – DIRECT PAYMENT)

\$419,090,000
SUBORDINATE TOURISM TAX REVENUE BONDS
FEDERALLY TAXABLE, SERIES 2010B
(BUILD AMERICA BONDS – DIRECT PAYMENT)

INTRODUCTION

GENERAL

The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer"), a Tennessee nonprofit public corporation and instrumentality of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") under Chapter 89 of Title 7 of Tennessee Code Annotated, is issuing its \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1 (the "Series 2010A Tax-Exempt Bonds" or the "Tax-Exempt Bonds"); its \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (the "Series 2010A Taxable Bonds" and, together with the Series 2010A Tax-Exempt Bonds, the "Series 2010A Bonds"); and its \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "Series 2010B Bonds"). The Series 2010A Bonds and the Series 2010B Bonds are collectively referred to as the "Series 2010 Bonds". The Series 2010A Taxable Bonds and the Series 2010B Bonds are collectively referred to as the "Taxable Bonds". The Series 2010A Bonds will be issued pursuant to an Indenture of Trust (the "Series 2010A Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and the Series 2010B Bonds will be issued pursuant to a separate Indenture of Trust between the Issuer and the Trustee (the "Series 2010B Indenture"). The Series 2010A Indenture and the Series 2010B Indenture are individually referred to as an "Indenture" and collectively referred to as the "Indentures". A glossary of defined terms used in this Official Statement is set forth in APPENDIX A hereto. Summaries of certain provisions of the Series 2010A Indenture and the 2010B Indenture are attached hereto as APPENDICES B and C hereto, respectively.

PURPOSE

The proceeds of the Series 2010A Bonds will be used to (i) pay a portion of costs paid or incurred in respect to the planning, design, engineering, land acquisition, construction, equipping, furnishing, improvement, repair, refurbishment and opening of a new downtown convention center facility in Nashville, Tennessee (including those buildings, structures, facilities and improvements to be constructed on the Project Site and to be known as the Music City Convention Center, including without limitation, the exhibit halls, meeting rooms, ballrooms, support facilities, parking garage, other related parking facilities and any additions or improvements thereto) (the "Convention Center" or the "Convention Center Project"), (ii) pay capitalized interest on the Series 2010A Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010A Bonds, and (iv) pay certain costs of issuance of the Series 2010A Bonds. The proceeds of the Series 2010B Bonds will be used to (i) pay the balance of the costs of the Convention Center Project, (ii) pay capitalized interest on the Series 2010B Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010B Bonds, and (iv) pay certain costs of issuance of the Series 2010B Bonds. See "PLAN OF FINANCE" herein.

DEVELOPMENT, CONSTRUCTION AND OPERATION OF THE CONVENTION CENTER PROJECT

The Issuer will be responsible for developing the Convention Center Project, which will be designed and constructed pursuant to a Guaranteed Maximum Price Construction Management Agreement (the "Construction Management Agreement") between the Issuer and Bell/Clark, a Joint Venture – comprised of Clark Construction Group, LLC and Bell & Associates Construction – and Harmony Construction Group (collectively, the "Construction Manager"). See

"THE CONVENTION CENTER PROJECT" herein. The Issuer will prepare the Convention Center Project for opening, and, after opening, will operate the Convention Center Project. Prior to the date hereof, the Metropolitan Development and Housing Agency of Nashville and Davidson County ("MDHA") has acquired, or initiated negotiations or condemnation proceedings for the acquisition of, the land for the Convention Center Project and conducted certain other pre-development activities. Upon or prior to the issuance of the Series 2010 Bonds, MDHA will convey to the Issuer all Convention Center properties which it owns and all Convention Center development-related contracts to which MDHA is a party. A portion of the proceeds of the Series 2010 Bonds will be used to acquire such properties and contracts through the repayment of the indebtedness incurred by MDHA in connection with its pre-development activities. See "THE CONVENTION CENTER PROJECT" herein.

SECURITY AND SOURCE OF PAYMENT

The Series 2010A Bonds will be payable solely from and secured solely by a pledge of Tourism Tax Revenues provided to the Issuer by the Metropolitan Government pursuant to an Intergovernmental Project Agreement, dated as of February 1, 2010 by and among the Issuer, the Metropolitan Government and MDHA (the "Intergovernmental Agreement").

The Series 2010B Bonds will be payable from and secured by (a) a pledge of Tourism Tax Revenues provided to the Issuer by the Metropolitan Government pursuant to the Intergovernmental Agreement (subject to their prior pledge to the payment of the Series 2010A Bonds) and Net Operating Revenues (which are the remaining Project Operating Revenues after the payment of Operating Expenses); and (b) in the event of a deficiency in the above-described revenues, a pledge of Non-Tax Revenues provided to the Issuer by the Metropolitan Government pursuant to the Intergovernmental Agreement (subject to the prior pledge of the Non-Tax Revenues to the payment of the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds and any bonds issued on a parity therewith).

The Issuer will establish a separate Debt Service Reserve Fund for each of the Series 2010A Bonds and the Series 2010B Bonds.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" and "INTERGOVERNMENTAL AGREEMENT" herein.

INTERGOVERNMENTAL AGREEMENT

The provisions of the Intergovernmental Agreement include the following:

- The Metropolitan Government, among other things, (a) agrees to make Tourism Tax Revenues available to the Issuer for the purpose of paying and securing the Series 2010 Bonds, and (b) pledges Non-Tax Revenues to the payment of the Series 2010B Bonds (subject to the prior pledge of the Non-Tax Revenues to the payment of the 1998 Sports Authority Bonds, the 2004 Sports Authority Bonds and any bonds issued on a parity therewith) in the event Tourism Tax Revenues remaining after the payment of the Series 2010A Bonds and Net Operating Revenues are insufficient therefor.
- The Issuer, among other things, (a) agrees to acquire, develop and operate the Convention Center Project, and (b) agrees to reimburse the Metropolitan Government, to the extent permitted by the Series 2010B Indenture, for any payments by the Metropolitan Government of Non-Tax Revenues.
- MDHA, among other things, agrees to convey title to all property and contracts acquired or entered into by it as part of MDHA's pre-development activities, in exchange for the repayment from Series 2010 Bond proceeds of indebtedness incurred by MDHA in connection with its pre-development activities.

See "INTERGOVERNMENTAL AGREEMENT" herein for a description of certain provisions of the Intergovernmental Agreement.

MARKET STUDY

In connection with the issuance of the Series 2010 Bonds, HVS Convention, Sports & Entertainment Facilities Consulting ("HVS") prepared the Market Study to review the projected financial operations of the Convention Center Project and Tourism Tax Revenues securing payment of the debt service on the Series 2010 Bonds. An executive summary of the Market Study appears below under "MARKET STUDY" and the full Market Study is presented in "APPENDIX D – HVS MARKET STUDY." The Market Study describes key factors that affect demand for the Convention Center Project, estimates net income for the Convention Center Project, describes the

Tourism Tax Revenues, estimates amounts of Tourism Tax Revenues and sets forth assumptions on which its estimates are based. There is no assurance that actual events will correspond with the assumptions on which such estimates are based. Consequently, no guarantee can be made that the estimated operating results and Tourism Tax Revenues will correspond with the results actually achieved in the future. The Market Study should be read in its entirety for an understanding of the estimated operating results, the Tourism Tax Revenues and the underlying assumptions. See "OTHER INFORMATION – Forward-Looking Statements" herein.

INVESTMENT CONSIDERATIONS

An investment in the Series 2010 Bonds involves risks. The Series 2010 Bonds are limited special obligations of the Issuer. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" and "INVESTMENT CONSIDERATIONS" herein.

DESIGNATION OF TAXABLE BONDS AS "BUILD AMERICA BONDS"

The Issuer intends to designate the Taxable Bonds as direct payment "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 ("ARRA") and the Internal Revenue Code of 1986, as amended (the "Code"). Subject to the Issuer's compliance with certain requirements of the Code, the Issuer expects to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Taxable Bonds. Such cash subsidy payments received by the Issuer with respect to the Series 2010A Taxable Bonds will be deposited to the Series 2010A-2 Direct Payments Account within the Series 2010A Debt Service Fund and with respect to the Series 2010B Bonds will be deposited to the Series 2010B Direct Payments Account within the Series 2010B Debt Service Fund.

METROPOLITAN GOVERNMENT

An electronic link to The Metropolitan Government's Comprehensive Annual Financial report for the fiscal year ended June 30, 2009 is incorporated herein in APPENDIX E hereto, and certain additional information with respect to the Metropolitan Government is set forth in APPENDIX F hereto.

ADDITIONAL INFORMATION

The Series 2010 Bonds will initially be issued in book-entry-only form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2010 Bonds will be made in book-entry form through DTC Participants. No physical delivery of the Series 2010 Bonds will be made to purchasers of the Series 2010 Bonds unless the book-entry-only system of registration is discontinued. Payment on the Series 2010 Bonds will be made to bondholders by DTC through DTC Participants. See "THE SERIES 2010 BONDS – BOOK-ENTRY-ONLY SYSTEM" herein.

All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, including the Indentures and the Intergovernmental Agreement. Copies of such documents may be obtained from the Metropolitan Government from the Director of Finance, Metropolitan Courthouse, 1 Public Square, Suite 106, Nashville, TN 37201, by electronic mail or by copy upon payment of reasonable copying, mailing, and handling charges.

THE ISSUER

GENERAL

The Issuer is issuing the Series 2010 Bonds and will acquire, construct and operate the Convention Center Project on behalf of the Metropolitan Government. The Issuer is a nonprofit public corporation created in 2009 by the Metropolitan Government pursuant Chapter 89 of Title 7 of Tennessee Code Annotated, as amended (the "Act"), for the purposes set forth in the Act, including, without limitation, owning, operating and financing the Convention Center Project in order to promote economic development and to stimulate business and commercial activity in the Metropolitan Government. The Metropolitan County Council of the Metropolitan Government (the "Metropolitan Council") approved the creation of the Issuer, its charter and the appointment by the Metropolitan Mayor of its Board members. Among other things, the Issuer is authorized by the Act to issue its bonds and to use the proceeds to finance the Convention Center Project.

BOARD OF DIRECTORS

All powers of the Issuer are vested in its Board of Directors (the "Board") consisting of nine persons who are nominated by the Metropolitan Mayor and confirmed by the Metropolitan Council. To be eligible to serve as a Board member, a person must be a duly qualified voter of the Metropolitan Government. Board members may not be elected officials or employees of the Metropolitan Government.

The initial Board members are identified in the chart set forth earlier in this Official Statement and will serve initially for staggered terms of two, three and four years. Subsequent Board members will serve for a term of four years or until their successors are appointed by the Metropolitan Mayor and confirmed by the Metropolitan Council.

All other matters pertaining to the internal affairs of the Issuer shall be governed by the bylaws of the Issuer, so long as such bylaws are not inconsistent with the Issuer's charter or the laws of the State.

APPROVALS AND AUTHORIZATIONS

The Board adopted a resolution on January 7, 2010, authorizing the issuance of the Series 2010 Bonds, the execution and delivery of the Indentures and the Intergovernmental Agreement, and all other actions of the Issuer contemplated herein.

THE METROPOLITAN GOVERNMENT

The Metropolitan Government has approved the issuance of the Series 2010 Bonds and is party to the Intergovernmental Agreement, which obligates the Metropolitan Government to (a) make the Tourism Tax Revenues available to the Issuer for the purpose of paying and securing the Series 2010 Bonds, and (b) make the Non-Tax Revenues available to the Issuer for the purpose of paying and securing the Series 2010B Bonds. The Metropolitan Government was created in 1963. Nashville, the capital of the State, is situated in the Nashville Basin between the Tennessee River on the west and the Eastern Highland Rim on the east, and covers 533 square miles. The Metropolitan Government operates on a fiscal year, which commences July 1 and ends June 30. An electronic link to The Comprehensive Annual Financial Report for the Metropolitan Government for the fiscal year ended June 30, 2009 is included in APPENDIX E hereto. Certain supplemental information regarding the Metropolitan Government is attached hereto as APPENDIX F.

THE CONVENTION CENTER PROJECT

OVERVIEW

The Metropolitan Government has determined that the construction of a new downtown convention center will provide necessary meeting and exhibit space to allow the Metropolitan Government to compete for large-scale events and conventions, which will result in increased economic benefits to the Metropolitan Government, including additional tax revenues, employment opportunities and economic activity. The Convention Center Project will be developed, owned and operated by the Issuer.

The Convention Center Project, upon completion, will feature an approximate 350,000 square foot exhibit hall, approximately 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), approximately 90,000 square feet of meeting rooms, and 31 loading docks. In addition, there are approximately 30,000 square feet of retail space and a parking garage with approximately 1,800 spaces. The Convention Center Project is located downtown in the Metropolitan Government's central business district, and is within walking distance of many notable attractions, including, but not limited to, the Bridgestone Arena (formerly known as the Sommet Center), the Ryman Auditorium, the Country Music Hall of Fame and the Schermerhorn Symphony Center.

The Metropolitan Government currently owns and operates a downtown convention center (the "Existing Convention Center") which was constructed in 1987. The Existing Convention Center consists of an approximate 119,000 square foot exhibit hall, approximately 11,000 square feet of ballroom space (consisting of one ballroom), approximately 20,000 square feet of meeting room space, and 6 loading docks. There is no retail space and limited parking associated with the Existing Convention Center. The Metropolitan Government has determined that the Existing Convention Center is of insufficient size to compete for larger conventions and exhibitions and to stay competitive in the current market. The Metropolitan Government has not formalized future plans for the Existing Convention Center, but expects to continue operations until the Convention Center Project is complete, at which time the Existing Convention Center will be converted, in whole or part, to other uses.

PROJECT SITE; PRE-DEVELOPMENT ACTIVITIES

At the direction of the Metropolitan Government, MDHA has acquired all but two of the 43 parcels comprising 16 acres of land (the "Project Site") located in the Metropolitan Government's central business district, which is all of the land necessary for the construction and operation of the Convention Center Project. MDHA has commenced negotiations for but has yet to acquire possession of the remaining two Project Site parcels, although it expects to do so in a timely manner. Pursuant to the Intergovernmental Agreement, MDHA will convey all of its rights in the Project Site to the Issuer, free and clear of all liens, upon the issuance of the Series 2010 Bonds and the repayment of the debt incurred by MDHA and the Metropolitan Government to finance pre-development activities (the "MDHA Obligation"). MDHA has agreed in the Intergovernmental Agreement, if and as directed by the Authority, to continue the acquisition of land for the Project Site on behalf of the Authority and to convey such land to the Authority upon acquisition.

MDHA has also conducted certain other pre-development activities, including negotiating the terms of the Construction Management Agreement. Pursuant to the Intergovernmental Agreement, MDHA has assigned or will assign to the Issuer all Convention Center Project contracts to which MDHA has been a party.

CONSTRUCTION MANAGER

The Construction Manager is Bell/Clark, a Joint Venture – comprised of Clark Construction Group, LLC and Bell & Associates Construction – and Harmony Construction Group. Clark Construction is headquartered in Bethesda, Maryland, and provides general contracting, at-risk construction management, design/build, preconstruction, public/private and turnkey services for clients nationwide. The company employs 4,200 professionals. Bell & Associates, LP is headquartered in Brentwood, Tennessee, and provides general contracting, at-risk construction management, design/build and preconstruction services for public and private clients throughout the Nashville area and Southeastern United States. Harmony Construction Group is a partnership of three minority-owned construction management firms – Hermosa Construction, Don Hardin Inc. and East Tennessee Mechanical Contractors.

DESIGN ARCHITECT

The design architects Thompson, Ventulett, Stainback & Associates, Inc., are headquartered in Atlanta, Georgia, with offices in Chicago, Illinois, Dubai, UAE, and Shanghai, China.

CONSTRUCTION MANAGEMENT AGREEMENT

Pursuant to the Construction Management Agreement, the Construction Manager will build the Convention Center Project in accordance with the project requirements and design scope specifications, for a guaranteed maximum price of \$415,000,000. The Construction Manager will be responsible for the professional quality, completeness, accuracy and coordination for construction, and will construct, provision and furnish the Convention Center Project so as to achieve substantial completion within 1,095 days following commencement of the work.

The Construction Management Agreement provides that the Construction Manager will provide payment and performance bonds for 100% of the guaranteed maximum price from sureties and in form acceptable to the Issuer.

OPERATION OF THE CONVENTION CENTER PROJECT

The Issuer will operate the Convention Center Project, after the completion of construction. The Issuer expects to staff the operations of the Convention Center with personnel currently staffing the operations of the Existing Convention Center.

PLAN OF FINANCE

GENERAL

The proceeds of the Series 2010A Bonds will be used to (i) pay a portion of costs paid or incurred in respect to the planning, design, engineering, land acquisition, construction, equipping, furnishing, improvement, repair, refurbishment and opening of the Convention Center, (ii) pay capitalized interest on the Series 2010A Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010A Bonds, and (iv) pay certain costs of issuance of the Series 2010A Bonds.

The proceeds of the Series 2010B Bonds will be used to (i) pay the balance of the costs of the Convention Center Project, (ii) pay capitalized interest on the Series 2010B Bonds during the construction of the Convention Center Project, (iii) fund a debt service reserve fund for the Series 2010B Bonds, and (iv) pay certain costs of issuance of the Series 2010B Bonds.

SOURCES AND USES OF FUNDS

The table below sets forth the sources and uses of funds to finance the costs associated with the Convention Center Project and to fund certain other requirements related to the Convention Center Project and the Series 2010 Bonds.

	<u>Series 2010A</u>	<u>Series 2010B</u>	<u>Total</u>
SOURCES			
Par Amount	\$204,125,000	\$419,090,000	\$623,215,000
Net Original Issue Premium	1,301,329	-0-	1,301,329
Total Sources	<u>\$205,426,329</u>	<u>\$419,090,000</u>	<u>\$624,516,329</u>
USES			
Convention Center Project Costs	\$189,248,894	\$365,640,285	\$554,889,179
Deposit to Capitalized Interest Account of Series 2010A Debt Service Fund	359,728	-0-	359,728
Deposit to Capitalized Interest Account of Series 2010B Debt Service Fund	-0-	21,928,140	21,928,140
Deposit to Series 2010A Debt Service Reserve Fund	13,380,482	-0-	13,380,482
Deposit to Series 2010B Debt Service Reserve Fund	-0-	26,659,717	26,659,717
Costs of Issuance*	2,437,225	4,861,858	7,299,083
Total Uses	<u>\$205,426,329</u>	<u>\$419,090,000</u>	<u>\$624,516,329</u>

* Includes underwriters' discount and other costs of issuance of the Series 2010 Bonds

THE SERIES 2010 BONDS

AUTHORIZATION

The Series 2010 Bonds will be issued by the Issuer pursuant to the laws of the State, particularly the Act, the Indentures, a resolution of the Issuer authorizing the issuance of the Series 2010 Bonds and a resolution of the Metropolitan Government consenting to and approving the issuance of the Series 2010 Bonds. Proceeds of the Series 2010 Bonds will be used as set forth in "PLAN OF FINANCE – SOURCES AND USES OF FUNDS" herein.

DESCRIPTION

The Series 2010A Bonds are limited special obligations of the Issuer payable from the Series 2010A Trust Estate in accordance with the Series 2010A Indenture. The Series 2010A Bonds are payable by the Issuer solely from Tourism Tax Revenues provided to the Issuer by the Metropolitan Government pursuant to the Intergovernmental Agreement, and from certain amounts held by the Trustee under the Series 2010A Indenture.

The Series 2010B Bonds are limited special obligations of the Issuer payable from the Series 2010B Trust Estate in accordance with the Series 2010B Indenture. The Series 2010B Bonds are payable by the Issuer from (a) Tourism Tax Revenues provided to the Issuer by the Metropolitan Government pursuant to the Intergovernmental Agreement, subject to the prior pledge thereof to the payment of the Series 2010A Bonds, and Net Operating Revenues and certain amounts held by the Trustee under the Series 2010B Indenture, and (b) in the event of a deficiency of such revenues, from Non-Tax Revenues pledged by the Metropolitan Government pursuant to the Intergovernmental Agreement, subject to the prior pledge thereof to the payment of the 1998 Sports Authority Bonds, the 2004 Sports Authority Bonds and any bonds issued on an parity therewith.

Interest on the Taxable Bonds is also payable from Direct Payments attributable thereto.

The Series 2010 Bonds will be dated the date of their delivery, and will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof. The Series 2010 Bonds will bear or accrue interest at the interest rates as set forth on the inside front cover pages hereof for each Series. Interest on the Series 2010 Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2010 (each, a "Debt Service Payment Date"). Interest due and payable on the Series 2010 Bonds on any Debt Service Payment Date will be paid to the Person who is the Registered Owner as of the Record Date. Each Series 2010 Bond will bear or accrue interest from the Debt Service Payment Date that is, or immediately precedes, the date of authentication thereof unless such date of authentication is on the delivery date of the Series 2010 Bonds, in which event such Series 2010 Bonds will bear or accrue interest from the date of delivery.

If interest on the Series 2010 Bonds is in default, Series 2010 Bonds issued in exchange for Series 2010 Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid. Interest on the Series 2010 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2010 Bonds will initially be issued in book-entry-only form and will be registered in the name of Cede & Co., as nominee DTC. Purchases of the Series 2010 Bonds will be made in book-entry form through DTC Participants. No physical delivery of Series 2010 Bonds will be made to purchasers of the Series 2010 Bonds unless the book-entry-only system of registration is discontinued. Payments on the Series 2010 Bonds will be made to bondholders by DTC through DTC Participants. See "THE SERIES 2010 BONDS – BOOK-ENTRY-ONLY SYSTEM" herein.

DESIGNATION OF TAXABLE BONDS AS "BUILD AMERICA BONDS"

General Description

In February 2009, as part of ARRA, Congress added Sections 54AA and 6431 to the Code, which permit state or local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury Regulations. Such bonds are referred to as Build America Bonds. A Build America Bond is a qualified bond under Section 54AA(g) of the Code (a "Build America Bond") if it meets certain requirements of the Code and the related Treasury Regulations and the issuer has made an irrevocable election to have the special rule for qualified bonds apply. Interest on Build America Bonds is not excluded from gross income

for purposes of the federal income tax, and beneficial owners of Build America Bonds comprising the Taxable Bonds will not receive any tax credits as a result of ownership of such Build America Bonds of the Issuer because the Issuer will elect to receive the Direct Payments described below.

Direct Payments

Under Section 6431 of the Code, an issuer of a Build America Bond may apply to receive payments (the "Direct Payment") directly from the Secretary of the Treasury of the United States (the "Secretary"). The amount of a Direct Payment is set in Section 6431 of the Code at 35% of the corresponding interest payable on the related Taxable Bonds on any Debt Service Payment Date. To receive a Direct Payment, under currently existing procedures, the Issuer must file a tax return (now designated as Form 8038 CP) between 90 and 45 days prior to the corresponding Debt Service Payment Date. The Issuer expects to receive the Direct Payment contemporaneously with the interest payment date with respect to the Taxable Bonds. Depending on the timing of the filing and other factors, the Direct Payment may be received before or after the corresponding Debt Service Payment Date.

The Series 2010A Taxable Bonds and Series 2010B Bonds as Build America Bonds

The Issuer has made an irrevocable election to treat the Taxable Bonds as Build America Bonds. As a result of this election, interest on the Taxable Bonds will not be excluded from gross income of the beneficial owners thereof for federal income tax purposes and the owners of the Taxable Bonds will not be entitled to any tax credits as a result of either ownership of the Taxable Bonds or receipt of any interest payments on the Taxable Bonds. Beneficial owners of the Taxable Bonds should consult their tax advisors with respect to the inclusion of interest on the Taxable Bonds in gross income for federal income tax purposes.

The Issuer intends to apply for Direct Payments from the Secretary pursuant to Section 6431 of the Code. Such Direct Payments, if received by the Issuer, will, in the case of the Series 2010A Taxable Bonds, be deposited directly to the Series 2010A-2 Direct Payments Account within the Series 2010A Debt Service Fund, and, in the case of the Series 2010B Bonds, be deposited directly to the Series 2010B Direct Payments Account within the Series 2010B Debt Service Fund.

No assurances are provided that the Issuer will receive the Direct Payments. The amount of any Direct Payment is subject to legislative changes by Congress. Direct Payments will only be paid if the Taxable Bonds are Build America Bonds. For the Taxable Bonds to be and remain Build America Bonds, the Issuer must comply with certain covenants and the Issuer must establish certain facts and expectations with respect to the Taxable Bonds regarding the use and investment of proceeds thereof and the use of property financed thereby. There are currently no procedures for requesting a Direct Payment after the 45th day prior to a Debt Service Payment Date; therefore, if the Issuer fails to file the necessary tax return in a timely fashion, it is possible that the Issuer will never receive such Direct Payment or will receive the Direct Payment after the Debt Service Payment Date for which it is needed. Also, the Direct Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the Issuer to an agency of the United States of America.

OPTIONAL REDEMPTION PROVISIONS

Optional Redemption of the Series 2010A Bonds

The Series 2010A Tax-Exempt Bonds maturing on or after July 1, 2021 are subject to optional redemption at any time on or after July 1, 2020 at the price of par plus accrued and unpaid interest to the Redemption Date.

The Series 2010A Taxable Bonds are subject to optional redemption prior to their maturity at the option of the Issuer, in whole or in part (and if in part, on a pro rata basis as described below), at a Redemption Price equal to the greater of:

- (i) 100% of the principal amount of the Series 2010A Taxable Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2010A Taxable Bonds to be redeemed discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 45 basis points;

plus, in each case, accrued and unpaid interest on the Series 2010A Taxable Bonds being redeemed to the Redemption Date.

Optional Redemption of the Series 2010B Bonds

The Series 2010B Bonds are subject to optional redemption prior to their maturity at the option of the Issuer, in whole or in part (and if in part, on a pro rata basis as described below), at a Redemption Price equal to the greater of:

- (i) 100% of the principal amount of the Series 2010B Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2010B Bonds to be redeemed discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the number of basis points set forth below per maturity:

<u>Maturity (July 1)</u>	<u>Basis Points</u>
2016	30
2017	30
2018	30
2019	30
2020	30
2021	30
2022	35
2023	35
2024	40
2025	40
2043	35

plus, in each case, accrued and unpaid interest on the Series 2010B Bonds being redeemed to the Redemption Date.

Extraordinary Optional Redemption of the Taxable Bonds

Each Series of Taxable Bonds shall be subject to extraordinary optional redemption, in whole or in part, at the option of the Issuer, but only with the Metropolitan Government's prior written consent, at the "Extraordinary Redemption Price", as described below, upon the occurrence of an "Extraordinary Event", as defined below.

An "Extraordinary Event" shall have occurred if the Issuer determines that a material adverse change has occurred to Section 54AA or Section 6431 of the Code (as such sections were added by ARRA, pertaining to Build America Bonds) or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections or any other determination by the Internal Revenue Service or the Department of the Treasury, which determination is not the result of an act or omission by the Issuer to satisfy the requirements to receive the Direct Payments, pursuant to which the Direct Payments are reduced or eliminated.

The "Extraordinary Redemption Price" is equal to the greater of (i) 100% of the principal amount of a Series of Taxable Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on a Series of Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series of Taxable Bonds are to be redeemed, discounted to the date on which such Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points, plus accrued interest on such Taxable Bonds to be redeemed to the Redemption Date.

MANDATORY REDEMPTION OF SERIES 2010 BONDS

The Series 2010A Taxable Bonds maturing July 1, 2043 are subject to mandatory redemption prior to maturity in part on a pro rata basis as further described below, at a price equal to the principal amount thereof plus accrued and unpaid interest to the date of redemption, on the dates and in the respective principal amounts shown below (the July 1, 2043 date being a maturity date rather than a redemption date).

<u>Maturity Date (July 1)</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2043	2027	\$5,970,000
	2028	6,260,000
	2029	6,565,000
	2030	6,880,000
	2031	7,215,000
	2032	7,565,000
	2033	7,935,000
	2034	8,320,000
	2035	8,725,000
	2036	9,150,000
	2037	9,595,000
	2038	10,065,000
	2039	10,550,000
	2040	11,065,000
	2041	11,605,000
	2042	12,170,000
	2043	12,760,000

The Series 2010B Bonds maturing July 1, 2043 are subject to mandatory redemption prior to maturity in part on a pro rata basis as further described below, at a price equal to the principal amount thereof plus accrued and unpaid interest to the date of redemption, on the dates and in the respective principal amounts shown below (the July 1, 2043 date being a maturity date rather than a redemption date).

<u>Maturity Date (July 1)</u>	<u>Redemption Date (July 1)</u>	<u>Principal Amount</u>
2043	2026	\$12,350,000
	2027	12,755,000
	2028	13,315,000
	2029	13,895,000
	2030	14,510,000
	2031	15,145,000
	2032	15,810,000
	2033	16,495,000
	2034	17,220,000
	2035	17,975,000
	2036	18,760,000
	2037	19,580,000
	2038	20,435,000
	2039	21,335,000
	2040	22,265,000
	2041	23,240,000
	2042	24,255,000
	2043	25,320,000

The principal amount of the Series 2010 Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced by the principal amount of any such Series 2010 Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the Issuer and delivered to the Trustee for cancellation, (ii) shall have been purchased and canceled by the Trustee at the request of the

Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the applicable Indenture or any extraordinary mandatory redemption set forth in the applicable Indenture and not theretofore credited against a mandatory redemption requirement.

The Series 2010 Bonds shall be called for redemption on a pro rata basis determined by (i) dividing the principal amount of the Series 2010 Bonds of the maturity to be redeemed on a mandatory sinking fund redemption date by the total principal amount of such maturity on the Series 2010 Bonds then Outstanding, and (ii) multiplying such quotient by the principal amount of such maturity of Series 2010 Bonds held by each Registered Owner, or as long as the Series 2010 Bonds are held in a book-entry-only system, by each Beneficial Owner.

So long as the Series 2010 Bonds are held in a book-entry-only system, the Trustee shall only be responsible for sending a notice, which notice may be by facsimile, 30 days prior to the date of such redemption, to the Registered Owner thereof. The notice shall specify the dollar amount of such Series 2010 Bonds to be redeemed on a pro rata basis, along with the current pool factor or ratio and the Trustee's contact person's name and telephone number.

NOTICE TO TRUSTEE

In the case of any redemption of the Series 2010 Bonds of any Series at the option of the Issuer, an Authorized Issuer Representative shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, and of the Redemption Price of the Series 2010 Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer, subject to any limitations with respect thereto as are contained in the Indentures). Such notice shall be given at least 10 Business Days prior to the date on which notice of redemption is required to be given to the Registered Owners of the Series 2010 Bonds to be redeemed or within such shorter period as shall be provided by Supplemental Indenture. On or prior to any Redemption Date, there will be paid to the Trustee for deposit into the Series 2010A Debt Service Fund or the Series 2010B Debt Service Fund, as applicable, an amount which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the Redemption Date at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, all of the Series 2010 Bonds of a Series called for redemption.

SELECTION OF SERIES 2010 BONDS TO BE REDEEMED

Unless otherwise specified in the applicable Indenture, the Series 2010 Bonds subject to redemption shall be selected in such order of maturity and from such Series as the Issuer may direct. If less than all of the Series 2010 Bonds of a Series are to be redeemed, the particular Series 2010 Bonds or portions thereof to be redeemed shall, unless otherwise specifically directed in the applicable Indenture, be selected by lot or in such other manner as the Trustee shall deem fair, which shall be deemed to include pro rata redemption of Series 2010 Bonds within each maturity of such Series, and which may provide for the selection for redemption of portions of the principal of Series 2010 Bonds. If less than all of the Series 2010 Bonds of a single maturity within the same Series are to be redeemed, the Series 2010 Bonds of such Series to be redeemed will be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine unless otherwise provided in the applicable Indenture or by the Supplemental Indenture authorizing that Series of Additional Bonds or Refunding Bonds; provided, however, that the portion of any Series 2010 Bond of a Series of a denomination greater than the minimum Authorized Denomination for the Series 2010 Bonds of such Series to be redeemed shall be redeemed in part only in Authorized Denomination and that, in selecting portions of Series 2010 Bonds of a Series for redemption, the Trustee shall treat each Series 2010 Bond of such Series as representing that number of Series 2010 Bonds of the minimum Authorized Denominations for such Series which is obtained by dividing the principal amount of such Series 2010 Bond to be redeemed in part by the minimum Authorized Denomination for such Series. In case of any partial redemption of Series 2010 Bonds during the continuance of a Series 2010A Event of Default or Series 2010B Event of Default applicable to such Series 2010 Bonds, such redemption shall be applied on a pro rata basis to all Outstanding Series 2010 Bonds of the Series called for redemption, without differentiation by maturity or within a maturity.

NOTICE OF REDEMPTION

When the Trustee shall have received notice from the Issuer of its election or direction to redeem Series 2010 Bonds pursuant to the applicable Indenture, and when redemption of the Series 2010 Bonds is authorized or required pursuant to the applicable Indenture, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Series 2010 Bonds, which notice will specify the Series and maturities of the Series 2010 Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such Redemption Date will be payable and, if less than all of the Series 2010 Bonds of any like Series and maturity are to be redeemed, the letters

and numbers or other distinguishing marks of such Series 2010 Bonds so to be redeemed, and, in the case of Series 2010 Bonds to be redeemed in part only, such notices will also specify the respective portions of the principal amounts thereof to be redeemed. Such notice will further state that on such Redemption Date there will become due and payable upon each Series 2010 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Series 2010 Bonds to be redeemed in part only, together with interest accrued to, but not including, the Redemption Date, and that from and after such date interest thereon will cease to accrue and be payable. The Trustee shall mail a copy of such notice, first class mail postage prepaid, not less than 30 days nor more than 60 days before the Redemption Date (or such shorter period as shall be provided by the applicable Supplemental Indenture), to the Registered Owners of any Series 2010 Bonds, or portions of Series 2010 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the Register or if such Series 2010 Bonds are held through DTC, then in accordance with the requirements of DTC. If at the time of the giving of any notice of optional or mandatory redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2010 Bonds of such Series called for redemption, the notice of redemption shall state that the redemption of such Series 2010 Bonds is conditional upon and subject to deposit of moneys with the Trustee sufficient to redeem all such Series 2010 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.

In addition to the notice of redemption required pursuant to the preceding paragraph, if any of the Series 2010 Bonds are to be redeemed, then, upon the written request of an Authorized Issuer Representative received at least 40 days before the date fixed for redemption, the Trustee will also give redemption notice at least 30 days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service, to the securities depositories and/or information services specified by the Issuer.

Failure to give the notices described in the applicable Indenture, or any defects therein, shall not in any manner affect the validity of any proceedings for redemption of any other Series 2010 Bonds for which such notice has been duly given.

PAYMENT OF REDEEMED SERIES 2010 BONDS

After notice has been given in the manner provided in the applicable Indenture, the Series 2010 Bonds of any Series or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and upon presentation and surrender thereof at the office specified in such notice. If there is called for redemption less than all of the principal or Maturity Amount of any Series 2010 Bond, the Issuer shall execute and the Trustee shall authenticate, upon the surrender of such Series 2010 Bond, without charge to the Registered Owner thereof, for the unredeemed balance of the principal amount or Maturity Amount of the Series 2010 Bond so surrendered, Series 2010 Bonds of like Series and maturity in any Authorized Denomination. If, on the Redemption Date money for the redemption of all the Series 2010 Bonds or portions thereof of any like Series and maturity to be redeemed, together with accrued and unpaid interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on such date and if notice of redemption is given as aforesaid, then, from and after the Redemption Date interest on the Series 2010 Bonds or portions thereof of such Series and maturity so called for redemption will cease to accrue and become payable. If money shall not be so available on the Redemption Date, such Series 2010 Bonds or portions thereof shall continue to bear or accrete interest until paid at the same rate as they would have borne or accreted interest if they had not been called for redemption.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Series 2010 Bonds is to be transferred and how the principal of premium, if any, and interest on the Series 2010 Bonds are to be paid to and credited by DTC while the Series 2010 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 Issuer believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of Debt Service on the Series 2010 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 Series 2010 Bonds), or redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or (3) DTC will serve

and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 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 2010 Bond will be issued for each maturity of the Series 2010 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 issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Series 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2010 Bonds, except in the event that use of the book-entry system for the Series 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2010 Bond documents. For example, Beneficial Owners of Series 2010 Bonds may wish to ascertain that the nominee holding the Series 2010 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 Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2010 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2010 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal, interest, or Maturity Amount on the Series 2010 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 Issuer or the Trustee, 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 Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal, interest or Maturity Amount to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2010 Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2010 Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the Series 2010 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the Person for which the Participant acquires an interest in the Series 2010 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 under the applicable Indenture 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 Issuer, the Financial Advisor or the Underwriters.

Effect of Termination 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 Issuer, printed Series 2010 Bonds will be issued to the holders and the Series 2010 Bonds will be subject to transfer, exchange and registration provisions as set forth in the applicable Indenture and summarized under the caption "THE SERIES 2010 BONDS – REGISTRATION AND EXCHANGE OF THE SERIES 2010 BONDS" herein.

REGISTRATION AND EXCHANGE OF THE SERIES 2010 BONDS

Exchange of Series 2010 Bonds

Unless otherwise provided in any Supplemental Indenture, the Series 2010 Bonds, upon surrender thereof at the designated office of the Registrar (which shall, upon the delivery of the Series 2010 Bonds, be the Trustee and for purposes of this section of the Official Statement, the terms Trustee and Registrar shall be deemed one and the same), when surrendered with a written request satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of any charges which the Registrar or the Issuer may make as provided in the

applicable Indenture, be exchanged for an equal aggregate principal amount of Series 2010 Bonds of the same Series and maturity and in any Authorized Denomination.

Negotiability, Transfer and Registry

Unless otherwise provided in any Supplemental Indenture, the Series 2010 Bonds shall be transferable only by notation to that effect inscribed in the Register, which shall be kept for that purpose at the designated office of the Registrar, by the Registered Owner thereof, in person or by the Registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney. The Registrar shall keep, or cause to be kept, on behalf of the Issuer at the designated office of the Registrar or such other location or locations as shall be provided in any Supplemental Indenture, the Register, in which, subject to such reasonable regulations as the Issuer, Trustee and the Registrar may prescribe, the Registrar shall cause the Series 2010 Bonds to be registered and shall transfer the Series 2010 Bonds as provided in the applicable Indenture. The Register will contain the name and address of the Registered Owner of each Series 2010 Bond as well as the name and address of each Beneficial Owner to the extent such Beneficial Owner provides such information to the Registrar. Upon the transfer of any such Series 2010 Bond and payment of any required fees, the Registrar will issue in the name of the transferee a new fully registered Series 2010 Bond or Series 2010 Bonds of the same aggregate principal amount and maturity as the surrendered Series 2010 Bond. The Issuer and the Trustee may deem and treat the Person in whose name any Series 2010 Bond shall be registered in the Register as the absolute owner of such Series 2010 Bond, whether such Series 2010 Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price of and interest on such Series 2010 Bond and for all other purposes, and all such payments so made to any such Registered Owner or upon the Registered Owner's order will be valid and effectual to satisfy and discharge the liability upon such Series 2010 Bond to the extent of the sum or sums so paid, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

Regulations with Respect to Exchanges and Transfers

Except as otherwise provided in any Supplemental Indenture, in all cases in which the privilege of exchanging or transferring Series 2010 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Series 2010 Bonds in accordance with the provisions of the applicable Indenture. All registered Series 2010 Bonds surrendered in any exchange or transfer shall forthwith be canceled by the Trustee. For every such transfer of Series 2010 Bonds as described above under the caption "—Negotiability, Transfer and Registry," whether temporary or definitive, the Issuer, the Trustee, and the Registrar may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition, for every exchange of Series 2010 Bonds (other than the exchange of temporary Series 2010 Bonds for definitive Series 2010 Bonds), the Issuer, the Trustee and the Registrar may make reasonable charges to cover the costs of printing the Series 2010 Bonds including any Trustee's or Registrar's charges in connection therewith. The payment of such sum or sums so provided shall be made by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Series 2010 Bonds for a period from the 15th day of the month next preceding any Debt Service Payment Date for such Series 2010 Bonds through such Debt Service Payment Date nor to transfer or exchange any Series 2010 Bond after notice calling such Series 2010 Bond or portion thereof for redemption has been given as herein provided nor during the period of 15 days next preceding the giving of such notice. Initially, the Trustee and the Registrar are the same firm, U.S. Bank National Association.

Series 2010 Bonds Mutilated, Destroyed, Stolen or Lost

In case any Series 2010 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Series 2010 Bond of like Series, maturity date, principal amount and interest rate as the Series 2010 Bond so mutilated, lost, stolen or destroyed; provided, however, that (a) in the case of any mutilated Series 2010 Bond, such Series 2010 Bond is first surrendered to the Trustee, (b) in the case of any lost, stolen or destroyed Series 2010 Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee together with indemnity satisfactory to the Trustee, (c) all other reasonable requirements of the Issuer and the Trustee are complied with, and (d) expenses in connection with such transaction are paid by the Registered Owner. Except as described above under the caption "—Regulations with Respect to Exchanges and Transfers," all Series 2010 Bonds so surrendered to the Trustee shall be canceled by the Trustee. Any such new Series 2010 Bonds issued in substitution for the Series 2010 Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Issuer, whether or not the Series

2010 Bonds alleged to be destroyed, stolen, or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits in the applicable Trust Estate with all other Series 2010 Bonds issued under the applicable Indenture, to the same extent provided in such applicable Indenture. If, after the delivery of such new Series 2010 Bond, a bona fide purchaser of the original Series 2010 Bond in lieu of which such new Series 2010 Bond was issued presents for payment or registration such original Series 2010 Bond, the Trustee will be entitled to recover such new Series 2010 Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS

LIMITED OBLIGATIONS

The Series 2010 Bonds are limited special obligations of the Issuer. The Series 2010A Bonds are payable solely from the Series 2010A Trust Estate in accordance with the Series 2010A Indenture and any applicable Supplemental Indenture. The Series 2010B Bonds are payable solely from the Series 2010B Trust Estate in accordance with the Series 2010B Indenture and any applicable Supplemental Indenture.

NOTWITHSTANDING ANY PROVISION OR INFERENCE CONTAINED IN THE INDENTURES OR IN ANY OTHER FINANCING DOCUMENT, NEITHER THE SERIES 2010 BONDS NOR ANY OTHER AMOUNTS SECURED BY THE TRUST ESTATES WILL EVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE METROPOLITAN GOVERNMENT, THE STATE OF TENNESSEE OR ANY OTHER POLITICAL SUBDIVISION OR CORPORATION OF THE STATE OF TENNESSEE (OTHER THAN THE ISSUER), WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION WHATSOEVER. THE SERIES 2010 BONDS AND ANY OTHER AMOUNTS SECURED BY THE TRUST ESTATES WILL BE LIMITED SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE FUNDS AVAILABLE THEREFOR AS PROVIDED IN THE APPLICABLE INDENTURE. THE ISSUER IS AN ENTITY ENTIRELY SEPARATE AND APART FROM THE METROPOLITAN GOVERNMENT, AND NO FUNDS OR OTHER ASSETS OR RESOURCES OF THE METROPOLITAN GOVERNMENT, OTHER THAN THE FUNDS SPECIFICALLY DESCRIBED HEREIN, ARE SUBJECT TO THE INDENTURES OR ANY OF THEIR OBLIGATIONS OR PROVISIONS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE, THE METROPOLITAN GOVERNMENT NOR ANY OTHER POLITICAL SUBDIVISION OR CORPORATION OF THE STATE OF TENNESSEE OR THE METROPOLITAN GOVERNMENT IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2010 BONDS OR ANY OTHER AMOUNTS SECURED BY THE TRUST ESTATES. THE OBLIGATIONS OF THE ISSUER TO THE HOLDERS OF THE SERIES 2010A BONDS ARE LIMITED SOLELY TO THE SERIES 2010A TRUST ESTATE. THE OBLIGATIONS OF THE ISSUER TO THE HOLDERS OF THE SERIES 2010B BONDS ARE LIMITED SOLELY TO THE SERIES 2010B TRUST ESTATE. THE ISSUER HAS NO TAXING POWER.

SECURITY FOR SERIES 2010A BONDS

Series 2010A Trust Estate

Pursuant to the Series 2010A Indenture, the Issuer will pledge, transfer and assign to the Trustee all of its right, title and interest in and to the Series 2010A Trust Estate. The Series 2010A Trust Estate, as described in the Series 2010A Indenture, consists primarily of the following (including, without limitation, the right to enforce any of the terms thereof):

- (a) All of the Issuer's right, title and interest in all amounts that constitute Tourism Tax Revenues (senior to the subordinate pledge and application to the Series 2010B Bonds) conveyed to the Issuer pursuant to the Intergovernmental Agreement, together with any investments and reinvestments made with such amounts and the proceeds thereof; and
- (b) All of the Issuer's right, title and interest in and to the Intergovernmental Agreement, including the right thereunder to receive the Tourism Tax Revenues, any right to bring actions and proceedings

under the Intergovernmental Agreement for the enforcement thereof, and to do all things that the Issuer is entitled to do under the Intergovernmental Agreement, but excluding the Unassigned Rights and the Non-Tax Revenues; and

- (c) With respect to the Series 2010 Taxable Bonds, all of the Issuer's rights, title and interest in and to the Direct Payments in support of the payment of a portion of the interest on the Series 2010A Taxable Bonds, with such Direct Payments to be deposited directly to the credit of the Series 2010A-2 Direct Payments Account of the Series 2010A Debt Service Fund for the sole purpose of paying Series 2010A Debt Service on the Series 2010A Taxable Bonds;
- (d) All rents, issues, profits, income and other sums due and to become due under and pursuant to any of the foregoing, it being the intent and purpose that the pledge, assignment and transfer to the Trustee of the revenues and rents above provided, due and to become due, shall be effective and operative immediately and shall continue in force and effect, and the Trustee shall have the right to collect and receive said revenues and other sums for application in accordance with the provisions of the Series 2010A Indenture, at all times during the period from and after the date of the Series 2010A Indenture until the indebtedness thereby secured shall have been fully paid and discharged; and
- (e) All moneys and securities in any one of the Funds or Accounts established under the Series 2010A Indenture (other than the Series 2010A Rebate Fund); provided, however, the lien on the Series 2010A-2 Direct Payments Account (and any Direct Payments Accounts created in connection with the issuance of any Series A Additional Bonds issued as Build America Bonds) shall be for the sole purpose of paying Series 2010A Debt Service due on the Series of Series A Bonds with respect to which such Direct Payments are received.

Except for the Direct Payments payable with respect to the Series 2010A Taxable Bonds, which shall be held exclusively for the Series 2010A Taxable Bonds, the Series 2010A Trust Estate will be for the equal and proportionate benefit and security of the Registered Owners from time to time of the Series A Bonds issued and to be issued under the Series 2010A Indenture or any of them, without preference, priority or distinction as to lien or otherwise of any Series A Bond over any other Series A Bond.

Tourism Tax Revenues

Tourism Tax Revenues consist of revenues derived from the following sources:

"Hotel/Motel Tax Revenues" – revenues received by the Metropolitan Government and granted to the Issuer under the terms of the Intergovernmental Agreement derived from 3% of the 6% Hotel/Motel Tax authorized by Section 7-4-102 of the Tennessee Code Annotated and Section 5.12.020 of the Metropolitan Code to be charged, per night, to the occupant of any hotel, motel or other specified transient lodging within the Metropolitan Government, less that portion of such tax required to be deposited to the Metropolitan Government's General Fund pursuant to Sections 7-4-102(b)(3) and 7-4-110(f), Tennessee Code Annotated.

"Room Occupancy Tax Revenues" – revenues received by the Metropolitan Government and granted to the Issuer under the terms of the Intergovernmental Agreement from \$2.00 of the \$2.50 Hotel Room Occupancy Tax authorized by Section 7-4-202 of the Tennessee Code Annotated and Section 5.12.120 of the Metropolitan Code to be charged, per night, to the occupant of any hotel, motel or other specified transient lodging within the Metropolitan Government.

"Airport Ground Transportation Tax Revenues" – revenues received by the Metropolitan Government and granted to the Issuer under the terms of the Intergovernmental Agreement from the Contracted Vehicle Tax authorized by Section 7-4-203 of the Tennessee Code Annotated and Section 5.16.130 of the Metropolitan Code to be charged to contracted vehicles upon departing public airports within the boundaries of the Metropolitan Government and granted to the Issuer by the Metropolitan Government under the terms of the Intergovernmental Agreement.

"Rental Car Tax Revenues" – revenues received by the Metropolitan Government and granted to the Issuer under the terms of the Intergovernmental Agreement from the Rental Vehicle Surcharge Tax authorized by Section 67-4-1908

of the Tennessee Code Annotated and Section 5.32.190 of the Metropolitan Code to be charged upon specified rental vehicle, truck and trailer transactions within the Metropolitan Government and granted to the Issuer by the Metropolitan Government under the terms of the Intergovernmental Agreement.

"MCCA Redirect Revenues" – for the first thirty (30) years following the opening of the Convention Center Project, revenues received by the Metropolitan Government and granted to the Issuer under the terms of the Intergovernmental Agreement pursuant to TCA 67-6-103 from the diversion of sales tax revenues collected at the Convention Center Project and one or two hotels constructed in connection with the Convention Center Project that are approved by the Tennessee Department of Finance and Administration in accordance with TCA 67-6-103.

"TDZ Tax Revenues" – for the first thirty (30) years following the opening of the Convention Center Project, Tourism Tax Revenues also includes an allocation of state and local sales and use taxes ("TDZ Tax Revenues") relating to sales made in the tourism development zone ("TDZ") approved by the Metropolitan Government and the State pursuant to Sections 7-88-101 et seq., Tennessee Code Annotated (the "TDZ Statute"). The purpose of the TDZ Statute is to allocate from the State to local governments the revenues resulting from sales tax growth within tourism development zones as a result of the construction of major, tourist-related public works projects, but only to the extent that the growth in the tourism development zone exceeds that of the sales tax growth in the broader boundaries of the local governments. The amount of TDZ Tax Revenues that will be allocated to the Issuer as a result of the Convention Center Project will be calculated annually in the following manner. The State will allocate to the Issuer an amount equal to the excess of (a) State and local sales tax collections in the TDZ in the then-current fiscal year of the State, over (b) State and local sales tax collections in the TDZ (the "Base Year TDZ Collections") in the State's fiscal year preceding the opening of the Convention Center (the "Base Year"); provided, however, Base Year TDZ Collections will, each year, be adjusted up or down in proportion to the percentage increase or decrease in state and local sales tax collections from the Base Year within the Metropolitan Government as a whole. The State's fiscal year currently ends on June 30, and the TDZ Statute requires the State of Tennessee to allocate TDZ Tax Revenues to the Issuer within 90 days of the end of the State's fiscal year.

The State of Tennessee approved the TDZ on November 12, 2009. The TDZ encircles the Metropolitan Government's central business improvement district, and areas extending approximately two miles west toward Vanderbilt University.

Historical and Projected Series 2010A Debt Service Coverage

The table below compares historical Tourism Tax Revenues and, as projected by the Market Study, projected Tourism Tax Revenues to Series 2010A Debt Service. Since all projections are based on estimates and assumptions which are inherently subject to uncertainty and variations depending on future events, there are likely to be differences between the projections and actual results, and the differences may be material. See "MARKET STUDY," APPENDIX D – HVS MARKET STUDY and "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS" herein.

Year Ended (July 1)	Series 2010A Debt Service*	Tourism Tax Revenues for Year Ended June 30, 2009	Coverage from Historic Tourism Tax Revenues	Projected Tourism Tax Revenues**	Coverage from Projected Tourism Tax Revenues
2010	\$1,456,995	\$2,549,742	1.75%	\$2,549,742	1.75%
2011	9,344,943	23,421,237	2.51	22,147,000	2.37
2012	9,344,943	23,421,237	2.51	22,969,000	2.46
2013	9,545,650	23,421,237	2.45	24,950,000	2.61
2014	9,746,357	23,421,237	2.40	29,526,000	3.03
2015	12,966,357	23,421,237	1.81	34,635,000	2.67
2016	13,005,357	23,421,237	1.80	37,120,000	2.85
2017	13,016,032	23,421,237	1.80	39,388,000	3.03
2018	13,026,732	23,421,237	1.80	41,029,000	3.15
2019	13,006,920	23,421,237	1.80	42,600,000	3.28
2020	13,003,920	23,421,237	1.80	44,229,000	3.40
2021	12,991,920	23,421,237	1.80	45,921,000	3.53
2022	13,051,920	23,421,237	1.79	47,679,000	3.65
2023	13,133,420	23,421,237	1.78	49,500,000	3.77
2024	13,380,482	23,421,237	1.75	51,394,000	3.84
2025	13,379,232	23,421,237	1.75	53,358,000	3.99
2026	13,377,407	23,421,237	1.75	55,397,000	4.14
2027	13,330,907	23,421,237	1.76	57,512,000	4.31
2028	13,332,547	23,421,237	1.76	59,708,000	4.48
2029	13,335,180	23,421,237	1.76	61,990,000	4.65
2030	13,333,080	23,421,237	1.76	61,990,000	4.65
2031	13,335,766	23,421,237	1.76	61,990,000	4.65
2032	13,337,271	23,421,237	1.76	61,990,000	4.65
2033	13,341,870	23,421,237	1.76	61,990,000	4.65
2034	13,343,598	23,421,237	1.76	61,990,000	4.65
2035	13,346,729	23,421,237	1.75	61,990,000	4.64
2036	13,350,298	23,421,237	1.75	61,990,000	4.64
2037	13,353,340	23,421,237	1.75	61,990,000	4.64
2038	13,359,887	23,421,237	1.75	61,990,000	4.64
2039	13,358,732	23,421,237	1.75	61,990,000	4.64
2040	13,364,151	23,421,237	1.75	61,990,000	4.64
2041	13,369,695	23,421,237	1.75	61,990,000	4.64
2042	13,374,156	23,421,237	1.75	61,990,000	4.64
2043	13,376,327	23,421,237	1.75	61,990,000	4.63

* Debt service net of capitalized interest and Direct Payments.

**Source: HVS Music City Center Market and Feasibility Study, dated March 26, 2010. There is no change assumed for projected Tourism Tax Revenues beyond the year ended July 1, 2029, which is the last year for which projections were made in the Market Study.

Flow of Funds – Series 2010A Indenture

All Tourism Tax Revenues received by the Issuer from the Metropolitan Government pursuant to the Intergovernmental Agreement shall be deposited into the Series 2010A Revenue Fund upon receipt. The Series 2010A Revenue Fund shall be held by the Issuer and shall constitute part of the Series 2010A Trust Estate. On each Revenue Fund Transfer Date, the Issuer shall make the deposits, transfers or payments indicated below from amounts then on deposit in the Series 2010A Revenue Fund in the priority listed below:

First, to the Series 2010A Debt Service Fund, to the extent available, in the following amounts:

(A) such amount that, together with amounts then on deposit therein, will result in the deposit of the total amount of interest coming due on all Outstanding Series A Bonds (including the Series 2010A Bonds) on the next Debt Service Payment Date; provided, however, that available funds on deposit in the Series 2010A-1 Capitalized Interest Account shall be taken into account for purposes of calculating the required deposit but only with respect to interest coming due on the Series 2010A Tax-Exempt Bonds, and available funds on deposit in the Series 2010A-2 Capitalized Interest Account and the Series 2010A-2 Direct Payments Account shall be taken into account for purposes of calculating the required deposit but only with respect to interest coming due on the Series 2010A Taxable Bonds; plus

(B) commencing with the 12th month prior to the next principal Debt Service Payment Date, such amount that, together with amounts then on deposit therein, will result in the deposit of one-half of the total amount of principal (including sinking fund installments) or Maturity Amount, as the case may be, coming due on all Outstanding Series A Bonds on the next Debt Service Payment Date, and commencing with the 6th month prior to the next principal Debt Service Payment Date, such amount that, together with amounts then on deposit therein, will result in the deposit of the total amount of principal (including sinking fund installments) or Maturity Amount, as the case may be, coming due on all Outstanding Series A Bonds on the next Debt Service Payment Date,

Second, if the Series 2010A Debt Service Reserve Fund contains less than the Series 2010A Reserve Fund Requirement, to the Series 2010A Debt Service Reserve Fund, an amount equal to the amount required to satisfy the Series 2010A Reserve Fund Requirement,

Third, to the Series 2010A Rebate Fund, amounts which, when added to other amounts in the Series 2010A Rebate Fund, shall equal the amount required to be on deposit therein pursuant to the Tax Agreement and any similar agreements delivered in connection with the issuance of any Series A Additional Bonds or Series A Refunding Bonds;

Last, to Series 2010B Revenue Fund, the balance, if any, of moneys remaining in the Series 2010A Revenue Fund; provided, however, if there are no obligations Outstanding under the Series 2010B Indenture, then the Issuer may use any remaining funds in the Series 2010A Revenue Fund for any lawful purpose with the written consent of the Director of Finance. The Series 2010B Revenue Fund shall not be considered a fund created under the Series 2010A Indenture and shall not be part of the Series 2010A Trust Estate.

Series 2010A Debt Service Fund

The Series 2010A Debt Service Fund shall be held by the Trustee and shall constitute part of the Series 2010A Trust Estate. There shall be paid out of the Series 2010A Debt Service Fund on or before each Debt Service Payment Date for any of the Series A Bonds, the amount required to pay Series 2010A Debt Service coming due and payable on such date. Direct Payments received by the Issuer for the payment of interest on the Series 2010A Taxable Bonds shall be deposited to the Series 2010A-2 Direct Payments Account of the Series 2010A Debt Service Fund on or before each Debt Service Payment Date for the payment of Series 2010A Debt Service only on such Series 2010A Taxable Bonds. On or before any Redemption Date for Series A Bonds to be redeemed, there shall also be paid out of the Series 2010A Debt Service Fund, from available amounts deposited therein from time to time, the Redemption Price of and interest on such Series A Bonds to be redeemed.

Series 2010A Debt Service Reserve Fund

The Series 2010A Debt Service Reserve Fund shall be held by the Trustee and shall constitute part of the Series 2010A Trust Estate. Simultaneously with the delivery of the Series 2010A Bonds to the initial purchasers thereof, the Issuer shall cause to be deposited in the Series 2010A Debt Service Reserve Fund, from proceeds of the Series 2010A Bonds, an amount equal to the Series 2010A Reserve Fund Requirement (\$13,380,482).

The Trustee shall apply amounts on deposit in the Series 2010A Debt Service Reserve Fund to the extent necessary to satisfy any insufficiency in the Series 2010A Debt Service Fund. All cash and investments on deposit in the Series 2010A Debt Service Reserve Fund shall be liquidated and withdrawn by the Trustee prior to drawing on any Reserve Fund Credit Facility which may, in the future, be on deposit in the Series 2010A Debt Service Reserve Fund. If more than one Reserve Fund Credit Facility is maintained in the Series 2010A Debt Service Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata unless otherwise required by the terms of the Reserve Fund Credit Facilities. When the amount in the Series 2010A Debt Service Reserve Fund (exclusive of any Reserve Fund Credit Facilities), together with the amount in the Series 2010A Debt Service Fund, is sufficient to fully pay all Outstanding Series A Bonds in accordance with their terms (including principal or Redemption Price and interest), the amount on deposit in the Series 2010A Debt Service Reserve Fund, together with the amount on deposit in the Series 2010A Debt Service Fund may, at the direction of the Issuer, be transferred to the Series 2010A Debt Service Fund and applied to pay the principal and Redemption Price of and interest on all Series A Bonds.

When and so long as the money and investments in the Series 2010A Debt Service Reserve Fund total not less than the Series 2010A Reserve Fund Requirement (including the amount available to be drawn under all Reserve Fund Credit Facilities), no deposits need be made to the credit of the Series 2010A Debt Service Reserve Fund; but when and if the Series 2010A Debt Service Reserve Fund at any time contains less than the Series 2010A Reserve Fund Requirement, such deficiency in the Series 2010A Reserve Fund Requirement shall be cured as promptly as possible by (i) making deposits from funds on deposit in the Series 2010A Revenue Fund in an amount required to (A) first, if a draw has been made on Reserve Fund Credit Facilities, pay reimbursement obligations related to such Reserve Fund Credit Facilities on a pro rata basis to restore the amount available to be drawn under such Reserve Fund Credit Facilities to their original amounts (and pay all other amounts required by such Reserve Fund Credit Facility), and (B) second, restore the balance in the Series 2010A Debt Service Reserve Fund to the Series 2010A Reserve Fund Requirement, (ii) providing a Reserve Fund Credit Facility (but only if all reimbursement obligations on any then-existing Reserve Fund Credit Facility has been paid in full), or (iii) providing a combination of (i) and (ii) above.

For the purpose of determining the amount on deposit to the credit of the Series 2010A Debt Service Reserve Fund, investments in which money in such Fund shall have been invested shall be computed at cost (book value, as opposed to market value), and any Reserve Fund Credit Facility shall be computed at the maximum amount available to be drawn thereunder. The amount on deposit to the credit of the Series 2010A Debt Service Reserve Fund shall be computed by the Trustee annually within thirty (30) days of the end of the Fiscal Year, and shall be computed immediately upon any withdrawal from the Series 2010A Debt Service Reserve Fund.

If on any Revenue Fund Transfer Date the amount on deposit in the Series 2010A Debt Service Reserve Fund exceeds the Series 2010A Reserve Fund Requirement, then, prior to making the transfers from the Series 2010A Revenue Fund, such excess shall be applied to the reimbursement of each drawing on Reserve Fund Credit Facilities, if any, on a pro rata basis, and to the payment of interest or other amounts due with respect to such Reserve Fund Credit Facilities, and any remaining excess amounts shall be deposited into the Series 2010A Debt Service Fund or the Series 2010A Construction Fund in a manner consistent with the Tax Agreement.

In lieu of cash and investments which are then on deposit in the Series 2010A Debt Service Reserve Fund to satisfy all or a portion of the Series 2010A Reserve Fund Requirement, the Issuer may at any time, cause to be deposited in the Series 2010A Debt Service Reserve Fund a Reserve Fund Credit Facility in an amount equal to the difference between the Series 2010A Reserve Fund Requirement and all or a portion of such cash and investments. If, at any time a Reserve Fund Credit Facility is so delivered, there shall be any amount in the Series 2010A Debt Service Reserve Fund in excess of the Series 2010A Reserve Fund Requirement, such excess amount may be applied to the cost of acquiring such Reserve Fund Credit Facility and, to the extent not so applied, shall be transferred to the Series 2010A Debt Service Fund and applied to pay Series 2010A Debt Service when due or to purchase or redeem Series A Bonds as directed in writing by an Authorized Issuer Representative. In the event the provider of any Reserve Fund Credit Facility, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility or any Reserve Fund Credit Facility becomes unenforceable for any reason, within 90 days from the date the Issuer receives notice of either of said events, the Issuer shall either substitute a new Reserve Fund Credit Facility or Facilities or commence funding the Series 2010A Debt Service Reserve Fund as otherwise required by the Series 2010A Indenture; provided, however, if deposits to the Series 2010A Debt Service Reserve Fund shall be required as described in this sentence, each such deposit shall be in a minimum amount equal to 1/24th of the difference between the Series 2010A Reserve Fund Requirement and the amount in the Series 2010A Debt Service Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in the Series 2010A Debt Service Reserve Fund shall be

replenished over a period of not greater than 24 consecutive months; provided, however, any monthly payments in excess of such minimum payments shall be a credit against the next ensuing payment or payments. If the rating of the provider of a Reserve Fund Credit Facility returns to the required level or if the Reserve Fund Credit Facility becomes enforceable, the excess funds in the Series 2010A Debt Service Reserve Fund shall be released to the Issuer for deposit into the Series 2010A Revenue Fund.

SECURITY FOR SERIES 2010B BONDS

Series 2010B Trust Estate

Pursuant to the Series 2010B Indenture, the Issuer will pledge, transfer and assign to the Trustee all of its right, title and interest in and to the Series 2010B Trust Estate. The Series 2010B Trust Estate, as described in the Series 2010B Indenture, consists primarily of the following (including, without limitation, the right to enforce any of the terms thereof):

- (a) All of the Issuer's right, title and interest in all amounts that constitute (i) Project Operating Revenues, (ii) Tourism Tax Revenues (subject to their prior pledge and application to the Series 2010A Bonds) conveyed to the Issuer pursuant to the Intergovernmental Agreement, and (iii) Non-Tax Revenues (but only to the extent Project Operating Revenues, Tourism Tax Revenues and any other moneys held under the Funds established in the Series 2010B Indenture are insufficient for the payment of Operating Expenses and Series 2010B Debt Service on the Series B Bonds, and subject to the prior pledge of such Non-Tax Revenues to the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds and any bonds issued on a parity therewith) conveyed to the Issuer pursuant to the Intergovernmental Agreement, together with any investments and reinvestments made with such amounts and the proceeds thereof, and subject to the prior pledge of such Non-Tax Revenues to the payment of 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds and any bonds issued on a parity therewith; and
- (b) All of the Issuer's right, title and interest in and to the Intergovernmental Agreement, including the rights thereunder to receive the Tourism Tax Revenues (subject to the prior pledge and application of Tourism Tax Revenues to the Series 2010A Bonds) and Non-Tax Revenues (but only to the extent Project Operating Revenues, Tourism Tax Revenues and any other moneys held under the Funds established in the Series 2010B Indenture are insufficient for the payment of Operating Expenses and Series 2010B Debt Service on the Series B Bonds, and subject to the prior pledge of such Non-Tax Revenues to the payment of the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds and any bonds issued on a parity therewith), any right to bring actions and proceedings under the Intergovernmental Agreement for the enforcement thereof, and to do all things that the Issuer is entitled to do under the Intergovernmental Agreement, but excluding the Unassigned Rights; and
- (c) With respect to the Series 2010B Bonds, all of the Issuer's right, title and interest in and to the Direct Payments in support of the payment of Series 2010B Debt Service on the Series 2010B Bonds, with such Direct Payments to be deposited directly to the credit of the Series 2010B Direct Payments Account of the Series 2010B Debt Service Fund for the sole purpose of paying Series 2010B Debt Service on the Series 2010B Bonds; and
- (d) All rents, issues, profits, income and other sums due and to become due under and pursuant to any of the foregoing, it being the intent and purpose that the pledge, assignment and transfer to the Trustee of the revenues and rents above provided, due and to become due, shall be effective and operative immediately and shall continue in force and effect, and the Trustee shall have the right to collect and receive such revenues and other sums for application in accordance with the provisions of the Series 2010B Indenture, at all times during the period from and after the date of the Series 2010B Indenture until the indebtedness thereby secured shall have been fully paid and discharged; and

- (e) All moneys and securities in any one of the Funds or Accounts established under the Series 2010B Indenture (other than the Series 2010B Rebate Fund); provided, however, (i) the lien on the Series 2010B Capitalized Interest Account (and any capitalized interest Account created and funded in connection with the issuance of any Series B Additional Bonds) shall be for the sole purpose of paying interest due on the Series of Series B Bonds for which such capitalized interest Account was created and (ii) the lien on the Series 2010B Direct Payments Account (and any Direct Payments Accounts created in connection with the issuance of any Series B Additional Bonds issued as Build America Bonds) shall be for the sole purpose of paying Debt Service due on the Series of Series B Bonds with respect to which such Direct Payments are received.

Except for the Direct Payments payable with respect to the Series 2010B Bonds, which shall be held exclusively for the Series 2010B Bonds, the Series 2010B Trust Estate will be for the equal and proportionate benefit and security and the Registered Owners from time to time of the Series B Bonds issued and to be issued under the Series 2010B Indenture or any of them, without preference, priority or distinction of any Series B Bond over any other Series B Bond.

Tourism Tax Revenues Available for Payment of Series 2010B Bonds

Tourism Tax Revenues remaining after being applied in accordance with the Series 2010A Indenture to the payment of Series 2010A Debt Service and, if necessary, replenishing the Series 2010A Debt Service Reserve Fund, will be deposited in the Series 2010B Revenue Fund to be applied, along with Project Operating Revenues to the payment of Operating Expenses and Series 2010B Debt Service. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010B BONDS – Flow of Funds – Series 2010B Indenture" herein.

Project Operating Revenues

"Project Operating Revenues" means all income, revenues, receipts and rents of the Issuer derived from owning, renting, managing or otherwise operating the business and affairs of the Convention Center Project, including without limitation the Convention Center parking garage and other related parking facilities, except that the following shall not be included in determining Projecting Operating Revenues:

- (a) Excluded Taxes and Other Charges, and any other government taxes, duties, levies and/or charges collected directly from patrons or guests, or as a part of the sales price of any goods or services sold at the Convention Center Project;
- (b) Receipts from the financing, sale or other disposition of capital assets and other items, not in the ordinary course of the Convention Center Project's operations and income derived from securities and other property acquired and held for investment;
- (c) Proceeds of any insurance;
- (d) Proceeds of any financing;
- (e) Interest earned on funds held in any Account, or
- (f) Direct Payments.

Projected Series 2010B Debt Service Coverage

The table below compares (a) the revenues projected to be available to pay Series 2010B Debt Service, which consist of Tourism Tax Revenues projected to remain after payment of the Series 2010A Bonds, plus or minus projected Net Operating Revenues, plus available Non-Tax Revenues, to (b) Series 2010B Debt Service. Since all projections are based on estimates and assumptions which are inherently subject to uncertainty and variations depending on future events, there are likely to be differences between the projections and actual results and the differences may be material. See “—Non-Tax Revenues,” “MARKET STUDY,” APPENDIX D – HVS MARKET STUDY, and “OTHER INFORMATION – FORWARD-LOOKING STATEMENTS” herein.

Year Ended (July 1)	Projected Tourism Tax Revenues After Series 2010A Debt Service ¹	Net Operating Revenues ²	Projected Non-Tax Revenues Available for Series 2010B Debt Service ³	Total Projected Revenues Available for Series 2010B Debt Service	Series 2010 B Debt Service ⁴	Projected Series 2010B Debt Service Coverage from Available Revenues
2010	1,092,747	-	129,195,542	130,288,289	760,171	171.39%
2011	12,802,057	-	127,562,738	140,364,795	9,511,904	14.76
2012	13,624,057	-	127,559,969	141,184,026	10,226,686	13.81
2013	15,404,350	(\$888,762)	127,559,372	142,074,959	11,949,295	11.89
2014	19,779,643	(1,445,091)	127,561,081	145,895,633	17,751,391	8.22
2015	21,668,643	(746,391)	127,558,301	148,480,553	17,751,391	8.36
2016	24,114,643	89,708	127,541,001	151,745,353	22,196,391	6.84
2017	26,371,968	541,808	127,540,461	154,454,238	24,355,915	6.34
2018	28,002,268	522,458	127,544,021	156,068,748	25,921,177	6.02
2019	29,593,080	502,974	129,432,341	159,528,396	26,655,831	5.98
2020	31,225,080	482,428	129,451,841	161,159,350	26,659,717	6.05
2021	32,929,080	462,894	129,433,441	162,825,416	26,612,882	6.12
2022	34,627,080	441,446	129,438,441	164,506,968	26,615,891	6.18
2023	36,366,580	441,446	129,452,441	166,260,468	26,613,795	6.25
2024	38,013,518	441,446	129,439,991	167,894,956	26,578,625	6.32
2025	39,978,768	441,446	129,452,241	169,872,456	26,585,247	6.39
2026	42,019,593	441,446	129,452,266	171,913,306	26,554,362	6.47
2027	44,181,093	441,446	134,306,291	178,928,831	26,419,031	6.77
2028	46,375,453	441,446	134,306,291	181,123,191	26,420,981	6.86
2029	48,654,820	441,446	134,306,291	183,402,558	26,418,429	6.94
2030	48,656,920	441,446	134,306,291	183,404,658	26,425,502	6.94
2031	48,654,234	441,446	134,306,291	183,401,972	26,425,668	6.94
2032	48,652,729	441,446	134,306,291	183,400,467	26,428,052	6.94
2033	48,648,130	441,446	134,306,291	183,395,868	26,421,340	6.94
2034	48,646,402	441,446	134,306,291	183,394,140	26,424,659	6.94
2035	48,643,271	441,446	134,306,291	183,391,009	26,426,259	6.94
2036	48,639,702	441,446	134,306,291	183,387,440	26,424,825	6.94
2037	48,636,660	441,446	134,306,291	183,384,398	26,424,047	6.94
2038	48,630,113	441,446	134,306,291	183,377,851	26,422,393	6.94
2039	48,631,268	441,446	134,306,291	183,379,006	26,428,331	6.94
2040	48,625,849	441,446	134,306,291	183,373,587	26,424,893	6.94
2041	48,620,305	441,446	134,306,291	183,368,043	26,425,765	6.94
2042	48,615,844	441,446	134,306,291	183,363,582	26,423,981	6.94
2043	48,613,673	441,446	134,306,291	183,361,411	26,427,788	6.94

¹ See “—SECURITY FOR SERIES 2010A BONDS – Historical and Projected Series 2010A Debt Service Coverage” herein. There is no change assumed for projected Tourism Tax Revenues beyond the year ended July 1, 2029, which is the last year for which projections were made in the Market Study. Does not reflect any revenues accumulated from prior years after Total Net Income (Loss) and payment of debt service on the Series 2010 Bonds.

² Comprised of Total Net Income (Loss), as projected in the Market Study, plus Parking Net Income, as referenced in the Market Study, plus projected earnings on the Series 2010A and Series 2010B Debt Service Reserve Funds, assuming an average investment rate during the life of the Series 2010 Bonds of 4.5%. No change is assumed for projections in or referenced by the Market Study after the year ended July 1, 2022, which is the last year for which projections related to Total Net Income (Loss) were made by HVS.

³ Comprised of Non-Tax Revenues for the year ended June 30, 2009, minus debt service payable on the 1998 and 2004 Sports Authority Bonds. Additional bonds may be issued and payable from Non-Tax Revenues subject to the limitations described in “—Non-Tax Revenues,” “—COMPLETION BONDS” and “—ADDITIONAL AND REFUNDING BONDS” herein.

⁴ Debt service net of capitalized interest and Direct Payments.

Flow of Funds – Series 2010B Indenture

All Project Operating Revenues shall be deposited to the Series 2010B Revenue Fund upon receipt by the Issuer. All Tourism Tax Revenues available to the Issuer after the application of such Tourism Tax Revenues as required by the Series 2010A Indenture, shall be deposited into the Series 2010B Revenue Fund. The Series 2010B Revenue Fund shall be held by the Issuer and shall constitute part of the Series 2010B Trust Estate.

Moneys on deposit in the Series 2010B Revenue Fund shall be used first for the payment of Operating Expenses as and when such expenses arise in order to provide for the efficient and proper operation of the Convention Center Project.

On each Revenue Fund Transfer Date, the Issuer shall make the deposits, transfers or payments indicated below from amounts then on deposit in the Series 2010B Revenue Fund in the priority listed below:

First, to the Series 2010B Debt Service Fund, to the extent available, in the following amounts:

(A) commencing with the 6th month prior to the first interest payment date for a Series of the Series B Bonds, such amount that, together with amounts then on deposit therein, will result in the deposit of one-sixth (1/6) of the total amount of interest coming due on all Outstanding Series B Bonds (including the Series 2010B Bonds) on the next Debt Service Payment Date (or if a Series of Series B Bonds is issued less than 6 months prior to the first interest payment for such Series of Series B Bonds, then monthly deposits for such Series of Series B Bonds shall commence in the month immediately following the issuance of such Series of Series B Bonds and each monthly deposit with respect to such Series B Bonds prior to the first interest payment date shall be in amount that together with all other equal monthly deposits will equal the amount necessary to make the first interest payment); provided, however, that available funds on deposit in the Series 2010B Capitalized Interest Account and the Series 2010B Direct Payments Account shall be taken into account for purposes of calculating the required deposit with respect to interest coming due on the Series 2010B Bonds; plus

(B) commencing with the 12th month prior to the first principal payment date for a Series of Series B Bonds, such amount that, together with amounts then on deposit therein, will result in the deposit of one-twelfth (1/12) of the total amount of principal (including sinking fund installments) or Maturity Amount, as the case may be, coming due on all Outstanding Series B Bonds on the next Debt Service Payment Date; provided, however, if a Series of Series B Bonds is issued less than 12 months prior to the first principal payment date for such Series of Series B Bonds, then monthly deposits for such Series of Series B Bonds shall commence in the month immediately following the issuance of such Series of Series B Bonds and each monthly deposit with respect to such Series of Series B Bonds prior to the first principal payment date shall be in an amount that together with other equal monthly deposits for such Series of Series B Bonds will equal the amount necessary to make the first principal payment;

Second, if the Series 2010B Debt Service Reserve Fund contains less than the Series 2010B Reserve Fund Requirement, to the Series 2010B Debt Service Reserve Fund, an amount equal to the amount required to satisfy the Series 2010B Reserve Fund Requirement;

Third, to the Series 2010B Rebate Fund, amounts which, when added to other amounts in the Series 2010B Rebate Fund, shall equal the amount required to be on deposit therein pursuant to the Tax Agreement and any similar agreements delivered in connection with the issuance of Series B Additional Bonds or Series B Refunding Bonds;

Last, to the Surplus Revenue Fund, the balance, if any, of moneys remaining in the Series 2010B Revenue Fund.

Series 2010B Debt Service Fund

The Series 2010B Debt Service Fund shall be held by the Trustee and shall constitute part of the Series 2010B Trust Estate. There shall be paid out of the Series 2010B Debt Service Fund on or before each Debt Service Payment Date for any of the Series B Bonds, the amount required to pay Series 2010B Debt Service coming due and payable on such date. Direct Payments received by the Issuer for the payment of interest on the Series 2010B Bonds shall be deposited to the Series 2010B Direct Payments Account of the Series 2010B Debt Service Fund on or before each Debt Service Payment Date for the payment of Series 2010B Debt Service only on such Series 2010B Bonds. All funds on deposit in the Series 2010B Capitalized Interest Account shall be used to pay interest coming due on the Series 2010B Bonds, prior to the use of any other amounts in the Series 2010B Debt Service Fund for such purpose. On or before any Redemption Date for Series B Bonds to be redeemed, there shall also be paid out of the Series 2010B Debt Service Fund, from available amounts deposited therein from time to time, the Redemption Price of and interest on such Series B Bonds then to be redeemed.

Series 2010B Debt Service Reserve Fund

The Series 2010B Debt Service Reserve Fund shall be held by the Trustee and shall constitute part of the Series 2010B Trust Estate. Simultaneously with the delivery of the Series 2010B Bonds to the initial purchasers thereof, the Issuer shall cause to be deposited in the Series 2010B Debt Service Reserve Fund, from proceeds of the Series 2010B Bonds, an amount equal to the Series 2010B Reserve Fund Requirement (\$26,659,717).

The Trustee shall apply amounts on deposit in the Series 2010B Debt Service Reserve Fund to the extent necessary to satisfy any insufficiency in the Series 2010B Debt Service Fund. All cash and investments on deposit in the Series 2010B Debt Service Reserve Fund shall be liquidated and withdrawn by the Trustee prior to drawing on any Reserve Fund Credit Facility which may, in the future, be on deposit in the Series 2010B Debt Service Reserve Fund. If more than one Reserve Fund Credit Facility is maintained in the Series 2010B Debt Service Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata unless otherwise required by the terms of the Reserve Fund Credit Facilities. When the amount in the Series 2010B Debt Service Reserve Fund (exclusive of any Reserve Fund Credit Facilities), together with the amount in the Series 2010B Debt Service Fund, is sufficient to fully pay all Outstanding Series B Bonds in accordance with their terms (including principal or Redemption Price and interest), the amount on deposit in the Series 2010B Debt Service Reserve Fund, together with the amount on deposit in the Series 2010B Debt Service Fund may, at the direction of the Issuer, be transferred to the Series 2010B Debt Service Fund and applied to pay the principal and Redemption Price of and interest on all Series B Bonds.

When and so long as the money and investments in the Series 2010B Debt Service Reserve Fund total not less than the Series 2010B Reserve Fund Requirement (including the amount available to be drawn under all Reserve Fund Credit Facilities), no deposits need be made to the credit of the Series 2010B Debt Service Reserve Fund; but when and if the Series 2010B Debt Service Reserve Fund at any time contains less than the Series 2010B Reserve Fund Requirement, such deficiency in the Series 2010B Reserve Fund Requirement shall be cured as promptly as possible by (i) making deposits from funds on deposit in the Series 2010B Revenue Fund in an amount required to (A) first, if a draw has been made on Reserve Fund Credit Facilities, pay reimbursement obligations related to such Reserve Fund Credit Facilities on a pro rata basis to restore the amount available to be drawn under such Reserve Fund Credit Facilities to their original amounts (and pay all other amounts required by such Reserve Fund Credit Facility), and (B) second, restore the balance in the Series 2010B Debt Service Reserve Fund to the Series 2010B Reserve Fund Requirement, (ii) providing a Reserve Fund Credit Facility (but only if all reimbursement obligations on any then-existing Reserve Fund Credit Facility has been paid in full), or (iii) providing a combination of (i) and (ii) above.

For the purpose of determining the amount on deposit to the credit of the Series 2010B Debt Service Reserve Fund, investments in which money in such Fund shall have been invested shall be computed at cost (book value, as opposed to market value), and any Reserve Fund Credit Facility shall be computed at the maximum amount available to be drawn thereunder. The amount on deposit to the credit of the Series 2010B Debt Service Reserve Fund shall be computed by the Trustee annually within thirty (30) days of the end of the Fiscal Year, and shall be computed immediately upon any withdrawal from the Series 2010B Debt Service Reserve Fund.

If on any Revenue Fund Transfer Date the amount on deposit in the Series 2010B Debt Service Reserve Fund exceeds the Series 2010B Reserve Fund Requirement, then, prior to making the transfers from the Series 2010B Revenue Fund, such excess shall be applied to the reimbursement of each drawing on Reserve Fund Credit Facilities, if any, on a pro rata basis, and to the payment of interest or other amounts due with respect to such Reserve Fund Credit Facilities, and any remaining excess amounts shall be deposited into the Series 2010B Debt Service Fund or the Series 2010B Construction Fund in a manner consistent with the Tax Agreement.

In lieu of cash and investments which are then on deposit in the Series 2010B Debt Service Reserve Fund to satisfy all or a portion of the Series 2010B Reserve Fund Requirement, the Issuer may at any time, cause to be deposited in the Series 2010B Debt Service Reserve Fund a Reserve Fund Credit Facility in an amount equal to the difference between the Series 2010B Reserve Fund Requirement and all or a portion of such cash and investments. If, at any time a Reserve Fund Credit Facility is so delivered, there shall be any amount in the Series 2010B Debt Service Reserve Fund in excess of the Series 2010B Reserve Fund Requirement, such excess amount may be applied to the cost of acquiring such Reserve Fund Credit Facility and, to the extent not so applied, shall be transferred to the Series 2010B Debt Service Fund and applied to pay Series 2010B Debt Service when due or to purchase or redeem Series B Bonds as directed in writing by an Authorized Issuer Representative. In the event the provider of any Reserve Fund Credit Facility, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility or any Reserve Fund Credit Facility becomes unenforceable for any reason, within 90 days from the

date the Issuer receives notice of either of such events, the Issuer shall either substitute a new Reserve Fund Credit Facility or Facilities or commence funding the Series 2010B Debt Service Reserve Fund as otherwise required by the Series 2010B Indenture; provided, however, if deposits to the Series 2010B Debt Service Reserve Fund shall be so required, each such deposit shall be in a minimum amount equal to 1/24th of the difference between the Series 2010B Reserve Fund Requirement and the amount in the Series 2010B Debt Service Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in the Series 2010B Debt Service Reserve Fund shall be replenished over a period of not greater than 24 consecutive months; provided, however, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. If the rating of the provider of a Reserve Fund Credit Facility returns to the required level or if the Reserve Fund Credit Facility becomes enforceable, the excess funds in the Series 2010B Debt Service Reserve Fund shall be released to the Issuer for deposit into the Series 2010B Revenue Fund.

Surplus Revenue Fund

Pursuant to the express terms, covenants, conditions, uses, provisions, agreements and trusts set forth in the Series 2010B Indenture, the Surplus Revenue Fund shall be held by the Issuer and shall constitute part of the Series 2010B Trust Estate. The purpose of the Surplus Revenue Fund is to (i) receive and hold all Tourism Tax Revenues and Project Operating Revenues which are not otherwise used to pay Operating Expenses or required to be deposited into any other Fund or Account in accordance with the Series 2010B Indenture, and (ii) make disbursements into other Funds and Accounts or to Persons, including, without limitation, the Metropolitan Government, as required by the Series 2010B Indenture.

All moneys on deposit in the Surplus Revenue Fund shall be used and applied in the following order: (i) for the payment of Operating Expenses as and when such expenses arise to the extent moneys are unavailable in the Series 2010B Revenue Fund for such purpose, (ii) to cure any deficiency in the Series 2010B Debt Service Fund, (iii) to cure any deficiency in the Series 2010B Debt Service Reserve Fund, (iv) to reimburse the Metropolitan Government for all Non-Tax Revenues used to pay Series 2010B Debt Service and (v) with the consent and at the direction of the Director of Finance, for any other lawful purpose.

Non-Tax Revenues

In the event transfers to the Series 2010B Debt Service Fund from the Series 2010B Revenue Fund, Series 2010B Debt Service Reserve Fund and Surplus Revenue Fund prior to any Debt Service Payment Date are insufficient to make up all prior insufficiencies in the Series 2010B Debt Service Fund such that at the close of business on the 20th day prior to such Debt Service Payment Date, there remains a shortfall in the amount on deposit in the Series 2010B Debt Service Fund to pay all Series 2010B Debt Service coming due on such Debt Service Payment Date, the Trustee shall immediately notify the Metropolitan Government and the Issuer of such event and the amount of such insufficiency that exists in the Series 2010B Debt Service Fund. On the fifth day prior to such Debt Service Payment Date, the Issuer shall transfer from the Series 2010B Revenue Fund any amounts then available therein to the Trustee for deposit in the Series 2010B Debt Service Fund to the extent necessary to cure any deficiency in the Series 2010B Debt Service Fund. If, after such transfer from the Series 2010B Revenue Fund, there still remains a deficiency in the Series 2010B Debt Service Fund, the Trustee shall immediately, and in no event later than the close of business on the fifth day prior to the Debt Service Payment Date, notify the Metropolitan Government and the Issuer of the amount of such remaining deficiency in the Series 2010B Debt Service Fund. Upon being so notified by the Trustee of the remaining deficiency, the Issuer shall cause the Metropolitan Government (pursuant to the Intergovernmental Agreement) to deposit with the Trustee an amount of Non-Tax Revenues equal to such deficiency no later than one Business Day prior to such Debt Service Payment Date. Immediately upon receipt of such Non-Tax Revenues from the Metropolitan Government, the Trustee shall deposit such funds into the Metropolitan Government Revenues Account of the Series 2010B Debt Service Fund and shall use such funds on the next Debt Service Payment Date, along with all other funds on deposit in the Series 2010B Debt Service Fund, to pay Series 2010B Debt Service coming due on such Debt Service Payment Date. In the event other funds become available to the Trustee to pay Series 2010B Debt Service on such Debt Service Payment Date and all or a portion of the funds in the Metropolitan Government Revenues Account in the Series 2010B Debt Service Fund are not applied to the payment of Series 2010B Debt Service, then, the Trustee shall transfer such unused Non-Tax Revenues back to the Metropolitan Government not later than the Business Day next following the Debt Service Payment Date.

"Non-Tax Revenues" shall mean all income and revenues of the Metropolitan Government which, according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and

normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of the General Fund of the General Services District of the Metropolitan Government, derived from any source other than income and revenues derived from the exercise by the Metropolitan Government of its powers to levy and collect taxes of any kind. The term "Non-Tax Revenues" shall not include: ad-valorem property taxes; sales taxes; State-shared taxes; revenues of any agency or instrumentality of the Metropolitan Government or revenues which, according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and the normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of any proprietary fund or enterprise fund of the Metropolitan Government. The term "Non-Tax Revenues" also shall not include the Water/Sewer PILOT, Stadium Revenues or Arena Ticket Surcharge Revenues.

Pledge of Non-Tax Revenues Subordinate to Pledge in favor of Sports Authority Bonds

The Metropolitan Government's pledge of Non-Tax Revenues to the payment of Series 2010B Debt Service is subject to the prior pledge of Non-Tax Revenues to the payment of debt service on the 1998 Sports Authority Bonds and 2004 Sports Authority Bonds and any bonds issued on a parity therewith. The 1998 Sports Authority Bonds are payable primarily from Arena Ticket Surcharge Revenues and, in the event of a deficiency, from a pledge of Non-Tax Revenues. The 2004 Sports Authority Bonds are payable primarily from the Water/Sewer PILOT and the Stadium Revenues and, in the event of a deficiency, from a pledge of Non-Tax Revenues.

The documents authorizing both the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds permit the issuance of bonds on parity therewith, and therefore senior to the Series 2010B Bonds. However, bonds may not be issued on parity with either the 1998 Sports Authority Bonds or the 2004 Sports Authority Bonds unless historic annual Non-Tax Revenues are at least 200% of the aggregate maximum annual debt service on the 2004 Sports Authority Bonds, the 1998 Sports Authority Bonds, the Series 2010B Bonds and any additional bonds then secured (or proposed to be secured) by a pledge of Non-Tax Revenues. For purposes of the parity test under the documents authorizing both the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds, maximum annual debt service is measured on a gross basis without taking into account Direct Payments.

Historic Non-Tax Revenues

The table that follows shows historic Non-Tax Revenues. The amounts shown represent the amounts legally available to be pledged to pay debt service on the 1998 Sports Authority Bonds and the 2004 Sports Authority Bonds and Series 2010B Debt Service in the event the Tourism Tax Revenues and Net Operating Revenues are insufficient for such purpose. The data showing historic Non-Tax Revenues was derived from the financial records of the Metropolitan Government. The Metropolitan Government has historically appropriated, and anticipates that it will continue to appropriate, Non-Tax Revenues to the Metropolitan Government's general governmental operating expenses, subject to the pledge of Non-Tax Revenues in favor of the 1998 Sports Authority Bonds, the 2004 Sports Authority Bonds and the Series 2010B Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
Schedule of Historic Non-Tax Revenues (1)(2)(3)
Fiscal Years Ending June 30, 2005 through June 30, 2009

	2009	2008	2007	2006	2005
Other Payments in Lieu of Taxes	\$20,070,740	\$18,747,718	\$18,151,386	\$16,001,804	\$14,394,760
Licenses	22,666,427	23,661,587	22,978,828	22,769,969	14,428,485
Permits	11,157,194	15,112,631	15,086,649	14,895,898	13,348,107
Franchise Fees	18,771,172	19,517,881	17,484,931	18,610,833	16,787,931
Fines, Forfeitures and Penalties	13,325,113	13,323,712	14,100,396	13,841,149	12,029,361
Revenue from the use of money or property	908,832	1,869,085	2,168,780	1,185,472	953,890
Commission and fees	16,599,245	20,783,724	17,593,755	13,101,204	14,000,818
Charges for current service	28,273,342	28,727,071	26,363,024	22,908,249	24,092,957
Compensation from property	314,660	377,878	611,348	634,143	550,470
Contribution and gifts	604,355	690,744	669,329	543,390	667,940
Miscellaneous Revenue	1,615,211	1,520,969	1,414,910	1,186,236	996,206
TOTAL NON-TAX REVENUES	\$134,306,291	\$144,333,000	\$136,623,336	\$125,678,347	\$112,250,925
Maximum Annual Debt Service (2004 Sports Authority Bonds)	\$4,833,690	\$4,833,690	\$4,833,690	\$4,833,690	\$4,833,690
Maximum Annual Debt Service (1998 Sports Authority Bonds)	1,855,962	1,855,962	1,855,962	1,855,962	1,855,962
Series 2010B Maximum Annual Debt Service (4)	26,659,717	26,659,717	26,659,717	26,659,717	26,659,717
TOTAL DEBT SERVICE	\$33,349,369	\$33,349,369	\$33,349,369	\$33,349,369	\$33,349,369
Debt Service Coverage	4.03	4.33	4.10	3.77	3.37

- (1) Includes only collections within the General Services District Fund of the Metropolitan Government.
- (2) Non-Tax Revenues for purposes of this table do not include Water/Sewer PILOT Payments or Arena Ticket Surcharge Revenues.
- (3) Adjusted to reflect the elimination of non-cash revenue reported only for financial statement presentation.
- (4) Debt service net of Direct Payments.

Other Payments in Lieu of Taxes – Other payments in lieu of taxes consist of payments in lieu of ad valorem property taxes by a tax-exempt governmental entity in an amount not to exceed the taxes payable on privately-owned property of a similar nature. This category does not include the Water/Sewer PILOT.

Licenses and Permits – Licenses and permits consist of revenues from businesses and occupations which must be licensed before doing business within the jurisdiction of the Metropolitan Government or that benefit from an activity licensed by the Metropolitan Government. Major license sources are motor vehicle licenses and liquor licenses. Major permits are those related to construction and security alarms.

Franchise Fees – Franchise fees consist of fees paid for the privilege of continued use of public property to provide service, usually related to monopolies or other regulated entities. The major franchise fees are paid in connection with services provided by any cable television company, gas company or telephone company.

Fines, Forfeitures and Penalties – Fines, forfeitures and penalties consist of moneys derived from the imposition of penalties for the commission of statutory offenses or violation of rules or regulations, or moneys derived from the confiscation of deposits held as performance guarantees.

Revenues From Use of Money or Property – Revenues from the use of money or property consist of interest on investments and money earned from the lease or rental of government property.

Commissions and Fees – Commissions and fees consist of statutorily authorized fees collected by various elected officials of the Metropolitan Government. These fees are collected primarily by court clerks or the Register of Deeds for the filing of legal documents.

Charges for Services – Charges for services consist of fees charged by various departments and agencies of the Metropolitan Government to the user of the service. These fees cover a wide range of services from clinic fees and vehicle emission testing fees in the Health Department to parking fees, emergency ambulance fees and admission fees at the wave pool and golf courses.

Compensation from Property – Compensation from property consists of revenues received from the sale of property of the Metropolitan Government or settlements received for damage or loss to property of the Metropolitan Government.

Miscellaneous Revenue – Miscellaneous revenues consist of several minor non-tax revenue sources including without limitation, vending machines and maintenance fees for elderly residents in Metropolitan Government housing.

REBATE FUNDS

Moneys will be deposited into the Series 2010A Rebate Fund and the Series 2010B Rebate Fund as described above in amounts required pursuant to the Series 2010A Indenture and the Series 2010B Indenture, respectively. Amounts on deposit in the Series 2010A Rebate Fund and the Series 2010B Rebate Fund are not part of the Trust Estates. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS – Series 2010A Trust Estate" and "– SECURITY FOR SERIES 2010B BONDS – Series 2010B Trust Estate" herein.

CONSTRUCTION FUNDS

Pursuant to the express terms, covenants, conditions, uses, provisions, agreements and trusts set forth in the Indentures, the Series 2010A Construction Fund and the Series 2010B Construction Fund shall be held by the Issuer and shall constitute part of the applicable Trust Estate. Upon an Event of Default of the applicable Indenture, the Issuer shall transfer all moneys in the applicable Construction Fund to the Trustee, and the Trustee shall apply such moneys in accordance with the applicable Indenture. There shall be deposited into the Construction Funds, and the Accounts thereof, the amounts required to be so deposited by the provisions of the Indentures, as described above under the caption "PLAN OF FINANCE". The Issuer shall use funds in the Series 2010A-1 and Series 2010A-2 Project Accounts of the Series 2010A Construction Fund and funds in the Series 2010B Project Account of the Series 2010B Construction Fund to pay Convention Center Project Improvement Costs, as provided in the Intergovernmental Agreement. The Issuer shall use funds in the Series 2010A-1 and Series 2010A-2 Costs of Issuance Accounts of the Series 2010A Construction Fund to pay Issuance Costs for the Series 2010A Tax-Exempt Bonds and the Series 2010A Taxable Bonds, respectively, and shall use funds in the Series 2010B Costs of Issuance Account of the Series 2010B Construction Fund to pay Issuance Costs for the Series 2010B Bonds.

Prior to the first date on which the Convention Center Project is substantially complete and opens for business, (i) amounts in the Series 2010A-1 Project Account of the Series 2010A Construction Fund may be transferred, at the discretion of the Issuer, to the Series 2010A Debt Service Fund to be applied to the payment of debt service on the Series 2010A Tax-Exempt Bonds when due, as and to the extent required, or at the direction of the Trustee upon an Series 2010A Event of Default which has not been cured within the permitted time, and (ii) to the extent consistent with the Tax Agreement, amounts in the Series 2010A-2 Project Account of the Series 2010A Construction Fund and the Series 2010B Project Account of the Series 2010B Construction Fund may be transferred, at the discretion of the Issuer, to the Series 2010A Debt Service Fund and the Series 2010B Debt Service Fund, respectively, to be applied to the payment of debt service on the Series 2010A Taxable Bonds and the Series 2010B Bonds, respectively, when due, as and to the extent required; provided, however, if there has been a Series 2010A Event of Default or a Series 2010B Event of Default which has not been cured within the permitted time, that no such transfers shall be made unless the amounts remaining in the Series 2010A Construction Fund and the Series 2010B Construction Fund, collectively, after any such transfers are sufficient to pay all remaining Convention Center Project Improvement Costs.

PERFECTION OF LIEN ON TRUST ESTATES

Pursuant to Sections 9-22-101 *et seq.*, Tennessee Code Annotated, as amended, any security interests created by the Indentures shall be automatically perfected from the time the Indentures are entered into or the Indentures were adopted, and shall remain perfected continuously through the termination of the Indentures in accordance with the terms set forth therein, all without physical delivery or transfer of control of the Trust Estates, filing of a document, or another act. Therefore, it shall not be necessary for the Trustee or the Issuer to file any financing statements or continuation statements or any supplemental instruments or documents of further assurance in any manner in order to perfect or maintain perfection of any security interests created by the Indentures. If Tennessee law is amended at any time while any Series 2010 Bonds are Outstanding and unpaid such that the security interest created by the applicable Indenture is to be subject to the filing requirements of Tennessee law, then in order to preserve to the Registered Owners of such Series 2010 Bonds the perfection of such security interest, the Issuer and the Trustee agree in the Indentures to take such measures as they determine are reasonable and necessary under Tennessee law to comply with the applicable provisions of Tennessee law, and enable a filing to perfect the security interests created by the Indentures.

INVESTMENT OF FUNDS

Funds on deposit in any Fund or Account under either Indenture may be invested only in "Permitted Investments" (as defined in the Indentures and which are authorized by Tennessee Code Annotated Section 7-89-122). All funds on deposit in any Fund or Account held under the Indentures shall be invested and reinvested by the Issuer and the Trustee (in accordance with written instructions of the Issuer), as applicable, as promptly as practicable. Permitted Investments in all Funds and Accounts must mature, or the principal of and accrued interest on such Permitted Investments shall be available for withdrawal without penalty, not later than such times as shall be necessary to provide moneys when needed for payment to be made from such Funds and Accounts.

Except as otherwise provided in the applicable Indenture, or by a Supplemental Indenture, interest earned or profits realized from investing any moneys deposited in any Fund and Account or any subaccount thereof shall be retained in the respective Fund, Account or subaccount from which such interest and profits were derived. In the event the amount on deposit in a Debt Service Reserve Fund is equal to the applicable Reserve Fund Requirement, earnings from investments on deposit in such Debt Service Reserve Fund shall be distributed to the applicable Debt Service Fund or the Construction Fund in a manner consistent with the Tax Agreement, otherwise, investment earnings shall remain in such Debt Service Reserve Fund until such time as the amount on deposit therein equals the applicable Reserve Fund Requirement.

COMPLETION BONDS

Subject to the approval of the Metropolitan Council, the Issuer may issue Series B Additional Bonds on a parity with the Series B Bonds, the proceeds of which are required to complete the Convention Center Project in the manner originally contemplated as of the issuance of the Series 2010 Bonds or to pay amounts reasonably determined by the Issuer to be required to be made to protect life, health or property from imminent danger or to comply with Legal Requirements, so long as the aggregate principal amount of such completion bonds issued as Series B Additional Bonds does not exceed \$50,000,000.

ADDITIONAL AND REFUNDING BONDS

Series 2010A Indenture

Subject to the approval of the Metropolitan Council, the Issuer may issue Series A Refunding Bonds on parity with the Series A Bonds for the purpose of refunding all Outstanding Series A Bonds of one or more Series or all or any portion of the Outstanding Series A Bonds of a maturity within one or more Series. The Issuer must provide to the Trustee a written certificate certifying as to a reduction in Series 2010A Debt Service resulting from such issuance of Series A Refunding Bonds.

Subject to the approval of the Metropolitan Council, the Issuer may issue Series A Additional Bonds on parity with the Series 2010A Bonds for the purpose of financing the construction, installation and equipping of additions, renovations, betterments, extensions or improvements to the Convention Center Project. In order to issue Series A Additional Bonds for these purposes, the Issuer must deliver to the Trustee a certificate that the Series 2010A Debt Service Coverage Amount, taking into account the Series A Additional Bonds proposed to be issued and all Outstanding Series A Bonds, for any 12 consecutive months out of the 24 months immediately preceding the issuance of such Series A Additional Bonds is not less than 1.50:1.00.

For purposes of calculating the Series 2010A Debt Service Coverage Amount, Direct Payments to be received by the Issuer for payment of Debt Service on Series A Bonds issued as Build America Bonds shall be treated as a deduction from Series 2010A Debt Service.

Series 2010B Indenture

Subject to the approval of the Metropolitan Council, the Issuer may issue Series B Refunding Bonds on parity with the Series B Bonds for the purpose of refunding all Outstanding Series B Bonds of one or more Series or all or any portion of the Outstanding Series B Bonds of a maturity within one or more Series. The Issuer must provide to the Trustee a written certificate certifying as to a reduction in Series 2010B Debt Service resulting from such issuance of Series B Refunding Bonds.

Subject to the approval of the Metropolitan Council, and excluding Series B Additional Bonds issued to complete the Convention Center Project as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – COMPLETION BONDS," the Issuer may issue Series B Additional Bonds on parity with the Series 2010B Bonds for the purpose of financing the construction, installation, and equipping of additions, renovations, betterments, extensions or improvements to the Convention Center Project and the acquisition of land in connection with the Convention Center Project. In order to issue Series B Additional Bonds for these purposes, the Issuer must deliver to the Trustee a certificate providing that (A) the Series 2010B Debt Service Coverage Amount, taking into account the Series B Additional Bonds proposed to be issued and all Outstanding Series B Bonds, for any 12 consecutive months out of the 24 months immediately preceding the issuance of such Series B Additional Bonds is not less than 1.10:1.00 and (B) the ratio of (i) Non-Tax Revenues that were collected by the Metropolitan Government during any 12 consecutive months out of the 24 months immediately preceding the issuance of such Series B Additional Bonds and available to pay Series 2010B Debt Service within such period, to (ii) the Series 2010B Maximum Annual Debt Service is not less than 1.50:1.00.

For purposes of calculating the Series 2010B Debt Service Coverage Amount, Direct Payments to be received by the Issuer for payment of Debt Service on Series B Bonds issued as Build America Bonds shall be treated as a deduction from Series 2010B Debt Service.

DEBT SERVICE REQUIREMENTS

The following table provides the annual Debt Service requirements for the Series 2010 Bonds for each year ending July 1.

	Series 2010A Bonds			Series 2010B Bonds			Total Debt Service		
	Principal	Interest ¹	Total	Principal	Interest ¹	Total	Principal	Interest ¹	Total
2010	-	\$1,456,995	\$1,456,995	-	\$760,171	\$760,171	-	\$2,217,167	\$2,217,167
2011	-	9,344,943	9,344,943	-	9,511,904	9,511,904	-	18,856,846	18,856,846
2012	-	9,344,943	9,344,943	-	10,226,686	10,226,686	-	19,571,629	19,571,629
2013	-	9,545,650	9,545,650	-	11,949,295	11,949,295	-	21,494,945	21,494,945
2014	-	9,746,357	9,746,357	-	17,751,391	17,751,391	-	27,497,748	27,497,748
2015	\$3,220,000	9,746,357	12,966,357	-	17,751,391	17,751,391	\$3,220,000	27,497,748	30,717,748
2016	3,420,000	9,585,357	13,005,357	\$4,445,000	17,751,391	22,196,391	7,865,000	27,336,748	35,201,748
2017	3,570,000	9,446,032	13,016,032	6,745,000	17,610,915	24,355,915	10,315,000	27,056,948	37,371,948
2018	3,725,000	9,301,732	13,026,732	8,530,000	17,391,177	25,921,177	12,255,000	26,692,909	38,947,909
2019	3,860,000	9,146,920	13,006,920	9,565,000	17,090,831	26,655,831	13,425,000	26,237,751	39,662,751
2020	4,050,000	8,953,920	13,003,920	9,915,000	16,744,717	26,659,717	13,965,000	25,698,637	39,663,637
2021	4,200,000	8,791,920	12,991,920	10,235,000	16,377,882	26,612,882	14,435,000	25,169,801	39,604,801
2022	4,470,000	8,581,920	13,051,920	10,625,000	15,990,891	26,615,891	15,095,000	24,572,811	39,667,811
2023	4,775,000	8,358,420	13,133,420	11,035,000	15,578,795	26,613,795	15,810,000	23,937,215	39,747,215
2024	5,225,000	8,155,482	13,380,482	11,435,000	15,143,625	26,578,625	16,660,000	23,299,107	39,959,107
2025	5,485,000	7,894,232	13,379,232	11,900,000	14,685,247	26,585,247	17,385,000	22,579,479	39,964,479
2026	5,730,000	7,647,407	13,377,407	12,350,000	14,204,362	26,554,362	18,080,000	21,851,769	39,931,769
2027	5,970,000	7,360,907	13,330,907	12,755,000	13,664,031	26,419,031	18,725,000	21,024,938	39,749,938
2028	6,260,000	7,072,547	13,332,547	13,315,000	13,105,981	26,420,981	19,575,000	20,178,528	39,753,528
2029	6,565,000	6,770,180	13,335,180	13,895,000	12,523,429	26,418,429	20,460,000	19,293,609	39,753,609
2030	6,880,000	6,453,080	13,333,080	14,510,000	11,915,502	26,425,502	21,390,000	18,368,583	39,758,583
2031	7,215,000	6,120,766	13,335,766	15,145,000	11,280,668	26,425,668	22,360,000	17,401,434	39,761,434
2032	7,565,000	5,772,271	13,337,271	15,810,000	10,618,052	26,428,052	23,375,000	16,390,322	39,765,322
2033	7,935,000	5,406,870	13,341,870	16,495,000	9,926,340	26,421,340	24,430,000	15,333,210	39,763,210
2034	8,320,000	5,023,598	13,343,598	17,220,000	9,204,659	26,424,659	25,540,000	14,228,257	39,768,257
2035	8,725,000	4,621,729	13,346,729	17,975,000	8,451,259	26,426,259	26,700,000	13,072,988	39,772,988
2036	9,150,000	4,200,298	13,350,298	18,760,000	7,664,825	26,424,825	27,910,000	11,865,124	39,775,124
2037	9,595,000	3,758,340	13,353,340	19,580,000	6,844,047	26,424,047	29,175,000	10,602,387	39,777,387
2038	10,065,000	3,294,887	13,359,887	20,435,000	5,987,393	26,422,393	30,500,000	9,282,280	39,782,280
2039	10,550,000	2,808,732	13,358,732	21,335,000	5,093,331	26,428,331	31,885,000	7,902,063	39,787,063
2040	11,065,000	2,299,151	13,364,151	22,265,000	4,159,893	26,424,893	33,330,000	6,459,044	39,789,044
2041	11,605,000	1,764,695	13,369,695	23,240,000	3,185,765	26,425,765	34,845,000	4,950,461	39,795,461
2042	12,170,000	1,204,156	13,374,156	24,255,000	2,168,981	26,423,981	36,425,000	3,373,137	39,798,137
2043	12,760,000	616,327	13,376,327	25,320,000	1,107,788	26,427,788	38,080,000	1,724,115	39,804,115
Total	\$204,125,000	\$219,597,120	\$423,722,120	\$419,090,000	\$383,422,615	\$802,512,615	\$623,215,000	\$603,019,735	\$1,226,234,735

¹ Net of Direct Payments and capitalized interest.

INTERGOVERNMENTAL AGREEMENT

The following summarizes certain limited provisions of the Intergovernmental Agreement among the Metropolitan Government, MDHA and the Issuer. Reference is made to the Intergovernmental Agreement for the detailed provisions thereof. Defined terms in the Intergovernmental Agreement which are not defined herein will have the meaning assigned to such terms in the Intergovernmental Agreement, and in the event of any conflicts between any definitions used in this summary and the definitions in the Intergovernmental Agreement the provisions of the Intergovernmental Agreement will control. The Intergovernmental Agreement shall remain in effect so long as there are Outstanding Series 2010 Bonds.

DUTIES OF THE METROPOLITAN GOVERNMENT

The Metropolitan Government has agreed in the Intergovernmental Agreement to collect all Tourism Tax Revenues due to the Metropolitan Government, and to maintain the Tourism Tax Revenues in accounts separate from other funds of the Metropolitan Government. Following (i) the issuance of the Series 2010A Bonds or the Series 2010B Bonds and (ii) the repayment in full of the MDHA Obligation, the Metropolitan Government shall transfer the Tourism Tax Revenues to the Issuer as and when received for the purposes set forth in the Indentures; provided however, the Metropolitan Government shall only be required to transfer to the Issuer one-third of the Hotel/Motel Tax Revenues collected by the Metropolitan Government with respect to occupancy occurring on or before June 30, 2010. The Metropolitan Government will continue to transfer such Tourism Tax Revenues to the Issuer until the termination of the Intergovernmental Agreement pursuant to the provisions thereof.

The Metropolitan Government has authorized the Issuer to pledge its rights under the Intergovernmental Agreement and to the Tourism Tax Revenues as security for the Issuer's obligations under the Series 2010A Indenture, including, without limitation, the repayment of the Series 2010A Bonds (including any additional or refunding bonds issued pursuant to the Series 2010A Indenture). For so long as any Series 2010A Bonds (or any Series A Additional Bonds or Series A Refunding Bonds issued pursuant to the Series 2010A Indenture and approved by the Metropolitan Government) are outstanding, the Metropolitan Government will transfer the Tourism Tax Revenues to the Issuer as described in the Intergovernmental Agreement and will not repeal or amend the ordinances authorizing the collection of the Tourism Tax Revenues in such a manner as to reduce the amount of Tourism Tax Revenues payable to the Issuer pursuant to the Intergovernmental Agreement.

The Metropolitan Government further authorized the Issuer to pledge its rights under the Intergovernmental Agreement and to the Tourism Tax Revenues and the Non-Tax Revenues as security for the Issuer's obligations under the Series 2010B Indenture, including, without limitation, the repayment of the Series 2010B Bonds (and any additional or refunding bonds issued pursuant to the Series 2010B Indenture). For so long as any Series 2010B Bonds (or any Series B Additional Bonds or Series B Refunding Bonds issued pursuant to the Series 2010B Indenture and approved by the Metropolitan Government) are outstanding, the Metropolitan Government will transfer the Tourism Tax Revenues and the Non-Tax Revenues (to the extent required) to the Issuer as described in the Intergovernmental Agreement and will not repeal or amend the ordinances authorizing the collection of the Tourism Tax Revenues in such a manner as to reduce the amount of Tourism Tax Revenues payable to the Issuer pursuant to the Intergovernmental Agreement.

In addition, for so long as any Series 2010B Bonds (or any Series B Additional Bonds or Series B Refunding Bonds issued pursuant to the Series 2010B Indenture and approved by the Metropolitan Government) are outstanding, it will not issue or incur, or permit to be issued or incurred, any indebtedness payable from or secured by a pledge of or lien on any of the Non-Tax Revenues (an "Additional Secured Indebtedness"), nor will it pledge any of the Non-Tax Revenues or create a lien on or security interest in any of the Non-Tax Revenues to secure the indebtedness or obligation of the Metropolitan Government, the Issuer or any other entity, unless all the following conditions are met, in which case such Additional Secured Indebtedness may be issued on a subordinate basis with respect to any Series 2010B Bonds (or any Series B Additional Bonds or Series B Refunding Bonds issued pursuant to the Series 2010B Indenture):

(a) all the payments into the respective funds and accounts provided for in the Series 2010B Indenture, as supplemented, shall have been made in full to the date of issuance of such Additional Secured Indebtedness or the creation of the lien, security interest or pledge hereinabove described;

(b) the Issuer and the Metropolitan Government shall be in substantial compliance with all of the covenants, agreements and terms of the Series 2010B Indenture, as supplemented; and

(c) following the issuance of such Additional Secured Indebtedness or the creation of such lien, pledge or security interest, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded fiscal year of the Metropolitan Government equals or exceeds two times the maximum amount of debt service payable during any calendar year with respect to any Series 2010B Bonds (and any Series B Additional Bonds or Series B Refunding Bonds issued pursuant to the Series 2010B Indenture), and any Additional Secured Indebtedness.

Notwithstanding the foregoing, the limitations in the foregoing paragraph do not apply to any obligations issued on a parity with the 1998 Sports Authority Bonds, the 2004 Sports Authority Bonds, or any additional or refunding parity bonds issued under the Series 2010B Indenture, so long as such obligations meet the requirements for the issuance of parity obligations under their respective indentures.

DUTIES OF THE ISSUER

Under the Intergovernmental Agreement, the Issuer has agreed to cause the completion of the construction of the Convention Center with the proceeds of the Series 2010 Bonds in accordance with the Construction Management Agreement and to deposit the Tourism Tax Revenues and Project Operating Revenues as required by the Indentures. In addition, the Issuer has agreed that it will adopt an annual budget for the Convention Center indicating all Operating Expenses, revenues and capital improvements. The Intergovernmental Agreement requires the Issuer to (i) promptly provide the Director of Finance all budget information and proposals, as and when prepared by the Issuer, and any other statements, reports and information relating to the Convention Center as the Director of Finance may request from time to time; (ii) consult with the Director of Finance in connection with the adoption of its annual budget for the Convention Center; and (iii) present the budget so adopted to the Metropolitan Government at times and in the manner prescribed by the Director of Finance and in compliance with any requirements of the budget process of the Metropolitan Government. The Issuer shall additionally submit to the Metropolitan Council the annual audit and report of its business affairs and transactions in compliance with the requirements of Section 7-89-110 of the Tennessee Code Annotated.

The Issuer has further agreed to comply with all the terms and conditions set forth in the Indentures, including, without limitation, the obligation to use all funds held in the Surplus Revenue Fund created by the Series 2010B Indenture to reimburse the Metropolitan Government for any payments of the Non-Tax Revenues made by the Metropolitan Government for Series 2010B Debt Service up to said amount.

DUTIES OF MDHA

Upon or prior to receipt from the Issuer of the amount necessary to repay the MDHA Obligation in full, the MDHA has agreed to convey to the Issuer all its right, title and interest in the Project Site and any other property acquired by it in connection with the Convention Center and to transfer and assign to the Issuer all of MDHA's rights, contracts, agreements, warranties and guarantees relating to the development or the operation of the Convention Center. Upon or prior to the issuance of the Series 2010 Bonds, the MDHA has agreed to obtain from the holder of the MDHA Obligation a signed release of the deed of trust lien on the Project Site securing the repayment of the MDHA Obligation and an authorization to record such release in the Register's Office of Davidson County, along with a release of any other filings made with said Register's Office or the Secretary of State of Tennessee in connection with the securing of the MDHA Obligation, upon payment of the MDHA Obligation. The MDHA has further agreed to work with the Metropolitan Government and the Issuer to ensure the timely and efficient transfer of the Convention Center construction operations and management to the Issuer.

MARKET STUDY

MARKET STUDY PROVIDER

In connection with the issuance of the Series 2010 Bonds, HVS prepared a report entitled "Music City Center Market and Feasibility Study" dated March 26, 2010 (the "Market Study"), setting forth current and projected operations of the Convention Center Project and Tourism Tax Revenues.

HVS is a division of HVS Global Hospitality services, which was founded in 1980 under the name "Hospital and Valuation Services" to satisfy the demand for strong consultation services and valuation needs in the hotel industry. Over the years, the scope of the firm's professional services has expanded to include a wide range of consulting activities. HVS initiated operations in January 2001 and its principal consultants specialize in the market and

feasibility study of public assembly facilities and tax revenue forecasting. The firm's database of convention center information, combined with broad insight and extensive experience, enables HVS to produce well-documented market study reports that contain fully supported conclusions. The firm's staff has extensive training in real estate analysis and forecasting techniques.

EXECUTIVE SUMMARY OF THE MARKET STUDY

The following executive summary of the Market Study was provided solely by HVS. The complete Market Study is presented in "APPENDIX D – HVS MARKET STUDY." The Market Study describes key factors that affect demand for the Convention Center Project and that affect Tourism Tax Revenues and sets forth assumptions on which such estimates are based. There is no assurance that actual events will correspond with the assumptions on which such estimates are based. Consequently, no guarantee can be made that the estimated operating results will correspond with the results actually achieved in the future. See "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS" and "INVESTMENT CONSIDERATIONS." The Market Study should be read in its entirety for an understanding of the estimated operating results and the underlying assumptions.

The Market Study provides an independent assessment of the market potential of the Convention Center Project, a forecast of the Convention Center Project financial operations, and a projection of the Tourism Tax Revenues. To prepare the forecast, HVS performed the following tasks: 1) met with managers of the Existing Convention Center and with Metropolitan Government officials involved in planning the Convention Center Project to discuss existing operations and their assumptions regarding the future operations of the Convention Center Project, 2) inspected the Project Site and the surrounding market area, 3) analyzed relevant economic and demographic factors in the market area, 4) reviewed concept plan drawings of the proposed Convention Center Project, 5) analyzed historical event demand at the Existing Convention Center as well as advanced bookings of conventions and tradeshow events for the Convention Center Project, 6) gathered data on and analyzed the operations of a set of comparable convention center venues, most of which would directly compete with the Convention Center Project, 7) conducted a survey of event planners to assess their facility needs and interest in placing their events in the Convention Center Project, 8) reviewed legislation authorizing the various taxes dedicated to repayment of debt on the project, 9) analyzed the historical tax collections and trends in the various underlying tax bases (to the extent that historical data was available), and 10) forecast the financial operations of the Convention Center Project and future Tourism Tax Revenues.

Significant assumptions made in the Market Study include: 1) the opening of the Convention Center Project on or around February 1, 2013, 2) competent and professional operation of the Convention Center Project, 3) construction of the Convention Center Project in a manner that is consistent with the current design plans and accepted industry standards, 4) continued and effective marketing of the Convention Center Project by its staff and the Nashville Convention and Visitor's Bureau, 5) operating results and tax forecasts that do not take into account nor make provisions for the effect of any sharp rise or decline in local or national economic conditions, 6) the generation of parking revenues from the Convention Center Project parking facilities as forecast by Timothy Haahs and Associates, Inc., 7) the absence of adverse geopolitical events including but not limited to terrorist attacks or acts of war, and 8) the continuation of past local and State governmental policies that have promoted the economic growth of downtown Nashville.

The following table summarizes the forecasted net operating income of the Convention Center Project.

<u>Fiscal Year</u>	<u>Net Income (Loss)</u>
2012/13	(\$1,789,667)
2013/14	(\$3,246,900)
2014/15	(\$2,548,200)
2015/16	(\$1,712,100)
2016/17	(\$1,260,000)
2017/18	(\$1,279,350)
2018/19	(\$1,298,834)
2019/20	(\$1,319,380)
2020/21	(\$1,338,914)
2021/22	(\$1,360,362)

HVS forecast future Tourism Tax Revenues from six sources: 1) Hotel/Motel Tax Revenues, 2) Room Occupancy Tax Revenues, 3) Airport Ground Transportation Tax Revenues, 4) Rental Car Tax Revenues, 5) TDZ Tax Revenues, and 6) MCCA Redirect Revenues. The historical performance (if available) and assumptions underlying the forecasts for each source are described in detail in the Market Study. The following table summarizes the forecast of the combined Tourism Tax Revenue.

<u>Fiscal Year</u>	<u>Tourism Tax Revenue</u>
2009/10	\$21,705,000
2010/11	22,147,000
2011/12	22,969,000
2012/13	24,950,000
2013/14	29,526,000
2014/15	34,635,000
2015/16	37,120,000
2016/17	39,388,000
2017/18	41,029,000
2018/19	42,600,000
2019/20	44,229,000
2020/21	45,921,000
2021/22	47,679,000
2022/23	49,500,000
2023/24	51,394,000
2024/25	53,358,000
2025/26	55,397,000
2026/27	57,512,000
2027/28	59,708,000
2028/29	61,990,000

Since all forecasts are based on estimates and assumptions, which are inherently subject to uncertainty and variations depending on future events, there are likely to be differences between the forecast and actual results and the differences may be material. See “OTHER INFORMATION – Forward Looking Statements.”

INVESTMENT CONSIDERATIONS

GENERAL

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Issuer to pay principal of and interest on the Series 2010 Bonds, and which could also affect the marketability of, or the market price for, the Series 2010 Bonds.

The purchase of the Series 2010 Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of any Series 2010 Bonds should read this Official Statement in its entirety and consult such prospective purchaser’s own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2010 Bonds.

NON-RECOURSE OBLIGATION

The Series 2010 Bonds are special, limited obligations of the Issuer payable solely from Tourism Tax Revenues and, in the case of the Series 2010B Bonds, Project Operating Revenues (net of Operating Expenses) and Non-Tax Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS." Holders of Series 2010 Bonds will have no recourse against the physical facilities of the Convention Center Project or other assets of the Issuer. Holders of Series 2010 Bonds also will have no recourse against any assets of the Metropolitan Government, except in the case of the Registered Owners of the Series 2010B Bonds, which shall have recourse to Non-Tax Revenues to the extent provided in the Series 2010B Indenture. Neither the full faith and credit nor the taxing power of the State of Tennessee, the Metropolitan Government or any other political subdivision are available to pay Debt Service on the Series 2010 Bonds.

ACHIEVEMENT OF PROJECTIONS

The collection of Tourism Tax Revenues in the amounts projected herein (see "MARKET STUDY" herein) is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time, including, without limitation:

- the failure to complete or a delay in completion of the construction of the Convention Center Project;
- general and local economic conditions that affect the convention industry and/or the Nashville convention market; and
- competition from other convention centers nationally.

Business and leisure travel is subject to a multitude of worldwide economic, political and social events, circumstances and influences, and the future performance of the Convention Center Project in accordance with any forecasts is not assured or guaranteed and is subject to events, circumstances and influences that are not within the Issuer's control. As noted under the caption "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS," any projection is subject to uncertainties. Although the Issuer believes that the expectations reflected in the APPENDIX D – "HVS MARKET STUDY" are reasonable, there is no assurance that those expectations will be achieved. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

INSURANCE

The Construction Manager is obligated to obtain or cause to be obtained insurance providing coverage in the amount required by the Construction Management Agreement until completion of the Convention Center. Thereafter, the Indentures obligate the Issuer to obtain insurance providing coverage of loss claims related to the Convention Center. The Indentures permit the Issuer, with the consent of the Director of Finance, to self-insure against any risks that the Issuer deems appropriate and which is consistent with actuarially sound methods so long as the Issuer maintains adequate reserves, in such amounts as the Issuer determines are reasonable, for such self insurance. An unanticipated volume of claims under these insurance policies or on such self-insurance reserves, however, could cause the payment of unforeseen amounts as deductibles and increased premiums or from self-insurance reserves, thereby adversely affecting the Issuer's finances. In the event of damage to the Convention Center, insurance proceeds or self-insurance reserves may be insufficient to fully repair such damage. In such event, Convention Center operations may be adversely affected, which would in turn adversely affect Project Operating Revenues and Tourism Tax Revenues.

CONSIDERATIONS RELATING TO NON-TAX REVENUES

Pursuant to the Intergovernmental Agreement, the Metropolitan Government has pledged Non-Tax Revenues to the payment of the Series 2010B Bonds in the event Tourism Tax Revenues, Net Operating Revenues and other amounts on deposit in the Funds established by the Series 2010B Indenture are insufficient to do so. Except for the payments in lieu of taxes, which are established by the Metropolitan Government, the receipt of Non-Tax Revenues is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The receipt of Non-Tax Revenues is subject to economic factors and other conditions which are impossible to predict.

CONSIDERATIONS RELATING TO BUILD AMERICA BONDS

The Issuer intends to issue the Taxable Bonds as "Build America Bonds" pursuant to ARRA and to elect to receive a subsidy payment from United States Treasury equal to 35% of the taxable interest the Issuer pays on the Taxable Bonds. In order to receive the subsidy, the Issuer is required to make certain filings with the Internal Revenue Service and to comply with certain covenants. If the Issuer fails to make the required filings, it will not be eligible to receive the subsidy payments. Additionally, the proceeds of "Build America Bonds" have a number of limitations on their use. If the Issuer were to use the proceeds of the Taxable Bonds for expenditures other than capital expenditures, reasonably required reserve funds, and costs of issuance up to the permitted amount, the Taxable Bonds would not be eligible for the subsidy payments. Finally, it is possible that the subsidy payments could be reduced or eliminated as a result of a change in law. Any reduction or loss of the subsidy payments could have a

material adverse effect on the Issuer, its ability to make debt service payments on the Bonds and/or the Convention Center Project.

RATINGS

There is no assurance that the ratings assigned to the Series 2010 Bonds at the time of issuance (see "OTHER INFORMATION – RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2010 Bonds. If and when a bondholder elects to sell a Series 2010 Bond prior to maturity, there is no assurance that a market will have been established, maintained and in existence for the purchase and sale of the Series 2010 Bonds, and there is no assurance as to the purchase price which a buyer would be willing to pay.

LIMITATIONS ON REMEDIES

The occurrence of a Series 2010A Event of Default or a Series 2010B Event of Default will not permit the acceleration of the maturity of, or allow immediate payment for, the entire outstanding principal balance of any Series of the Series 2010 Bonds. Due to the fact that payment of the Series 2010 Bonds is not secured by a mortgage lien or other security interests in the physical facilities of the Convention Center Project or any other assets of the Issuer or the Metropolitan Government, holders of Series 2010A Bonds will be limited to seeking remedies against the Tourism Tax Revenues, and holders of Series 2010B Bonds will be limited to seeking remedies against the Tourism Tax Revenues, Net Operating Revenues and Non-Tax Revenues. Except for the remedy of mandamus to enforce the Issuer's covenants and obligations under the Indentures, the Indentures do not establish other remedies with respect to the Series 2010 Bonds. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Indentures would be successful.

SECONDARY MARKET PRICES

No assurance can be given that a secondary market for any of the Series 2010 Bonds will be available and no assurance can be given that the initial offering prices for the Series 2010 Bonds will continue for any period of time.

The Series 2010 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2010 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2010 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2010 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2010 Bonds, depending on existing market conditions and other factors.

TAX MATTERS

TENNESSEE STATE TAX EXEMPTION

Under existing law, the Series 2010 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Series 2010 Bonds during the period the Series 2010 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, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2010 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.

TAX-EXEMPT BONDS

Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Tax-Exempt Bonds. Their opinion under existing law, relying on certain statements by the Issuer and assuming compliance by the Issuer with certain covenants, is that interest on the Tax-Exempt Bonds is:

- excluded from a bondholder's federal gross income under the Code;
- not a preference item for a bondholder under the federal alternative minimum tax; and

not included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Code imposes requirements on the Tax-Exempt Bonds that the Issuer must continue to meet after the Tax-Exempt Bonds are issued. These requirements generally involve the way that Tax-Exempt Bond proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a bondholder may have to include interest on the Tax-Exempt Bonds in its federal gross income on a retroactive basis to the date of issue. The Issuer 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds or affect the market price of the Tax-Exempt 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 Tax-Exempt Bonds, or under state, local or foreign tax law.

Original Issue Discount

A Tax-Exempt Bond will have "original issue discount" if the price paid by the original purchaser of such Tax-Exempt Bond is less than the principal amount of such Tax-Exempt Bond. Bond Counsel's opinion is that any original issue discount on the Tax-Exempt 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 the Tax-Exempt Bonds will be increased. If a bondholder owns one of the Tax-Exempt Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium

If a bondholder purchases a Tax-Exempt Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Tax-Exempt 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 Tax-Exempt Bond will be reduced. The holder of a Tax-Exempt 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 Tax-Exempt Bond. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Tax-Exempt Bond with bond premium, even though the Tax-Exempt Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Tax-Exempt Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

TAXABLE BONDS

Disclaimer

Any discussion of the tax issues relating to the Taxable Bonds in this Official Statement was written to support the promotion or marketing of the Taxable Bonds. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each

investor should seek advice with respect to the Taxable Bonds based on its particular circumstances from an independent tax advisor.

General

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Taxable Bonds held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, Persons holding such bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or Persons whose functional currency is not the United States dollar. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds.

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase Taxable Bonds in the initial offering at their stated principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. In general, interest paid on the Taxable Bonds, accrual of original issue discount and market discount, if any, will be treated as ordinary income to an owner of Taxable Bonds and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount ("Discount Taxable Bonds"). A Taxable Bond will be treated as having original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price at which a substantial amount of the Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity.

A Discount Taxable Bond's "stated redemption price at maturity" is the total of all payments provided by the Discount Taxable Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

In general, the amount of original issue discount includable in income by the initial holder of a Discount Taxable Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Discount Taxable Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition

premium) on the Discount Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

Any owner who purchases a Taxable Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Taxable Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner who acquires a Taxable Bond at a market discount also may be required to defer, until the maturity date of such Taxable Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Taxable Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Bond for the days during the taxable year on which the owner held the Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondowner elects to include such market discount in income currently as described above.

Bond Premium

A purchaser who purchases a Taxable Bond at a cost greater than its then principal amount (or, in the case of a Taxable Bond issued with original issue premium, at a price in excess of its adjusted issue price) will have amortizable bond premium. If the holder elects to amortize the premium under Section 171 of the Code (which election will apply to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder), such a purchaser must amortize the premium using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Taxable Bonds who acquire such Taxable Bonds at a premium (or with acquisition premium) should consult with their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to state and local tax consequences of owning such Taxable Bonds.

Sale or Redemption of Taxable Bonds

A bondowner's tax basis for a Taxable Bond is the price such owner pays for the Taxable Bond plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than "qualified stated interest" payments) and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the basis of the Taxable Bond as so adjusted, will generally give rise to capital gain or loss if the Taxable Bond is held as a capital asset (except as discussed above under "—Market Discount"). The legal defeasance of Taxable Bonds may result in a deemed sale or exchange of such Taxable Bonds under certain circumstances; owners of such Taxable Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding

A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding obligation is 28%, but the rate may change in the future) with respect to interest or original issue discount on the Taxable Bonds. This withholding generally applies if the owner of a Taxable Bond (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trustee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents. Owners of the Taxable Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Backup withholding is not an additional tax. Any amount paid as backup withholding would be credited against the bondholder's U.S. federal income tax liability, provided that the requisite information is timely provided to the Internal Revenue Service. The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Taxable Bonds will be reported to the bondowners and to the Internal Revenue Service.

Nonresident Borrowers

Under the Code, interest and original issue discount income with respect to Taxable Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Issuer (or other Person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Taxable Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and Persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Taxable Bonds.

The opinions of Bond Counsel are not intended or written by Bond Counsel to be used and cannot be used by an owner of the Taxable Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Taxable Bonds. The opinions of Bond Counsel are provided to support the promotion or marketing of the Taxable Bonds. In all events, all investors should consult their own tax advisors in determining the Federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds.

LITIGATION

LITIGATION AFFECTING THE SERIES 2010 BONDS OR THE CONVENTION CENTER PROJECT

There is no pending litigation, or, to the knowledge of the Metropolitan Government or the Issuer, litigation threatened in writing against the Metropolitan Government, the Issuer or MDHA, respectively, that in any way materially challenges the validity of the Series 2010 Bonds or any proceedings or transactions relating to the authorization, sale or delivery of the Series 2010 Bonds, that challenges the enforceability of the Indentures or the Intergovernmental Agreement or, except as set forth below, that materially challenges the construction, operation or management of the Convention Center Project.

The Project Site consists of 43 parcels of property consisting of 16 acres. As it is empowered to do pursuant to State law and its Charter, the Metropolitan Council approved the acquisition of all of the properties comprising the Project Site by negotiation or condemnation, and authorized MDHA, as agent for the Metropolitan Government, to make the

acquisitions. To date, MDHA has acquired possession of all but two of the parcels comprising the Project Site. MDHA is negotiating the acquisition of the two remaining parcels with another property owner and expects those negotiations to be concluded in a manner that will not materially affect the cost or timing of the construction of the Convention Center Project.

Condemnation proceedings for four of the parcels acquired by condemnation by MDHA, consisting of approximately seven acres, were contested by two property owners in Davidson County Circuit Court in cases styled Metropolitan Development and Housing Agency v. Tower Music City II, LLC, et al., Case No. 09C-3636 and Metropolitan Development and Housing Agency v. Joe Chambers, et. al., Case No. 09C-3637. In these proceedings, the owners challenged MDHA's right to acquire their properties, arguing that MDHA had not followed certain processes required by State law of housing and development authorities for condemnation of property. The property owners also contested MDHA's valuation of the properties. In response, MDHA asserted that it was not condemning property on its own under the housing and development authority statute, but rather merely as agent for the Metropolitan Government and that, as agent for the Metropolitan Government, it was not required to comply with the processes prescribed for housing and development authorities.

In both cases, the Davidson County Circuit Court agreed with MDHA, denied the property owners' legal objections to the condemnation of their property, and awarded possession of the properties to MDHA. The cases are now proceeding to determine the value of the properties. Based on its valuation of the properties, MDHA has tendered \$19.6 million in the aggregate to the owners as compensation. This amount is consistent with valuations of parcels already acquired as part of the Project Site. However, the owners of the challenged parcels assert that the value of their properties is approximately twice the amount tendered. At this time, it is not possible to determine the outcome of the valuation proceedings. The juries could award the owners an amount greater than that already tendered by MDHA.

Under State law, the property owners have the right to appeal the trial court's awarding of possession of the properties to MDHA. If the property owners were ultimately successful on such appeal, then the issue could be remanded to the trial court for a trial on whether MDHA had followed the requisite condemnation processes. If ultimately successful on a challenge to MDHA's right to take their property, the owners could argue that their property should be returned to them. However, the Metropolitan Government has the authority under State statutes and its Charter to independently initiate condemnation proceedings to acquire these four properties for use as a convention center without having to comply with any of the processes at issue in the current condemnation proceedings. That authority could be exercised by the Metropolitan Council's re-approving the acquisition of these properties by condemnation, without designating MDHA as its condemnation agent. The current administration of the Metropolitan Government is prepared to immediately request the Metropolitan Council's re-approval if it becomes necessary to do so.

LITIGATION AFFECTING THE METROPOLITAN GOVERNMENT

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.

CONTINUING DISCLOSURE

In connection with the issuance of the Series 2010 Bonds and to assist the Underwriters in complying with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, the Issuer, the Metropolitan Government, the Dissemination Agent and the Trustee have entered into the Continuing Disclosure Agreement. The Issuer and the Metropolitan Government have respectively covenanted for the benefit of the holders of the Series 2010 Bonds that, consistent with the Rule, they will provide: annual financial information for the Issuer and the Metropolitan Government, including audited financial statements of the Issuer and the Metropolitan Government for each fiscal year ending on and after June 30, 2010, in a timely manner, and notices of certain events with respect to the Series 2010 Bonds, if material. The proposed form of the Continuing Disclosure Agreement is in APPENDIX H hereto.

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

The Continuing Disclosure Agreement is the first agreement by the Issuer to comply with the Rule. The Metropolitan Government has been in compliance with its undertakings under the Rule during the last five years.

OTHER INFORMATION

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings have assigned ratings of "A2", "A" and "A+", respectively, to the Series 2010A Bonds, and ratings of "Aa3", "A" and "A+", respectively, to the Series 2010B Bonds. The ratings reflect only the respective views of such organizations and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Series 2010 Bonds.

UNDERWRITING

The Underwriters of the Series 2010 Bonds have agreed, subject to certain conditions, to purchase all of the Series 2010 Bonds from the Issuer at an aggregate purchase price to be paid by the Underwriters (a) for the Series 2010A Bonds of \$203,562,407 (representing the principal amount of the Series 2010A Bonds plus a net original issue premium of \$1,301,329, less an Underwriters' discount of \$1,863,922), and (b) for the Series 2010B Bonds of \$415,397,738 (representing the principal amount of the Series 2010B Bonds less an Underwriters' discount of \$3,692,262). The Underwriters will be obligated to purchase all of the Series 2010 Bonds if any Series 2010 Bonds are purchased, such obligations being subject to certain terms and conditions set forth in a purchase agreement between the underwriters and the Issuer, the approval of certain legal matters by counsel and certain other conditions. The initial offering prices for the Series 2010 Bonds may be changed from time to time by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, placement, and delivery of the Series 2010 Bonds by the Issuer are subject to the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. The forms of the opinions of Bond Counsel with respect to each of the Series of the Series 2010 Bonds are attached hereto as APPENDIX G and will be available at the time of delivery of the Series 2010 Bonds. Other than the descriptions of legal documents and Bond Counsel's legal opinions set forth herein under the captions "THE SERIES 2010 BONDS" (other than the information relating to DTC and its book-entry system), "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" (excluding financial and statistical data as to which no opinion is expressed), "TAX MATTERS," "INTERGOVERNMENTAL AGREEMENT," and "CONTINUING DISCLOSURE", and in APPENDIX A – GLOSSARY OF DEFINED TERMS, APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2010A INDENTURE, APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2010B INDENTURE and APPENDIX G – FORMS OF BOND COUNSEL OPINIONS, which have been reviewed by Bond Counsel, Bond Counsel has not undertaken any responsibility for any of the information contained in this Official Statement. The Series 2010 Bonds are offered for delivery when, as, and if issued, subject to the approving opinion of Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Bone McAllester Norton PLLC, Nashville, Tennessee; for the Metropolitan Government by the Metropolitan Director of Law; and for the Underwriters by their counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., Nashville, Tennessee. The fees of Bond Counsel and Counsel to the Underwriters are contingent upon the issuance and delivery of the Series 2010 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Series 2010 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that express 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.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Metropolitan Government and the Issuer in connection with the issuance of the Series 2010 Bonds. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2010 Bonds are contingent upon the issuance and delivery of the Series 2010 Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2010 Bonds or the possible impact of any present pending or future actions taken by any legislative or judicial bodies. In the normal course of business, First Southwest Company may from time to time sell investment securities to the Issuer or the Metropolitan Government for the investment of bond proceeds or other funds of the Issuer or the Metropolitan Government upon the request of the Issuer or the Metropolitan Government.

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

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Issuer, that are not purely historical, are forward-looking statements, including certain statements in "APPENDIX D – HVS MARKET STUDY" and other statements regarding the Issuer'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 Issuer on the date hereof and the Issuer assumes no obligation to update any such forward-looking statements. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

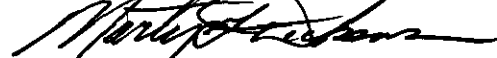
The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments 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 Issuer. 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 "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS") to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Series 2010 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 statues, documents and ordinances in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. 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 Issuer.

THE CONVENTION CENTER AUTHORITY OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY



/s/ Marty G. Dickens

Marty G. Dickens, Chair

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APPENDIX A

GLOSSARY OF DEFINED TERMS

In addition to the definitions of defined terms provided elsewhere in this Official Statement, the following terms shall have the meanings set forth below (such definitions to be applicable equally to singular and plural nouns and verbs of any tense):

"Account" or "Accounts" means any one or more of the accounts from time to time created in any of the Funds established by the applicable Indenture or by any Supplemental Indenture.

"Act" is defined under the caption "THE ISSUER – GENERAL."

"Additional Bonds" means the Series A Additional Bonds and the Series B Additional Bonds, collectively.

"Additional Secured Indebtedness" is defined under the caption "INTERGOVERNMENTAL AGREEMENT – DUTIES OF THE METROPOLITAN GOVERNMENT."

"Airport Ground Transportation Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Arena Ticket Surcharge Revenues" means ticket surcharge revenues collected by the Sports Authority from patrons of the Sports Authority's downtown entertainment facility currently known as the Bridgestone Arena, which revenues secure payment of the 1998 Sports Authority Bonds.

"ARRA" means the American Recovery and Reinvestment Act, signed into law on February 17, 2009.

"Authorized Denominations" means \$5,000 in principal or Maturity Amount and any integral multiple thereof

"Authorized Issuer Representative" means the Chair, Vice-Chair, or Secretary/Treasurer of the Issuer and any other officers, employees or agents of the Issuer authorized by resolution of the Board of the Issuer to act as an Authorized Issuer Representative under the applicable Indenture or any Supplemental Indenture or otherwise with respect to the Series A Bonds or the Series B Bonds or the Convention Center Project, all of which Persons shall be acting solely in their representative capacity on behalf of the Issuer and not individually.

"Base Year" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Base Year TDZ Collections" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Beneficial Owner" is defined under the caption "THE SERIES 2010 BONDS – BOOK-ENTRY ONLY SYSTEM."

"Board" is defined under the caption "THE ISSUER – BOARD OF DIRECTORS."

"Bond Counsel" means Bass, Berry & Sims PLC, or another firm or firms of attorneys selected by the Issuer and acceptable to the Trustee whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

"Build America Bond" is defined under the caption "THE SERIES 2010 BONDS – DESIGNATION OF TAXABLE BONDS AS "BUILD AMERICA BONDS"."

"Business Day" means a day of the year that is not a Saturday, Sunday, a legal holiday or a day on which commercial banks are not required or authorized to close in Nashville, Tennessee, New York, New York, or the city in which the operations office of the Trustee (with respect to payment of the Series A Bonds or the Series B Bonds, as applicable) is located.

"Capital Appreciation Bond" means any Series A Bond or Series B Bond that accrues and compounds interest from its date of delivery semiannually, with such compounded interest payable only upon maturity or redemption prior to maturity.

"Closing Date" means the date on which the Series 2010A Bonds and the Series 2010B Bonds are initially issued and delivered to the initial purchasers thereof.

"Code" means the Internal Revenue Code of 1986, as amended

"Construction Fund" means either the Series 2010A Construction Fund or the Series 2010B Construction Fund, individually, and "Construction Funds" means the Series 2010A Construction Fund and the Series 2010B Construction Fund, collectively.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated the Closing Date, by and among the Trustee, the Dissemination Agent, the Issuer and the Metropolitan Government and relating to the obligations of the Issuer and the Metropolitan Government to provide certain continuing disclosure information as required pursuant to Rule 15c2-12 promulgated by the SEC. The form of the Continuing Disclosure Agreement is included in APPENDIX H hereto.

"Construction Management Agreement" is defined under the caption "INTRODUCTION – DEVELOPMENT, CONSTRUCTION AND OPERATION OF THE CONVENTION CENTER PROJECT."

"Construction Manager" is defined under the caption "INTRODUCTION – DEVELOPMENT, CONSTRUCTION AND OPERATION OF THE CONVENTION CENTER PROJECT."

"Convention Center Pre-Development Project" means the pre-development activities relating to the Convention Center Project performed by MDHA, including, without limitation, the acquisition of and clearing of the Project Site.

"Convention Center" and "Convention Center Project" are defined under the caption "INTRODUCTION – PURPOSE."

"Convention Center Project Improvements Costs" means the costs of acquiring, designing, equipping, constructing and developing the Convention Center Project.

"Credit Facility" means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on the applicable Series A Bonds or Series B Bonds would rate such Series A Bonds or Series B Bonds fully insured by a standard policy issued by the issuer in either of its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the applicable Series A Bonds or Series B Bonds would rate such Series A Bonds or Series B Bonds in either of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of such Series A Bonds or Series B Bonds and the interest thereon.

"Debt Service Coverage Amount" means either the Series 2010A Debt Service Coverage Amount or the Series 2010B Debt Service Coverage Amount, individually, and "Debt Service Coverage Amounts" means the Series 2010A Debt Service Coverage Amount and the Series 2010B Debt Service Coverage Amount, collectively.

"Debt Service Fund" means either the Series 2010A Debt Service Fund or the Series 2010B Debt Service Fund, individually, and "Debt Service Funds" means the Series 2010A Debt Service Fund and the Series 2010B Debt Service Fund, collectively.

"Debt Service Payment Date" is defined under the caption "THE SERIES 2010 BONDS – DESCRIPTION"; provided, however, that, with respect to any Additional Bonds or Refunding Bonds, the applicable Debt Service Payment Dates are such dates so established in the applicable Supplemental Indenture pursuant to which such Additional Bonds or Refunding Bonds were issued.

"Debt Service Reserve Fund" means either the Series 2010A Debt Service Reserve Fund or the Series 2010B Debt Service Reserve Fund, individually, and "Debt Service Reserve Funds" means the Series 2010A Debt Service Reserve Fund and the Series 2010B Debt Service Reserve Fund, collectively.

"Direct Participants" is defined under the caption "THE SERIES 2010 BONDS – BOOK-ENTRY ONLY SYSTEM."

"Direct Payment" is defined under the caption "THE SERIES 2010 BONDS – DESIGNATION OF TAXABLE BONDS AS "BUILD AMERICA BONDS"."

"Director of Finance" means the duly appointed and serving Director of Finance, Acting Director of Finance or other person exercising the duties of Director of Finance of the Metropolitan Government.

"Discount Taxable Bonds" is defined under the caption "TAX MATTERS – TAXABLE BONDS."

"Dissemination Agent" means the Person designated from time to time to act as dissemination agent under the Continuing Disclosure Agreement. The initial Dissemination Agent is the Trustee.

"DTC" is defined under the caption "INTRODUCTION – ADDITIONAL INFORMATION."

"DTCC" is defined under the caption "THE SERIES 2010 BONDS – BOOK-ENTRY ONLY SYSTEM."

"ERISA" is defined under the caption "TAX MATTERS – TAXABLE BONDS -- ERISA."

"Excluded Taxes and Other Charges" means any (a) Gross Receipts Taxes; (b) withholding tax or other employment related taxes; (c) wage, child support or spousal support garnishments; or (d) unclaimed property or wages.

"Existing Convention Center" is defined under the caption "THE CONVENTION CENTER PROJECT – OVERVIEW."

"Extraordinary Event" is defined under the caption "THE SERIES 2010 BONDS – OPTIONAL REDEMPTION PROVISIONS."

"Extraordinary Redemption Price" is defined under the caption "THE SERIES 2010 BONDS – OPTIONAL REDEMPTION PROVISIONS."

"Financing Documents" means the Series 2010A Financing Documents and the Series 2010B Financing Documents, collectively.

"Fiscal Year" means the twelve-month period commencing July 1 of each year and ending June 30 of the following year.

"Fund" or "Funds" means any of the Funds established by the applicable Indenture.

"General Fund" means the General Fund of the General Services District of the Metropolitan Government used to account for all governmental financial resources, transactions and activity relating to the general operations of the General Services District of the Metropolitan Government which are not required to be accounted for in another fund.

"Gross Receipts Taxes" means applicable excise, sales, occupancy and use taxes, or similar government taxes, duties, levies or charges collected directly from patrons or guests, or as a part of the sales price of any goods, services, or displays, such as gross receipts, admission, or similar or equivalent taxes, including, but not limited to, any transaction tax, head tax, occupancy tax, amusement tax, beverage tax, or local or state sales tax.

"Hotel/Motel Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"HVS" is defined under the caption "INTRODUCTION – MARKET STUDY."

"Indenture" and "Indentures" are defined under the caption "INTRODUCTION – GENERAL."

"Indirect Participants" is defined under the caption "THE SERIES 2010 BONDS – BOOK-ENTRY ONLY SYSTEM."

"Intergovernmental Agreement" is defined under the caption "INTRODUCTION – SECURITY AND SOURCE OF PAYMENT."

"Issuance Costs" means the items of expense relating to the authorization, sale and issuance of the Series A Bonds or the Series B Bonds including, without limitation, initial fees and charges of the Trustee; fees and expenses of any consultants retained by the Issuer or the Metropolitan Government in connection with the Convention Center Project

or the issuance of the Series A Bonds or the Series B Bonds, as applicable, including but not limited to the fees and expenses of the Issuer's financial advisors, Bond Counsel, special legal counsel and feasibility consultants; legal fees and expenses and fees and expenses of other professionals and consultants related to drafting and negotiating all Financing Documents; costs of credit ratings; and any other administrative or other costs of issuing the Series A Bonds or the Series B Bonds, investing the Series A Bond or Series B Bond proceeds or negotiating and delivering the Financing Documents.

"Issuer" is defined under the caption "INTRODUCTION – GENERAL."

"Legal Requirements" means all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders and requirements of all governments, quasi-governmental or regulatory authorities, that now or hereafter may be applicable to (i) the Convention Center Project and the construction, maintenance and operation thereof, including those relating to employees, zoning, building, health, safety and environmental matters, and accessibility of public facilities and/or (ii) the Issuer or the Metropolitan Government.

"Market Study" is defined under the caption "MARKET STUDY – MARKET STUDY PROVIDER."

"Maturity Amount" means the principal of and accreted and compounded interest on a Capital Appreciation Bond payable upon the maturity of such Capital Appreciation Bond.

"MCCA Redirect Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"MDHA" is defined under the caption "INTRODUCTION – DEVELOPMENT, CONSTRUCTION AND OPERATION OF THE CONVENTION CENTER PROJECT."

"MDHA Obligation" is defined under the caption "THE CONVENTION CENTER PROJECT – PROJECT SITE; PRE-DEVELOPMENT ACTIVITIES."

"Metropolitan Code" means the Metropolitan Code of the Metropolitan Government.

"Metropolitan Council" is defined under the caption "THE ISSUER – GENERAL."

"Metropolitan Government" is defined under the caption "INTRODUCTION – GENERAL."

"Metropolitan Government Revenues Account" means the Account of such name created pursuant to the Series 2010B Indenture.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Operating Revenues" means Project Operating Revenues less Operating Expenses.

"1998 Sports Authority Bonds" the Sports Authority's Taxable Public Facility Revenue Bonds, Series 1998 (Arena Project).

"Nonresidents" is defined under the caption "TAX MATTERS – TAXABLE BONDS."

"Non-Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010B BONDS."

"Operating Expenses" means all those ordinary and necessary expenses incurred in the operation of the Convention Center Project, including, without limitation, the cost of maintenance, repairs and utilities, administrative expenses, the costs of advertising, marketing and business promotion, personnel costs, costs of operating supplies used in the operation of the Convention Center Project, costs of all services obtained in connection with the operation of the Convention Center Project, legal, accounting and audit (including internal audit) fees for services directly related to the Convention Center Project, including bookkeeping, record keeping and audit of the Convention Center Project, and the costs of paying insurance deductibles and self-insured retentions, all as determined in accordance with the generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

"Operating Year" means the twelve-month period commencing January 1 of each year and ending December 31 of the same year.

"Outstanding" means, as of the date of determination, all Series A Bonds or Series B Bonds, as applicable, issued and delivered under the applicable Indenture except: (i) Series A Bonds or Series B Bonds cancelled by the Trustee or delivered to the Trustee for cancellation; (ii) Series A Bonds or Series B Bonds which matured and have been paid in full or have been defeased in accordance with the provisions of the applicable Indenture; (iii) Series A Bonds or Series B Bonds issued in exchange for or in lieu of which other Series A Bonds or Series B Bonds have been registered and delivered pursuant to the applicable Indenture; and (iv) Series A Bonds or Series B Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the applicable Indenture.

"Permitted Investments" means

- (a) Direct obligations of the United States government or any of its agencies;
- (b) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- (c) Certificates of deposit and other evidences of deposit at state and federally chartered banks, savings and loan institutions or savings banks deposited and collateralized as described in § 7-39-313(a) of the Tennessee Code Annotated;
- (d) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer or other such entity, so long as the obligation of the obligated party is secured by a perfected pledge of full faith and credit obligations of the United States or its agencies;
- (e) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified time period with entities rated in one of the two highest rating categories of a nationally recognized rating agency;
- (f) The local government investment pool created by title 9, chapter 4, part 7 of the Tennessee Code Annotated;
- (g) Direct general obligations of a state of the United States, or a political subdivision or instrumentality of a state, having general taxing powers and rated in either of the two highest rating categories by a nationally recognized rating agency of such obligations; or
- (h) Obligations of any state of the United States or a political subdivision or instrumentality of any state, secured solely by revenues received by or on behalf of the state or political subdivision or instrumentality of the state irrevocably pledged to the payment of the principal of and interest on the obligations, rated in the two highest rating categories by a nationally recognized rating agency of those obligations.

"Person" means any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

"Plans" is defined under the caption "TAX MATTERS – TAXABLE BONDS – ERISA."

"Project Operating Revenues" means all income, revenues, receipts and rents of the Issuer derived from owning, renting, managing or otherwise operating the business and affairs of the Convention Center Project, including without limitation the Convention Center Project parking garage and other related parking facilities, except that the following shall not be included in determining Project Operating Revenues:

- (a) Excluded Taxes and Other Charges, and any other government taxes, duties, levies and/or charges collected directly from patrons or guests, or as a part of the sales price of any goods or services sold at the Convention Center Project;
- (b) receipts from the financing, sale or other disposition of capital assets and other items, not in the ordinary course of the Convention Center Project's operations and income derived from securities and other property acquired and held for investment;
- (c) proceeds of any insurance;

- (d) proceeds of any financing;
- (e) interest earned on funds held in any Account under the Series 2010B Indenture; or
- (f) any Direct Payments.

"Project Site" is defined under the caption "THE CONVENTION CENTER PROJECT – PROJECT SITE; PRE-DEVELOPMENT ACTIVITIES."

"Rating Agency" means one or more nationally recognized credit rating agencies then maintaining a rating on the applicable Series A Bonds or the Series B Bonds at the request of the Issuer or the Metropolitan Government.

"Record Date" means the close of business on the fifteenth day of the month immediately preceding any Debt Service Payment Date

"Redemption Date" means the date upon which any Series A Bond or Series B Bond are to be redeemed prior to their respective fixed maturities pursuant to any optional or mandatory redemption provision of the applicable Indenture or any Supplemental Indenture.

"Redemption Price" means, with respect to any Series A Bond or Series B Bond, the amount, including any applicable premium, payable upon the optional or mandatory redemption thereof, as provided in the applicable Indenture or any Supplemental Indenture.

"Refunding Bonds" means the Series A Refunding Bonds and the Series B Refunding Bonds, collectively.

"Register" means the bond registration books maintained by the Registrar.

"Registered Owner" means the Person in whose name any of the Series A Bonds or Series B Bonds are registered on the books kept and maintained by the Trustee as Registrar.

"Registrar" means, with respect to Outstanding Series A Bonds or Series B Bonds, the Trustee, and the successor or successors appointed pursuant to and meeting the requirements of the applicable Indenture.

"Rental Car Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Reserve Fund Credit Facility" means a Credit Facility which (i) may not be terminated by the provider of such Credit Facility prior to the final maturity date of the Series of Series A Bonds or Series B Bonds in connection with which such Credit Facility was issued, and (ii) may be drawn upon demand by the Issuer or the Trustee to provide funds to pay Debt Service on such Series A Bonds or Series B Bonds in the event moneys on deposit in the Debt Service Fund for such Series A Bonds or Series B Bonds are insufficient to make such payment.

"Responsible Officer of the Trustee" means the chairman or vice chairman of the board of directors of the Trustee, the chairman or vice chairman of the executive committee of said board, the president or any vice president, the secretary or any assistant secretary, the treasurer or any assistant treasurer, the cashier or any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Revenue Fund" means either the Series 2010A Revenue Fund or the Series 2010B Revenue Fund, individually.

"Revenue Fund Transfer Date" means the 5th calendar day of each month or if such day is not a Business Day, the first Business Day following the 5th calendar day of such month.

"Room Occupancy Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Rule" is defined under the caption "CONTINUING DISCLOSURE."

"SEC" is defined under the caption "CONTINUING DISCLOSURE."

"Secretary" is defined under the caption "THE SERIES 2010 BONDS – DESIGNATION OF TAXABLE BONDS AS "BUILD AMERICA BONDS"."

"Series" means any series of Series A Bonds or Series B Bonds issued under the applicable Indenture or Supplemental Indenture.

"Series A Additional Bonds" means any bonds or other obligations (other than Series A Refunding Bonds) issued by the Issuer on a parity and equality of lien with the Series 2010A Bonds as permitted by, and in accordance with the provisions of, the Series 2010A Indenture.

"Series A Bonds" means, collectively, the Series 2010A Bonds and any Series A Additional Bonds and Series A Refunding Bonds issued by the Issuer on a parity with the Series 2010A Bonds.

"Series A Refunding Bonds" means any bonds or other obligations issued by the Issuer as permitted by, and in accordance with the provisions of, the Series 2010A Indenture for the purpose of refunding any Outstanding Series 2010A Bonds or previously issued and Outstanding Series A Bonds.

"Series B Additional Bonds" means any bonds or other obligations (other than Series B Refunding Bonds) issued by the Issuer on a parity and equality of lien with the Series 2010B Bonds as permitted by, and in accordance with the provisions of, the Series 2010B Indenture.

"Series B Bonds" means, collectively, the Series 2010B Bonds and any Series B Additional Bonds and Series B Refunding Bonds issued by the Issuer on a parity with the Series 2010B Bonds.

"Series B Refunding Bonds" means any bonds or other obligations issued by the Issuer as permitted by, and in accordance with the provisions of, the Series 2010B Indenture for the purpose of refunding any Outstanding Series 2010B Bonds or previously issued and Outstanding Series B Bonds.

"Series 2010 Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010A Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010A Construction Fund" means the Construction Fund created pursuant to the Series 2010A Indenture.

"Series 2010A Debt Service" means, for any Debt Service Payment Date, the amount required to pay the principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) and/or interest on, or the Maturity Amount of, Outstanding Series A Bonds coming due on such Debt Service Payment Date.

"Series 2010A Debt Service Coverage Amount" means, at the time of measurement, the ratio of (i) Tourism Tax Revenues that were received by the Issuer under the Intergovernmental Agreement during the tested period and available to pay Series 2010A Debt Service due on the Series A Bonds within the tested period to (ii) Series 2010A Maximum Annual Debt Service.

"Series 2010A Debt Service Fund" means the Debt Service Fund created pursuant to the Series 2010A Indenture.

"Series 2010A Debt Service Reserve Fund" means the Debt Service Reserve Fund created pursuant to the Series 2010A Indenture.

"Series 2010A Event of Default" means, as such term is used in, or is to apply to, any of the Series 2010A Financing Documents, such meaning as set forth in each respective Series 2010A Financing Document for "Event of Default", after giving effect to any applicable notice and cure period in any such Series 2010A Financing Document.

"Series 2010A Financing Documents" means, collectively, the Series 2010A Indenture and the Intergovernmental Agreement and any other agreements relating to the issuance of the Series A Bonds.

"Series 2010A Indenture" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010A Maximum Annual Debt Service" means, at the time of measurement, the Series 2010A Debt Service for any future Fiscal Year that is greatest in dollar amount with respect to the obligations tested.

"Series 2010A Rebate Fund" means the Rebate Fund created pursuant to the Series 2010A Indenture.

"Series 2010A Reserve Fund Requirement" means an amount determined as of the date of issuance of the Series 2010A Bonds, any Series A Additional Bonds and any Series A Refunding Bonds equal to the least of (i) the maximum amount of Series 2010A Debt Service payable on all Series A Bonds during any Fiscal Year, (ii) 1.25 times the average Series 2010A Debt Service payable on all Series A Bonds in each Fiscal Year, or (iii) 10% of the aggregate stated principal amount of the Series A Bonds. Direct Payments scheduled to be received by the Issuer and capitalized interest received from the proceeds of Series A Bonds and scheduled to be applied to the payment of interest on the Series A Bonds, shall be treated as a deduction from Series 2010A Debt Service, as of the scheduled date of receipt and application, in determining the Series 2010A Reserve Fund Requirement.

"Series 2010A Revenue Fund" means the Revenue Fund created pursuant to the Series 2010A Indenture.

"Series 2010A Supplemental Indenture" means any indenture supplemental to or amendatory of the Series 2010A Indenture, entered into by the Issuer and the Trustee in accordance with the provisions of the Series 2010A Indenture.

"Series 2010A Taxable Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010A Tax-Exempt Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010A Trust Estate" means the right, title and interest of the Issuer pledged to the Trustee pursuant to the granting clauses of the Series 2010A Indenture.

"Series 2010A-2 Direct Payments Account" means the Account of such name in the Series 2010A Debt Service Fund created pursuant to the Series 2010A Indenture.

"Series 2010B Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010B Construction Fund" means the Construction Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Debt Service" means, for any Debt Service Payment Date, the amount required to pay the principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) and/or interest on, or the Maturity Amount of, Outstanding Series B Bonds coming due on such Debt Service Payment Date.

"Series 2010B Debt Service Coverage Amount" means, at the time of measurement, the ratio of (i) the amount equal to Net Operating Revenues during the tested period, plus the amount of Tourism Tax Revenues that were received by the Issuer under the Intergovernmental Agreement during the tested period and available to pay Series 2010B Debt Service due on the Series B Bonds within the tested period, to (ii) Series 2010B Maximum Annual Debt Service.

"Series 2010B Debt Service Fund" means the Debt Service Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Debt Service Reserve Fund" means the Debt Service Reserve Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Event of Default" means, as such term is used in, or is to apply to, any of the Series 2010B Financing Documents, such meaning as set forth in each respective Series 2010B Financing Document for an "Event of Default", after giving effect to any applicable notice and cure period in any such Series 2010B Financing Document.

"Series 2010B Financing Documents" means, collectively, the Series 2010B Indenture and the Intergovernmental Agreement and any other agreements relating to the issuance of the Series B Bonds.

"Series 2010B Indenture" is defined under the caption "INTRODUCTION – GENERAL."

"Series 2010B Maximum Annual Debt Service" means, at the time of measurement, the Series 2010B Debt Service for any future Fiscal Year that is greatest in dollar amount with respect to the obligations tested.

"Series 2010B Rebate Fund" means the Rebate Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Reserve Fund Requirement" means an amount determined as of the date of issuance of the Series 2010B Bonds, any Series B Additional Bonds and any Series B Refunding Bonds equal to the least of (i) the maximum amount of Series 2010B Debt Service payable on all Series B Bonds during any Fiscal Year, (ii) 1.25

times the average Series 2010B Debt Service payable on all Series B Bonds in each Fiscal Year, or (iii) 10% of the aggregate stated principal amount of the Series B Bonds. Direct Payments scheduled to be received by the Issuer and capitalized interest received from the proceeds of Series B Bonds and scheduled to be applied to the payment of interest on the Series B Bonds, shall be treated as a deduction from Series 2010B Debt Service, as of the scheduled date of receipt and application, in determining the Series 2010B Reserve Fund Requirement.

"Series 2010B Revenue Fund" means the Revenue Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Supplemental Indenture" means any indenture supplemental to or amendatory of the Series 2010B Indenture, entered into by the Issuer and the Trustee in accordance with the provisions of the Series 2010B Indenture.

"Series 2010B Trust Estate" means the right, title and interest of the Issuer pledged to the Trustee pursuant to the granting clauses of the Series 2010B Indenture.

"Series 2010B Capitalized Interest Account" means the Account of such name in the Series 2010B Debt Service Fund created pursuant to the Series 2010B Indenture.

"Series 2010B Direct Payments Account" means the Account of such name in the Series 2010B Debt Service Fund created pursuant to the Series 2010B Indenture.

"Sports Authority" means the Sports Authority of the Metropolitan Government.

"Stadium Revenues" means lease payments payable to the Metropolitan Government or the Sports Authority from the lessee of the Sports Authority's outdoor facility currently known as "L.P. Field" and the parking revenues payable to the Metropolitan Government or the Sports Authority from surrounding parking lots.

"State" means the State of Tennessee.

"Supplemental Indenture" means either a Series 2010A Supplemental Indenture or a Series 2010B Supplemental Indenture.

"Surplus Revenue Fund" means the Fund of such name created pursuant to the Series 2010B Indenture.

"Tax Agreement" means the federal tax certificates, dated as of the Closing Date, delivered by the Issuer in connection with the issuance and delivery of the Series 2010 Bonds.

"Taxable Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"Tax-Exempt Bonds" is defined under the caption "INTRODUCTION – GENERAL."

"TDZ" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"TDZ Statute" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"TDZ Tax Revenues" is defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS."

"Tourism Tax Revenues" means the revenues received by the Issuer from the Metropolitan Government under the Intergovernmental Agreement and derived from the Hotel/Motel Tax Revenues, the Room Occupancy Tax Revenues, the Rental Car Tax Revenues, the Airport Ground Transportation Tax Revenues, the TDZ Tax Revenues and the MCCA Redirect Revenues.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2010A-2 Bond or 2010B Bond, as the case may be, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the

Series 2010A-2 Bond or 2010B Bond, as the case may be, to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Treasury Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to the Code.

"Trust Estate" means either the Series 2010A Trust Estate or the Series 2010B Trust Estate, individually, and "Trust Estates" means the Series 2010A Trust Estate and the Series 2010B Trust Estate, collectively.

"Trustee" is defined under the caption "INTRODUCTION – GENERAL."

"2004 Sports Authority Bonds" means the Sports Authority's Public Improvement Revenue Refunding Bonds, Series 2004 (Stadium Project).

"Unassigned Rights" means the rights of the Issuer under the applicable Indenture relating to payment of counsel fees and expenses, and the rights of the Issuer to receive documentation and notices, to give or withhold consents, except during the continuance of an event of default under such Indenture, in connection with the provisions of the Intergovernmental Agreement and the right to enforce any of the foregoing.

"Underwriters" means the underwriters named on the cover page of the Official Statement.

"United States Bankruptcy Code" means the Title 9 of the United States Code, as amended from time to time.

"Water/Sewer PILOT" means the \$4,000,000 annual payment to the Metropolitan Government from the Metropolitan Government's water and sewer department, which PILOT payment secures payment of the 2004 Sports Authority Bonds.

"Year" means each 12 full calendar months which comprise a calendar year.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2010A INDENTURE

The following statements are brief summaries of certain provisions of the Series 2010A Indenture. These summaries do not purport to be complete. Reference is made to the actual Series 2010A Indenture, a copy of which is available from the Director of Finance, for a full and complete statement of the provisions of the Series 2010A Indenture and the Series 2010A Bonds. Defined terms used in this Appendix B shall have the meanings ascribed to them in Appendix A to this Official Statement.

COVENANTS

PAYMENT OF SERIES A BONDS; LIMITED OBLIGATIONS

The Issuer shall promptly pay, or cause to be paid, the principal of (whether at maturity, by call for redemption or otherwise), premium, if any, and interest on every Series A Bond issued under the Series 2010A Indenture (including the Maturity Amount of Capital Appreciation Bonds) to the Trustee for payment to the Registered Owners, on the dates and in the manner provided in the Series 2010A Indenture according to the true intent and meaning thereof. Notwithstanding anything contained in the Series 2010A Indenture to the contrary, the Series A Bonds shall be limited obligations of the Issuer, payable solely from the assets contained in the Series 2010A Trust Estate. The Series A Bonds shall not constitute a debt or obligation of the Metropolitan Government (other than to the extent the Metropolitan Government is obligated to provide Tourism Tax Revenues in accordance with the Intergovernmental Agreement) or of the State or any other political subdivision of the State, and neither the Metropolitan Government (other than to the extent the Metropolitan Government is obligated to provide Tourism Tax Revenues in accordance with the Intergovernmental Agreement), the State, nor any other political subdivision of the State shall be liable thereon. In no event shall the Series A Bonds be payable out of any funds or properties other than assets held within the Series 2010A Trust Estate.

No recourse shall be had by any Registered Owner for the payment of the principal or Maturity Amount of, or Redemption Price, and interest on any of the Series A Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in any Series 2010A Financing Document to which the Issuer or the Metropolitan Government is a party against any past, present or future member, officer, agent, director, commissioner or employee of the Issuer or the Metropolitan Government, or any incorporator, member, officer, employee, director, commissioner or trustee of any successor entity, as such, either directly or through the Issuer or the Metropolitan Government or any successor entity, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent, commissioner or trustee as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Series 2010A Indenture.

FURTHER COVENANTS AND REPRESENTATIONS OF ISSUER

The Issuer shall observe and perform all covenants, conditions and agreements required on its part in the Series 2010A Indenture, in each Series A Bond executed, authenticated and delivered under the Series 2010A Indenture, in all other documents related to the Series 2010A Indenture, and under any laws or regulations related to the issuance of the Series A Bonds; provided, however, that the liability of the Issuer for a breach of any such covenant, condition or agreement shall be limited solely to the assets on deposit in, or to be deposited in, the Series 2010A Trust Estate.

FURTHER ASSURANCES

The Issuer shall execute and deliver such Series 2010A Supplemental Indentures (subject to the consent rights of the Metropolitan Government, if any) and such further instruments and do such further acts as the Trustee may reasonably require for the better assuring, assigning and confirming to the Trustee the amounts assigned under the Series 2010A Indenture for the payment of the Series A Bonds.

AMEND ARTICLES AND BYLAWS

The Issuer shall not amend the Issuer's articles of incorporation or bylaws in any manner that would (i) result in inclusion of interest on the Series 2010A Tax-Exempt Bonds in gross income for federal income tax purposes, or (ii)

adversely affect the interest of the Registered Owners of the Series A Bonds or any other beneficiary of the Series 2010A Indenture, as determined by a written opinion of Bond Counsel.

MAINTENANCE OF CORPORATE EXISTENCE OF THE ISSUER; CONSOLIDATION, MERGER, SALE OR TRANSFER OF ASSETS UNDER CERTAIN CONDITIONS

The Issuer covenants and agrees that, so long as any Series A Bonds are Outstanding, it will maintain its existence as a Tennessee nonprofit public corporation and will not dissolve, sell or otherwise dispose of all or substantially all of its assets (unless all Series A Bonds then Outstanding are redeemed, paid or defeased from the proceeds of such sale) nor consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

CONSTRUCTION OF THE CONVENTION CENTER PROJECT

The Issuer shall cause the Convention Center Project to be constructed in compliance with all Legal Requirements and in a manner and scope sufficient to permit the Convention Center Project to be used and operated as a first class, full service, Convention Center.

All requisite building permits, conditional use permits, licenses and approvals from all applicable governmental authorities or regulatory bodies relating to the Convention Center Project and its proposed use have been, or will be, obtained as and when required by applicable Legal Requirements in order to commence and perform the work necessary to complete the Convention Center Project.

INSURANCE

So long as any Series A Bonds are Outstanding, the Issuer will carry adequate public liability, fidelity, and property insurance, such as is maintained by similar facilities as the Convention Center Project in such amounts as are obtainable for protection against such risks as will adequately protect the rights and interest of the Registered Owners. During such time all insurance policies shall be maintained in force and kept current as to premium payments; provided, the Issuer shall not be required, with respect to public liability insurance, to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, as amended, and provided further, the Issuer, with the consent of the Director of Finance, may self-insure against any risks that its Board deems appropriate and which is consistent with actuarially sound methods so long as the Issuer maintains adequate reserves, in such amounts as the Issuer determines are reasonable, for such self insurance. All moneys received from such insurance policies, not applied by the Issuer to restoration or repair of the Convention Center Project under adequate provisions made within 180 days after the loss or damage in respect of which such moneys were received for making good such loss or damage, shall be placed and maintained in the Series 2010A Revenue Fund and employed, not for maintenance or operation of the Convention Center Project, but only to meet any Series 2010A Revenue Fund deficiency that would otherwise cause a failure to provide from that source principal or interest requirements of the Series A Bonds. The payment of premiums for all insurance policies required under the Series 2010A Indenture shall be considered as maintenance and operation expenses.

COMPLIANCE WITH LAW; MAINTENANCE AND OPERATION OF THE CONVENTION CENTER PROJECT

The Issuer shall operate, use and maintain, or shall cause the operation, use and maintenance of, the Convention Center Project as a first class convention center and shall not alter or change or permit the change or alteration of the Convention Center Project from its intended use as a convention center.

The Issuer will (i) comply or cause there to be compliance with all applicable Legal Requirements, (ii) maintain or cause to be maintained all licenses and permits now held or hereafter acquired by it, and (iii) perform, observe, fulfill and comply (or cause the performance, observance, fulfillment and compliance of and with) all of its obligations, covenants and conditions contained in the Series 2010A Indenture or in any other Series 2010A Financing Document.

OBLIGATIONS UNDER INTERGOVERNMENTAL AGREEMENT

The Issuer covenants and agrees to enforce the obligations of the Metropolitan Government under the Intergovernmental Agreement.

DISCHARGE AND DEFEASANCE

DISCHARGE OF THE SERIES 2010A INDENTURE

If the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, all of the principal and Redemption Price of and interest on, and the Maturity Amount of, the Series A Bonds, at the times and in the manner provided in the Series A Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established under the Series 2010A Indenture and in the amounts required by the Series 2010A Indenture, or shall provide, as permitted by the Series 2010A Indenture, for the payment thereof by depositing with or for the account of the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon (including any amount due or to become due with respect to the Series A Bonds under Section 148 of the Code), and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Series 2010A Indenture to be kept, performed and observed by it on or prior to the date such payments are made, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Series 2010A Indenture, then, upon such payment and performance, the Series 2010A Indenture and the rights and liens granted by the Series 2010A Indenture shall cease, terminate and be void; otherwise, the Series 2010A Indenture is to be and shall remain in full force and effect. In the event that the Series 2010A Indenture is discharged as therein provided, the Trustee shall provide written notice thereof to the Metropolitan Government and shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Issuer, or to the Person directed in writing by the Issuer, as appropriate, all moneys or securities held by the Trustee pursuant to the Series 2010A Indenture in respect of such Series A Bonds which are not required for the payment of principal or Redemption Price, and interest on the Series A Bonds, and the Maturity Amount, of such Series not theretofore surrendered for such payment or redemption.

DEFEASANCE OF SERIES A BONDS

Any Outstanding Series A Bonds of any Series, prior to the maturity or redemption date thereof, shall be deemed to have been paid within the meaning and with the effect described above under the caption "DISCHARGE AND DEFEASANCE – DISCHARGE OF THE SERIES 2010A INDENTURE" if (a) in case any of such Series A Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it (with a copy to the Metropolitan Government) written instructions containing irrevocable instructions to give notice of redemption of such Series A Bonds on such date as described in the Series 2010A Indenture, (b) there shall have been deposited with the Trustee, in trust, either money in an amount which shall be sufficient, or Permitted Investments described in clauses (a) or (b) of the definition thereof, the principal of and interest on which without any reinvestment thereof when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, is sufficient, in the opinion of an independent certified public accountant, to pay when due the principal, Maturity Amount or Redemption Price of, and interest due and to become due on, such Series A Bonds on or prior to the Redemption Date or maturity date thereof, as the case may be, (c) in the event such Series A Bonds are not to be redeemed within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it written instructions (with a copy to the Metropolitan Government) containing irrevocable instructions to mail, as soon as practicable, notice to the Registered Owners of all such Series A Bonds that the deposit described in clause (b) above has been made with the Trustee or an escrow agent and that such Series A Bonds are deemed to have been paid in accordance with the Series 2010A Indenture and stating such maturity or Redemption Date upon which money is to be made available for the payment of the principal, Maturity Amount or Redemption Price of and interest on such Series A Bonds, and (d) there shall be delivered to the Issuer and the Trustee a written opinion of Bond Counsel (with a copy to the Metropolitan Government) to the effect that the applicable provisions of the Series 2010A Indenture have been complied with so that such Series A Bonds are no longer entitled to the benefits of the Series 2010A Indenture and such defeasance will not adversely affect the exclusion of the interest on the Series 2010A Tax-Exempt Bonds from gross income for federal income tax purposes. Neither Permitted Investments nor money deposited with the Trustee or an escrow agent pursuant to the Series 2010A Indenture nor principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Maturity Amount or Redemption Price of and interest on such Series A Bonds; provided that any cash received from such principal or interest payment on such Permitted Investments, (i) to the extent such cash will not be required at any time for such

purpose, shall be paid over to the Issuer, as received, free and clear of any trust, lien, security interest, pledge or assignment securing such Series A Bonds or otherwise existing under the Series 2010A Indenture, if all Series A Bonds have been redeemed or discharged, otherwise such cash shall be deposited into the Series 2010A Revenue Fund, and (ii) to the extent such cash shall be required for such purpose at a later date, will, to the extent practicable, be reinvested in direct obligations of the United States government or any of its agencies or obligations guaranteed as to principal and interest by the United States government or any of its agencies maturing at the times and in amounts sufficient to pay when due the principal, Maturity Amount or Redemption Price of and interest to become due on such Series A Bonds, on or prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Issuer, as received, free and clear of any trust, lien or pledge, if all Series A Bonds have been redeemed or discharged, otherwise such cash shall be deposited into the Series 2010A Revenue Fund. Series A Bonds defeased under the Series 2010A Indenture shall no longer be subject to redemption at the option of the Issuer, except to the extent that such Series A Bonds are called for redemption at the time provision is made for the defeasance thereof, as provided in the Series 2010A Indenture.

All amounts remaining on deposit in the Funds and Accounts after the principal, Maturity Amount or Redemption Price of and interest due or to become due on all Series A Bonds has been paid or deemed to have been paid as described under this caption, and all amounts owing to the Trustee have been paid, will be delivered to the Issuer.

SERIES 2010A EVENTS OF DEFAULT AND REMEDIES

SERIES 2010A EVENTS OF DEFAULT

Each of the following events is a Series 2010A Event of Default under the Series 2010A Indenture:

- (a) failure to make due and punctual payment of the Series 2010A Debt Service on any Series A Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;
- (b) other than as elsewhere described under this caption, failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Series 2010A Indenture or any Series 2010A Supplemental Indenture thereto or in the Series A Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee;
- (c) (i) a voluntary or involuntary petition in bankruptcy, or a proceeding seeking arrangement, readjustment or composition of the Issuer's debts, or an assignment for the benefit of the Issuer's creditors, under any insolvency act or law, State or federal, now or hereafter existing, is filed or commenced by or against the Issuer, or (ii) a receiver or trustee is appointed by a court of competent jurisdiction for the Issuer or for all or a substantial part of the Issuer's property (and, if not filed or commenced by the Issuer, such petition, case, proceeding or receivership is not dismissed or discharged within sixty (60) days from the date of commencement of such case, proceeding or appointment, as the case may be), or any such petition, case, proceeding or receivership shall result in an order for relief or adjudication of insolvency by a court of competent jurisdiction;
- (d) any representation or warranty made by the Issuer in the Series 2010A Indenture or in any document, instrument or certificate furnished to the Trustee in connection with the issuance of any Series of the Series A Bonds shall at any time prove to have been incorrect in any material respect as of the time made; provided that if it can be corrected by the Issuer and such default was unintentional, the Issuer shall have a 60-day period to make such correction prior to a Series 2010A Event of Default occurring; and
- (e) the Metropolitan Government fails to transfer the Tourism Tax Revenues to the Issuer as required under the Intergovernmental Agreement.

To the extent the Trustee is required to provide notice and opportunity to cure to the Issuer before triggering a Series 2010A Event of Default under the Series 2010A Indenture, the Trustee also shall provide concurrent notice and opportunity to cure to the Metropolitan Government. If either of the Metropolitan Government or the Issuer cures such default prior to the expiration of any applicable cure period, the Trustee shall recognize and accept such cure and a Series 2010A Event of Default shall not occur. Upon knowledge of the existence of any Series 2010A Event of Default, the Trustee shall notify the Issuer and the Metropolitan Government concurrently in writing as soon as practicable, but in any event within two Business Days; provided, however, that the Trustee need not provide notice

of any Series 2010A Event of Default if, prior to the second Business Day following such event, the Issuer has expressly acknowledged the existence of such Series 2010A Event of Default in a writing delivered to the Trustee and the Metropolitan Government. The Trustee shall recognize any cure of a Series 2010A Event of Default by the Metropolitan Government or the Issuer.

REMEDIES

If a Series 2010A Event of Default occurs and is continuing, then the Trustee shall, upon having been indemnified to its reasonable satisfaction, take any or all or any combination of the following actions:

- (a) by mandamus or other suit, action or proceeding at law or in equity require the Issuer to perform its covenants, representations and duties with respect to the Series A Bonds under the Series 2010A Indenture;
- (b) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series A Bonds;
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Series A Bonds;
- (d) prohibit withdrawal of money from any Funds or Accounts held by the Trustee under the Series 2010A Indenture;
- (e) request that a court of competent jurisdiction appoint, to the extent permitted by law, a receiver or receivers of the Series 2010A Trust Estate, and the income, revenues, profits and use thereof, it being the intent hereof that, to the extent permitted by law, the Trustee shall be entitled to appointment of such a receiver as a matter of right;
- (f) upon the occurrence of a Series 2010A Event of Default described in item (a) under the caption "SERIES 2010A EVENTS OF DEFAULT AND REMEDIES – SERIES 2010A EVENTS OF DEFAULT" above, transfer moneys from any Funds or Accounts held by the Trustee under the Series 2010A Indenture to the Series 2010A Debt Service Fund as necessary and as permitted by the Series 2010A Indenture;
- (g) take such actions, including the filing and prosecution of lawsuits, as may be required to enforce for the benefit of the Registered Owners the terms of any agreements or instruments relating to the Convention Center Project or the Series A Bonds, or any part thereof, which the Trustee may be entitled to enforce, including without limitation (i) the Intergovernmental Agreement, (ii) any construction contracts, design contracts or consulting contracts or operating agreements, (iii) any insurance policies, completion guaranties or payment and performance bonds, and (iv) any other agreements or instruments which the Trustee may be entitled to enforce;
- (h) exercise any right of the Issuer to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the Issuer in any Series 2010A Financing Document, either in its name or in the name of the Issuer; provided that if the Series 2010A Event of Default is a Series 2010A Event of Default as described in items (b) or (d) under the caption "SERIES 2010A EVENTS OF DEFAULT AND REMEDIES – SERIES 2010A EVENTS OF DEFAULT" above, then such right to exercise the remedy set forth in this item (h) shall be restricted to relate solely to curing such Series 2010A Event of Default; or
- (i) take such other steps to protect and enforce its rights and the rights of the Registered Owners of the Series A Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Series 2010A Indenture or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, proceeding by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal, Maturity Amount and Redemption Price of and interest then due on the Series A Bonds.

The proceeds received by the Trustee following a Series 2010A Event of Default shall, together with all securities and other moneys which may then be held by the Trustee as a part of the Series 2010A Trust Estate, be applied in order, as follows:

- (i) First, to the payment of the reasonable charges, expenses and liabilities of the Trustee in accordance with the other provisions of the Series 2010A Indenture;
- (ii) Second, to the payment to the Registered Owners entitled thereto of all installments of interest (together with interest due on overdue installments of interest to the extent allowed by law) then due on the Series A Bonds in

the order of the maturity of such installment, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; then, to the payment to the Registered Owners entitled thereto of the unpaid principal or Maturity Amount of or Redemption Price of the Series A Bonds with respect to which such remedy was exercised which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Series A Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal, Maturity Amount or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference; and

(iii) Last, to the Issuer for deposit to the Series 2010B Revenue Fund if required under the Series 2010B Indenture.

SUPPLEMENTAL INDENTURES AND AMENDMENT OF SERIES 2010A FINANCING DOCUMENTS

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF SERIES 2010A FINANCING DOCUMENTS EFFECTIVE WITHOUT CONSENT OF REGISTERED OWNERS

The Issuer and the Trustee may, as appropriate, from time to time and at any time, and without the consent of, but with notice to Registered Owners and the Metropolitan Government, enter into Supplemental Indentures or any amendments to the Series 2010A Financing Documents as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in the Series 2010A Indenture, any Series 2010A Supplemental Indenture or in the applicable Series 2010A Financing Document;
- (b) to insert such provisions clarifying matters or questions arising under the Series 2010A Indenture, any Series 2010A Supplemental Indenture or in the applicable Series 2010A Financing Document as are necessary or desirable and are not contrary to or inconsistent with the Series 2010A Indenture, any Series 2010A Supplemental Indenture or the applicable Series 2010A Financing Document as theretofore in effect;
- (c) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Series 2010A Indenture or the Series 2010A Financing Documents as theretofore in effect;
- (d) to authorize Series A Additional Bonds or Series A Refunding Bonds and, in connection therewith, to specify and determine the matters and things relative to such Series A Additional Bonds or Series A Refunding Bonds which are not in conflict with the Series 2010A Indenture as theretofore in effect, or to amend, modify, or rescind any such authorization, specification, or determination at any time prior to the first delivery of such Series A Additional Bonds or Series A Refunding Bonds; provided, however, that such supplement or amendment shall be limited to the specific terms of such Series A Additional Bonds or Series A Refunding Bonds and shall not otherwise amend the Series 2010A Indenture and further provided, however, that the Metropolitan Government shall approve the issuance of such Series A Additional Bonds or Series A Refunding Bonds;
- (e) to provide limitations and restrictions in addition to the limitations and restrictions contained in the Series 2010A Indenture or any Series 2010A Supplemental Indenture or the Series 2010A Financing Documents on the delivery of Series A Additional Bonds or Series A Refunding Bonds or the issuance of other evidences of indebtedness;
- (f) to add to the covenants and agreements of the Issuer in the Series 2010A Indenture or any Series 2010A Supplemental Indenture or the Series 2010A Financing Documents, other covenants and agreements to be observed by the Issuer or the other parties thereto which are not in conflict with the Series 2010A Indenture or the applicable Series 2010A Supplemental Indentures or the applicable Series 2010A Financing Documents as theretofore in effect;
- (g) to add to the limitations and restrictions in the Series 2010A Indenture or any Series 2010A Supplemental Indenture or the Series 2010A Financing Documents other limitations and restrictions to be

observed by the Issuer or the other parties thereto which are not in conflict with the Series 2010A Indenture or the applicable Series 2010A Supplemental Indenture or the applicable Series 2010A Financing Documents as theretofore in effect;

- (h) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Series 2010A Indenture or any Series 2010A Supplemental Indenture, of the Series 2010A Trust Estate or of any other moneys, securities or funds, or to subject to the lien or pledge of the Series 2010A Indenture additional revenues, properties or collateral;
- (i) to provide for additional duties of the Trustee in connection with the Series 2010A Trust Estate or the Convention Center Project;
- (j) to modify, amend or supplement the Series 2010A Indenture or any Series 2010A Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state blue sky law;
- (k) to surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Series 2010A Indenture, provided that the surrender of such right, power or privilege is not in conflict with the covenants and agreements of the Issuer contained in the Series 2010A Indenture;
- (l) to designate Registrars for the Series A Bonds of any Series;
- (m) to evidence the appointment of a succession of a new Trustee under the Series 2010A Indenture;
- (n) to modify, amend or supplement the Series 2010A Indenture or any Series 2010A Supplemental Indenture in order to provide for or eliminate book-entry registration of all or any of the Series A Bonds to the extent not inconsistent with the provisions of the Series 2010A Indenture;
- (o) to make any change (including changes to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner; and
- (p) to amend a prior Series 2010A Supplemental Indenture in accordance with the provisions thereof.

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO SERIES 2010A FINANCING DOCUMENTS REQUIRING REGISTERED OWNER CONSENT; DEEMED CONSENT

Except as described above under the immediately preceding caption and under this caption, any modification or amendment of the Series 2010A Indenture or to any Series 2010A Financing Document and of the rights and obligations of the Issuer and of the Registered Owners of the Series A Bonds thereunder, in any particular, may only be made by a Series 2010A Supplemental Indenture or an amendment to the applicable Series 2010A Financing Document, in each instance with the written consent of the Metropolitan Government and the written consent or deemed consent of the Registered Owners of a majority in aggregate principal amount and Maturity Amount of all Series A Bonds then Outstanding. No such modification or amendment shall, without the written consent of the Registered Owner of each Series A Bond affected thereby and the Metropolitan Government, permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Series A Bond or of any installment of interest thereon or a reduction in the principal amount, Maturity Amount or the Redemption Price thereof or in the rate of interest thereon, (ii) creation of a lien upon or a pledge of or payment priority from the Series 2010A Trust Estate ranking prior to or on a parity with the lien or pledge created by the Series 2010A Indenture other than as provided in Article III of the Series 2010A Indenture, (iii) a preference or priority of any Series A Bond or Bonds over any other Series A Bond, (iv) a reduction in the percentages of Series A Bonds of which the consent of the Registered Owners is required to effect any such modification or amendment, (v) an impairment of the exclusion from gross income for federal income tax purposes of interest on any Series 2010A Tax-Exempt Bond, (vi) a deprivation to any Registered Owners of the lien created by the Series 2010A Indenture or (vii) any reduction of the Issuer's rights under the Intergovernmental Agreement to the Tourism Tax Revenues. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Series A Bonds of any particular Series or maturity would be affected by any modification or amendment of the Series 2010A Indenture or an amendment to the applicable Series 2010A Financing Document and any such determination shall be binding and conclusive on the Issuer and all Registered Owners.

The Issuer and the Trustee, as applicable, may at any time enter into a Series 2010A Supplemental Indenture or an amendment to the applicable Series 2010A Financing Document making a modification or amendment permitted with consent of the Registered Owners of the Series A Bonds, to take effect when and as provided in the Series 2010A Indenture and described in this paragraph. A copy of such Series 2010A Supplemental Indenture or amendment to a Series 2010A Financing Document (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Registered Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to Registered Owners as provided in the Series 2010A Indenture. Such Series 2010A Supplemental Indenture or amendment to such Series 2010A Financing Document requiring the consent of all or any of the Registered Owners will be effective when: (a) there shall have been filed with the Trustee the written consent of the Metropolitan Government and such Registered Owners of the percentages of Outstanding Series A Bonds specified in the Series 2010A Indenture as required to consent to such Series 2010A Supplemental Indenture or amendment (provided that if such Series 2010A Supplemental Indenture or amendment requires the consent of the Registered Owners of a majority in aggregate principal amount and Maturity Amount of Series A Bonds of a Series, Registered Owners failing to respond within 10 calendar days after mailing the notice requesting such consent shall be deemed to have consented to such Series 2010A Supplemental Indenture or amendment), and an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, stating that such Series 2010A Supplemental Indenture or amendment has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Series 2010A Indenture, is authorized or permitted by the Series 2010A Indenture, is valid and binding upon the Issuer and enforceable in accordance with its terms, is in accordance with the Series 2010A Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 2010A Tax-Exempt Bonds; provided, however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors rights generally and principles of government law and equity; and (b) a notice shall have been mailed as described in this paragraph below. Each such written consent (other than a deemed consent) shall be effective only if accompanied by proof satisfactory to the Trustee of the holding, at the date of such consent, of the Series A Bonds with respect to which such consent is given. Each such deemed consent shall be effective if the Trustee has not been notified by such Registered Owner of its decision regarding such amendment within 10 calendar days after the Trustee shall have mailed a request to such Registered Owner. Any such consent shall be binding upon the Registered Owner of the Series A Bonds giving or deemed to have given such consent and, upon any subsequent Registered Owner of such Series A Bonds and of any Series A Bonds issued in exchange therefor (whether or not such subsequent Registered Owner thereof has notice thereof). At any time after the Registered Owners of the required percentages of Series A Bonds shall have filed their consents to the Series 2010A Supplemental Indenture or amendment to a Series 2010A Financing Document, the Trustee shall make and file with the Issuer a written statement that the Registered Owners of such required percentages of Series A Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed or deemed to have been so filed. Upon receipt of the requisite consents or deemed consents, filing of the written statement of the Trustee required under the Series 2010A Indenture and the execution of such Series 2010A Supplemental Indenture or amendment by the parties thereto, notice, stating in substance that the Series 2010A Supplemental Indenture (which may be referred to as a Series 2010A Supplemental Indenture entered into by the Issuer and the Trustee as of a stated date, a copy of which is on file with the Trustee) or other amendment to the Series 2010A Financing Documents has been consented or deemed consented to by the Registered Owners of the required percentages of Series A Bonds and will be effective as provided in the Series 2010A Indenture, shall be given to Registered Owners by mailing such notice to Registered Owners immediately thereafter by the Trustee. Such Series 2010A Supplemental Indenture or amendment to a Series 2010A Financing Document making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee and the Registered Owners of all Series A Bonds after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Series 2010A Supplemental Indenture or amendment to a Series 2010A Financing Document in a legal action or equitable proceeding for such purpose commenced prior to such mailing; provided, however, that the Trustee and the Issuer prior to such mailing and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Series 2010A Supplemental Indenture or amendment to a Series 2010A Financing Document as they may deem expedient.

TRUSTEE

TRUSTEE MAY ACT WITHOUT POSSESSION OF BONDS

All rights of action under the Series 2010A Indenture or under any of the Series A Bonds may be enforced by the Trustee without possession of any of the Series A Bonds or the production thereof in any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Registered Owners of the Series A Bonds, subject to the provisions of the Series 2010A Indenture.

TRUSTEE AS ATTORNEY-IN-FACT

The terms of the Series 2010A Indenture irrevocably appoint the Trustee (and the Registered Owners of the Series A Bonds, by taking and holding same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Registered Owners of the Series A Bonds, or on behalf of all Registered Owners of the Series A Bonds as a class, with respect to any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Registered Owners of the Series A Bonds against the Issuer allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Issuer shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Registered Owners of the Series A Bonds to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Registered Owners of the Series A Bonds, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

REMEDIES NOT EXCLUSIVE

No remedy conferred upon or reserved to the Trustee under the Series 2010A Indenture is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Series 2010A Indenture or under the Series A Bonds or now or hereafter existing at law or in equity or by statute.

LIMITATION ON SUITS

All rights of action in respect of the Series 2010A Indenture shall be exercised only by the Trustee, and the Registered Owner of any Series A Bond shall not have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Series 2010A Indenture or by reason of the Series 2010A Indenture, unless and until the Trustee shall have received a written request of the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series A Bonds then Outstanding, and shall have been furnished reasonable indemnity and shall have refused or neglected for 30 days thereafter to institute such suit, action or proceedings and no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series A Bonds then Outstanding. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Registered Owner of any Series A Bond of the powers and remedies given to the Trustee under the Series 2010A Indenture and to the institution and maintenance by any such Registered Owner of any action or cause of action for the appointment of a receiver or for any other remedy under the Series 2010A Indenture, but the Trustee may, in its discretion, and when thereunto duly requested in writing by the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series A Bonds then Outstanding and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, forthwith take such appropriate action by judicial proceedings otherwise in respect of any existing Series 2010A Event of Default as the Trustee may deem expedient in the interest of the Registered Owners of the Series A Bonds, subject to the provisions of the Series 2010A Indenture regarding the exercise of remedies.

Nothing contained in the Series 2010A Indenture, however, shall affect or impair the right of any Registered Owner of any Series A Bonds, which shall be absolute and unconditional, to enforce the payment of the principal or Maturity Amount of, premium, if any, and interest on the Series A Bonds of such Registered Owner, but only out of the moneys for such payment as provided in the Series 2010A Indenture, or the obligation of the Issuer, which shall also be absolute and unconditional, to make payment of the principal or Maturity Amount of, premium, if any, and

interest on the Series A Bonds, but only out of the funds provided in the Series 2010A Indenture for such payment, to the respective Registered Owners thereof at the time and place stated in, and subject to the terms of, the Series 2010A Indenture.

RESIGNATION OF TRUSTEE

Except as otherwise provided by a Series 2010A Supplemental Indenture, the Trustee may at any time resign and be discharged of the duties and obligations created by the Series 2010A Indenture, effective immediately upon the appointment of a successor Trustee, by giving not less than 30 days' written notice to the Issuer of the date it desires to resign and mailing written notice to the Registered Owners of all Series A Bonds and such resignation shall take effect immediately on the appointment of a successor Trustee.

REMOVAL OF TRUSTEE

The Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Director of Finance, and signed by the Issuer or its attorneys-in-fact duly authorized. Notwithstanding the foregoing, any removal of the Trustee shall not be effective until a successor Trustee has been appointed and has assumed the duties and responsibilities of successor Trustee under the Series 2010A Indenture.

APPOINTMENT OF SUCCESSOR TRUSTEE

If the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Issuer, by an instrument or concurrent instruments in writing signed and acknowledged by the Issuer or by its attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the predecessor Trustee. The successor Trustee shall mail notice of the appointment of the successor Trustee to the Registered Owners of all Series A Bonds.

If no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the Issuer written notice of its resignation or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, its removal, or for any other reason whatsoever, the Trustee (in the case of a resignation) or the Issuer may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any trustee appointed in succession to the Trustee shall be a bank or trust company or national or state banking association (i) duly qualified under the laws of the State to perform the duties of Trustee under the Series 2010A Indenture, and (ii) having (or whose parent holding company shall have) capital stock and surplus aggregating at least \$100,000,000 and subject to supervision or examination by federal or state authority.

PERMITTED INVESTMENTS

In addition to satisfying the other requirements for investment of funds and the defeasance requirements set forth in the Series 2010A Indenture, as long as the Series 2010A Bonds are Outstanding, funds on deposit in any Fund or Account created by the Series 2010A Indenture may be invested, subject to the qualifications set forth below, only in Permitted Investments. The foregoing provisions notwithstanding, funds on deposit in any Fund or Account for the purpose of defeasing any of the Series 2010A Bonds may be invested only as described under the caption "DISCHARGE AND DEFEASANCE – DEFEASANCE OF SERIES A BONDS" above, and funds on deposit in any Fund or Account created by the Series 2010A Indenture shall be invested as directed in writing by the Issuer, in accordance with the investment policy of the Metropolitan Government, until such time as the Issuer adopts an investment policy approving some or all of the Permitted Investments. The Issuer agrees to provide the Trustee with a copy of the Metropolitan Government's investment policy, and any changes thereto promptly upon the Metropolitan Government's approval of such changes, until such time as the Issuer adopts an investment policy approving the Permitted Investments. The Issuer agrees to notify the Trustee promptly after adopting an investment policy.

RESPONSIBILITIES OF TRUSTEE

The Trustee shall not be under any responsibility or duty with respect to the application of any money paid to the Issuer or money collected by the Issuer prior to the delivery thereof to the Trustee. The Trustee shall not be under any obligation or duty to perform any act, whether requested by the Registered Owners or otherwise, which would involve it in liability or to institute or defend any suit in respect of the Series 2010A Indenture, or to advance any of its own money, unless it has been satisfactorily indemnified against such liability except liability resulting from its gross negligence or willful misconduct. Subject to the provisions of the immediately following paragraph, the Trustee shall not be liable in connection with the performance of its duties under the Series 2010A Indenture except for its own gross negligence or willful misconduct.

The Trustee, prior to the occurrence of a Series 2010A Event of Default and after the curing of all Series 2010A Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Series 2010A Indenture, and no implied covenants or obligations shall be read into the Series 2010A Indenture against the Trustee. In case a Series 2010A Event of Default has occurred (which has not been cured), the Trustee agrees to exercise such of the rights and powers vested in it by the Series 2010A Indenture, and to use the same degree of care and skill in their exercise, as an ordinary person would exercise or use in the conduct of his or her own affairs. The Trustee shall not be required to take notice or be deemed to have actual notice or knowledge of any default under the Series 2010A Indenture (except a Series 2010A Event of Default arising from the Issuer's failure to make due and punctual payment of the Series 2010A Debt Service on any Series A Bond when and as the same shall become due and payable), or any other default or Series 2010A Event of Default of which the Trustee has knowledge, unless a Responsible Officer of the Trustee shall be specifically notified in writing of the default by the Issuer, the Metropolitan Government or by the Registered Owners of not less than 25% in principal amount and Maturity Amount of the Series A Bonds then Outstanding. All notices or other instruments required by the Series 2010A Indenture to be delivered to the Trustee must, to be effective, be delivered at the designated office of the Trustee, and in the absence of the notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Any provision of the Series 2010A Indenture relating to action taken or to be taken by the Trustee or the evidence upon which the Trustee may rely shall be subject to the provisions described under this caption.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2010B INDENTURE

The following statements are brief summaries of certain provisions of the Series 2010B Indenture. These summaries do not purport to be complete. Reference is made to the actual Series 2010B Indenture, a copy of which is available from the Director of Finance of the Metropolitan Government, for a full and complete statement of the provisions of the Series 2010B Indenture and the Series 2010B Bonds. Defined terms used in this Appendix C shall have the meanings ascribed to them in Appendix A to this Official Statement.

COVENANTS

PAYMENT OF SERIES B BONDS; LIMITED OBLIGATIONS

The Issuer shall promptly pay, or cause to be paid, the principal of (whether at maturity, by call for redemption or otherwise), premium, if any, and interest on every Series B Bond issued under the Series 2010B Indenture (including the Maturity Amount of Capital Appreciation Bonds) to the Trustee for payment to the Registered Owners, on the dates and in the manner provided in the Series 2010B Indenture according to the true intent and meaning thereof. Notwithstanding anything contained in the Series 2010B Indenture to the contrary, the Series B Bonds shall be limited obligations of the Issuer, payable solely from the assets contained in the Series 2010B Trust Estate. The Series B Bonds shall not constitute a debt or obligation of the Metropolitan Government (other than to the extent the Metropolitan Government is obligated to provide certain Tourism Tax Revenues and Non-Tax Revenues, in accordance with the Intergovernmental Agreement) or of the State or any other political subdivision of the State, and neither the Metropolitan Government (other than to the extent the Metropolitan Government is obligated to provide certain Tourism Tax Revenues and Non-Tax Revenues, in accordance with the Intergovernmental Agreement), the State, nor any other political subdivision of the State shall be liable thereon. In no event shall the Series B Bonds be payable out of any funds or properties other than assets held within the Series 2010B Trust Estate.

No recourse shall be had by any Registered Owner for the payment of the principal or Maturity Amount of, or Redemption Price, and interest on any of the Series B Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in any Series 2010B Financing Document to which the Issuer or the Metropolitan Government is a party against any past, present or future member, officer, agent, director, commissioner or employee of the Issuer or the Metropolitan Government, or any incorporator, member, officer, employee, director, commissioner or trustee of any successor entity, as such, either directly or through the Issuer or the Metropolitan Government or any successor entity, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent, commissioner or trustee as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Series 2010B Indenture.

FURTHER COVENANTS AND REPRESENTATIONS OF ISSUER

The Issuer shall observe and perform all covenants, conditions and agreements required on its part in the Series 2010B Indenture, in each Series B Bond executed, authenticated and delivered under the Series 2010B Indenture, in all other documents related to the Series 2010B Indenture, and under any laws or regulations related to the issuance of the Series B Bonds; provided, however, that the liability of the Issuer for a breach of any such covenant, condition or agreement shall be limited solely to the assets on deposit in, or to be deposited in, the Series 2010B Trust Estate.

FURTHER ASSURANCES

The Issuer shall execute and deliver such Series 2010B Supplemental Indentures (subject to the consent rights of the Metropolitan Government, if any) and such further instruments and do such further acts as the Trustee may reasonably require for the better assuring, assigning and confirming to the Trustee the amounts assigned under the Series 2010B Indenture for the payment of the Series B Bonds.

AMEND ARTICLES AND BYLAWS

The Issuer shall not amend the Issuer's articles of incorporation or bylaws in any manner that would adversely affect the interest of the Registered Owners of the Series B Bonds or any other beneficiary of the Series 2010B Indenture, as determined by a written opinion of Bond Counsel.

MAINTENANCE OF CORPORATE EXISTENCE OF THE ISSUER; CONSOLIDATION, MERGER, SALE OR TRANSFER OF ASSETS UNDER CERTAIN CONDITIONS

The Issuer covenants and agrees that, so long as any Series B Bonds are Outstanding, it will maintain its existence as a Tennessee nonprofit public corporation and will not dissolve, sell or otherwise dispose of all or substantially all of its assets (unless all Series B Bonds then Outstanding are redeemed, paid or defeased from the proceeds of such sale) nor consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

CONSTRUCTION OF THE CONVENTION CENTER PROJECT

The Issuer shall cause the Convention Center Project to be constructed in compliance with all Legal Requirements and in a manner and scope sufficient to permit the Convention Center Project to be used and operated as a first class, full service Convention Center.

All requisite building permits, conditional use permits, licenses and approvals from all applicable governmental authorities or regulatory bodies relating to the Convention Center Project and its proposed use have been, or will be, obtained as and when required by applicable Legal Requirements in order to commence and perform the work necessary to complete the Convention Center Project.

INSURANCE

So long as any Series B Bonds are Outstanding, the Issuer will carry adequate public liability, fidelity, and property insurance, such as is maintained by similar facilities as the Convention Center Project in such amounts as are obtainable for protection against such risks as will adequately protect the rights and interest of the Registered Owners. During such time all insurance policies shall be maintained in force and kept current as to premium payments; provided, the Issuer shall not be required, with respect to public liability insurance, to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, as amended, and provided further, the Issuer, with the consent of the Director of Finance, may self-insure against any risks that its Board deems appropriate and which is consistent with actuarially sound methods so long as the Issuer maintains adequate reserves, in such amounts as the Issuer determines are reasonable, for such self insurance. All moneys received from such insurance policies, not applied by the Issuer to restoration or repair of the Convention Center Project under adequate provisions made within 180 days after the loss or damage in respect of which such moneys were received for making good such loss or damage, shall be placed and maintained in the Series 2010B Revenue Fund and employed, not for maintenance or operation of the Convention Center Project, but only to meet any Series 2010B Revenue Fund deficiency that would otherwise cause a failure to provide from that source principal or interest requirements of the Series B Bonds. The payment of premiums for all insurance policies required under the Series 2010B Indenture shall be considered as maintenance and operation expenses.

COMPLIANCE WITH LAW; MAINTENANCE AND OPERATION OF THE CONVENTION CENTER PROJECT

The Issuer shall operate, use and maintain, or shall cause the operation, use and maintenance of, the Convention Center Project as a first class convention center and shall not alter or change or permit the change or alteration of the Convention Center Project from its intended use as a convention center.

The Issuer will (i) comply or cause there to be compliance with all applicable Legal Requirements, (ii) maintain or cause to be maintained all licenses and permits now held or hereafter acquired by it and (iii) perform, observe, fulfill and comply (or cause the performance, observance, fulfillment and compliance of and with) all of its obligations, covenants and conditions contained in the Series 2010B Indenture or in any other Series 2010B Financing Document.

OBLIGATIONS UNDER INTERGOVERNMENTAL AGREEMENT

The Issuer covenants and agrees to enforce the obligations of the Metropolitan Government under the Intergovernmental Agreement.

DISCHARGE AND DEFEASANCE

DISCHARGE OF THE SERIES 2010B INDENTURE

If the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, all of the principal and Redemption Price of and interest on, and the Maturity Amount of, the Series B Bonds, at the times and in the manner provided in the Series B Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established under the Series 2010B Indenture and in the amounts required by the Series 2010B Indenture, or shall provide, as permitted by the Series 2010B Indenture, for the payment thereof by depositing with or for the account of the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon (including any amount due or to become due with respect to the Series B Bonds under Section 148 of the Code), and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Series 2010B Indenture to be kept, performed and observed by it on or prior to the date such payments are made, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Series 2010B Indenture, then, upon such payment and performance, the Series 2010B Indenture and the rights and liens granted by the Series 2010B Indenture shall cease, terminate and be void; otherwise, the Series 2010B Indenture is to be and shall remain in full force and effect. In the event that the Series 2010B Indenture is discharged as therein provided, the Trustee shall provide written notice thereof to the Metropolitan Government and shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Issuer, or to the Person directed in writing by the Issuer, as appropriate, all moneys or securities held by the Trustee pursuant to the Series 2010B Indenture in respect of such Series B Bonds which are not required for the payment of principal or Redemption Price, and interest on the Series B Bonds, and the Maturity Amount, of such Series not theretofore surrendered for such payment or redemption.

DEFEASANCE OF SERIES B BONDS

Any Outstanding Series B Bonds of any Series, prior to the maturity or redemption date thereof, shall be deemed to have been paid within the meaning and with the effect described above under the caption "DISCHARGE AND DEFEASANCE – DISCHARGE OF THE SERIES 2010B INDENTURE" if (a) in case any of such Series B Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it (with a copy to the Metropolitan Government) written instructions containing irrevocable instructions to give notice of redemption of such Series B Bonds on such date as described in the Series 2010B Indenture, (b) there shall have been deposited with the Trustee, in trust, either money in an amount which shall be sufficient, or Permitted Investments described in clauses (a) or (b) of the definition thereof, the principal of and interest on which without any reinvestment thereof when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, is sufficient, in the opinion of an independent certified public accountant, to pay when due the principal, Maturity Amount or Redemption Price of, and interest due and to become due on, such Series B Bonds on or prior to the Redemption Date or maturity date thereof, as the case may be, (c) in the event such Series B Bonds are not to be redeemed within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it written instructions (with a copy to the Metropolitan Government) containing irrevocable instructions to mail, as soon as practicable, notice to the Registered Owners of all such Series B Bonds that the deposit described in clause (b) above has been made with the Trustee or an escrow agent and that such Series B Bonds are deemed to have been paid in accordance with the Series 2010B Indenture and stating such maturity or Redemption Date upon which money is to be made available for the payment of the principal, Maturity Amount or Redemption Price of and interest on such Series B Bonds, and (d) there shall be delivered to the Issuer and the Trustee a written opinion of Bond Counsel (with a copy to the Metropolitan Government) to the effect that the applicable provisions of the Series 2010B Indenture have been complied with so that such Series B Bonds are no longer entitled to the benefits of the Series 2010B Indenture. Neither Permitted Investments nor money deposited with the Trustee or an escrow agent pursuant to the Series 2010B Indenture nor principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Maturity Amount or Redemption Price of and interest on such Series B Bonds; provided that any cash received from such principal or interest payment on such Permitted Investments, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Issuer, as received, free and clear of any trust, lien, security interest, pledge or assignment securing such Series B Bonds or otherwise

existing under the Series 2010B Indenture, if all Series B Bonds have been redeemed or discharged, otherwise such cash shall be deposited into the Series 2010B Revenue Fund, and (ii) to the extent such cash shall be required for such purpose at a later date, will, to the extent practicable, be reinvested in direct obligations of the United States government or any of its agencies or obligations guaranteed as to principal and interest by the United States government or any of its agencies maturing at the times and in amounts sufficient to pay when due the principal, Maturity Amount or Redemption Price of and interest to become due on such Series B Bonds, on or prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Issuer, as received, free and clear of any trust, lien or pledge, if all Series B Bonds have been redeemed or discharged, otherwise such cash shall be deposited into the Series 2010B Revenue Fund. Series B Bonds defeased under the Series 2010B Indenture shall no longer be subject to redemption at the option of the Issuer, except to the extent that such Series B Bonds are called for redemption at the time provision is made for the defeasance thereof, as provided in the Series 2010B Indenture.

All amounts remaining on deposit in the Funds and Accounts after the principal, Maturity Amount or Redemption Price of and interest due or to become due on all Series B Bonds has been paid or deemed to have been paid as described under this caption, and all amounts owing to the Trustee have been paid, will be delivered to the Issuer.

SERIES 2010B EVENTS OF DEFAULT AND REMEDIES

SERIES 2010B EVENTS OF DEFAULT

Each of the following events is a Series 2010B Event of Default under the Series 2010B Indenture:

(a) failure to make due and punctual payment of the Series 2010B Debt Service on any Series B Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) other than as elsewhere described under this caption, failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Series 2010B Indenture or any Series 2010B Supplemental Indenture thereto or in the Series B Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee;

(c) (i) a voluntary or involuntary petition in bankruptcy, or a proceeding seeking arrangement, readjustment or composition of the Issuer's debts, or an assignment for the benefit of the Issuer's creditors, under any insolvency act or law, State or federal, now or hereafter existing, is filed or commenced by or against the Issuer, or (ii) a receiver or trustee is appointed by a court of competent jurisdiction for the Issuer or for all or a substantial part of the Issuer's property (and, if not filed or commenced by the Issuer, such petition, case, proceeding or receivership is not dismissed or discharged within sixty (60) days from the date of commencement of such case, proceeding or appointment, as the case may be), or any such petition, case, proceeding or receivership shall result in an order for relief or adjudication of insolvency by a court of competent jurisdiction;

(d) any representation or warranty made by the Issuer in the Series 2010B Indenture or in any document, instrument or certificate furnished to the Trustee in connection with the issuance of any Series of the Series B Bonds shall at any time prove to have been incorrect in any material respect as of the time made; provided that if it can be corrected by the Issuer and such default was unintentional, the Issuer shall have a 60-day period to make such correction prior to a Series 2010B Event of Default occurring;

(e) the Metropolitan Government fails to transfer the Tourism Tax Revenues to the Issuer or the Non-Tax Revenues to the Trustee as required under the Intergovernmental Agreement; and

(f) a Series 2010A Event of Default shall occur under the Series 2010A Indenture.

To the extent the Trustee is required to provide notice and opportunity to cure to the Issuer before triggering a Series 2010B Event of Default under the Series 2010B Indenture, the Trustee also shall provide concurrent notice and opportunity to cure to the Metropolitan Government. If either of the Metropolitan Government or the Issuer cures such default prior to the expiration of any applicable cure period, the Trustee shall recognize and accept such cure and a Series 2010B Event of Default shall not occur. Upon knowledge of the existence of any Series 2010B Event of Default, the Trustee shall notify the Issuer and the Metropolitan Government concurrently in writing as soon as practicable, but in any event within two Business Days; provided, however, that the Trustee need not provide notice of any Series 2010B Event of Default if, prior to the second Business Day following such event, the Issuer has

expressly acknowledged the existence of such Series 2010B Event of Default in a writing delivered to the Trustee and the Metropolitan Government. The Trustee shall recognize any cure of a Series 2010B Event of Default by the Metropolitan Government or the Issuer.

REMEDIES

If a Series 2010B Event of Default occurs and is continuing, then the Trustee shall, upon having been indemnified to its reasonable satisfaction, take any or all or any combination of the following actions:

(a) by mandamus or other suit, action or proceeding at law or in equity require the Issuer to perform its covenants, representations and duties with respect to the Series B Bonds under the Series 2010B Indenture;

(b) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series B Bonds;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Series B Bonds;

(d) prohibit withdrawal of money from any Funds or Accounts held by the Trustee under the Series 2010B Indenture;

(e) request that a court of competent jurisdiction appoint, to the extent permitted by law, a receiver or receivers of the Series 2010B Trust Estate and the Convention Center Project, and the income, revenues, profits and use thereof, with the power to operate and maintain the Convention Center Project, fix rates and collect revenues in the full manner and to the same extent as the Issuer, it being the intent hereof that, to the extent permitted by law, the Trustee shall be entitled to appointment of such a receiver as a matter of right;

(f) upon the occurrence of a Series 2010B Event of Default described in item (a) under the caption "SERIES 2010B EVENTS OF DEFAULT AND REMEDIES – SERIES 2010B EVENTS OF DEFAULT" above, transfer moneys from any Funds or Accounts held by the Trustee under the Series 2010B Indenture to the Series 2010B Debt Service Fund as necessary and as permitted by the Series 2010B Indenture;

(g) take such actions, including the filing and prosecution of lawsuits, as may be required to enforce for the benefit of the Registered Owners the terms of any agreements or instruments relating to the Convention Center Project or the Series B Bonds, or any part thereof, which the Trustee may be entitled to enforce, including without limitation (i) the Intergovernmental Agreement, (ii) any construction contracts, design contracts or consulting contracts or operating agreements, (iii) any insurance policies, completion guaranties or payment and performance bonds, and (iv) any other agreements or instruments which the Trustee may be entitled to enforce;

(h) exercise any right of the Issuer to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the Issuer in any Series 2010B Financing Document, either in its name or in the name of the Issuer; provided that if the Series 2010B Event of Default is a Series 2010B Event of Default as described in items (b) or (d) under the caption "SERIES 2010B EVENTS OF DEFAULT AND REMEDIES – SERIES 2010B EVENTS OF DEFAULT" above, then such right to exercise the remedy set forth in this item (h) shall be restricted to relate solely to curing such Series 2010B Event of Default; or

(i) take such other steps to protect and enforce its rights and the rights of the Registered Owners of the Series B Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Series 2010B Indenture or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, proceeding by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal, Maturity Amount and Redemption Price of and interest then due on the Series B Bonds.

The proceeds received by the Trustee following a Series 2010B Event of Default shall, together with all securities and other moneys which may then be held by the Trustee as a part of the Series 2010B Trust Estate, be applied in order, as follows:

(i) First, to the payment of the reasonable charges, expenses and liabilities of the Trustee in accordance with the other provisions of the Series 2010B Indenture;

(ii) Second, to the payment of Operating Expenses;

(iii) Third, to the payment to the Registered Owners entitled thereto of all installments of interest (together with interest due on overdue installments of interest to the extent allowed by law) then due on the Series B Bonds in the order of the maturity of such installment, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; then, to the payment to the Registered Owners entitled thereto of the unpaid principal or Maturity Amount of or Redemption Price of the Series B Bonds with respect to which such remedy was exercised which shall have become due, whether at maturity, by call for redemption or otherwise, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Series B Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal, Maturity Amount or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference;

(iv) Fourth, to the repayment of the Metropolitan Government for any amounts of Non-Tax Revenues used to pay Series 2010B Debt Service on the Series B Bonds; and

(v) Last, to the Issuer.

SUPPLEMENTAL INDENTURES AND AMENDMENT OF SERIES 2010B FINANCING DOCUMENTS

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF SERIES 2010B FINANCING DOCUMENTS EFFECTIVE WITHOUT CONSENT OF REGISTERED OWNERS

The Issuer and the Trustee may, as appropriate, from time to time and at any time, and without the consent of, but with notice to Registered Owners and the Metropolitan Government, enter into Supplemental Indentures or any amendments to the Series 2010B Financing Documents as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in the Series 2010B Indenture, any Series 2010B Supplemental Indenture or in the applicable Series 2010B Financing Document;

(b) to insert such provisions clarifying matters or questions arising under the Series 2010B Indenture, any Series 2010B Supplemental Indenture or in the applicable Series 2010B Financing Document as are necessary or desirable and are not contrary to or inconsistent with the Series 2010B Indenture, any Series 2010B Supplemental Indenture or the applicable Series 2010B Financing Document as theretofore in effect;

(c) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Series 2010B Indenture or the Series 2010B Financing Documents as theretofore in effect;

(d) to authorize Series B Additional Bonds or Series B Refunding Bonds and, in connection therewith, to specify and determine the matters and things relative to such Series B Additional Bonds or Series B Refunding Bonds which are not in conflict with the Series 2010B Indenture as theretofore in effect, or to amend, modify, or rescind any such authorization, specification, or determination at any time prior to the first delivery of such Series B Additional Bonds or Series B Refunding Bonds; provided, however, that such supplement or amendment shall be limited to the specific terms of such Series B Additional Bonds or Series B Refunding Bonds and shall not otherwise amend the Series 2010B Indenture and further provided, however, that the Metropolitan Government shall approve the issuance of such Series B Additional Bonds or Series B Refunding Bonds;

(e) to provide limitations and restrictions in addition to the limitations and restrictions contained in the Series 2010B Indenture or any Series 2010B Supplemental Indenture or the Series 2010B Financing Documents on the delivery of Series B Additional Bonds or Series B Refunding Bonds or the issuance of other evidences of indebtedness;

(f) to add to the covenants and agreements of the Issuer in the Series 2010B Indenture or any Series 2010B Supplemental Indenture or the Series 2010B Financing Documents, other covenants and agreements to be observed by the Issuer or the other parties thereto which are not in conflict with the Series 2010B Indenture or the applicable Series 2010B Supplemental Indentures or the applicable Series 2010B Financing Documents as theretofore in effect;

(g) to add to the limitations and restrictions in the Series 2010B Indenture or any Series 2010B Supplemental Indenture or the Series 2010B Financing Documents other limitations and restrictions to be observed by the Issuer or the other parties thereto which are not in conflict with the Series 2010B Indenture or the applicable Series 2010B Supplemental Indenture or the applicable Series 2010B Financing Documents as theretofore in effect;

(h) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Series 2010B Indenture or any Series 2010B Supplemental Indenture, of the Series 2010B Trust Estate or of any other moneys, securities or funds, or to subject to the lien or pledge of the Series 2010B Indenture additional revenues, properties or collateral;

(i) to provide for additional duties of the Trustee in connection with the Series 2010B Trust Estate or the Convention Center Project;

(j) to modify, amend or supplement the Series 2010B Indenture or any Series 2010B Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state blue sky law;

(k) to surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Series 2010B Indenture, provided that the surrender of such right, power or privilege is not in conflict with the covenants and agreements of the Issuer contained in the Series 2010B Indenture;

(l) to designate Registrars for the Series B Bonds of any Series;

(m) to evidence the appointment of a succession of a new Trustee under the Series 2010B Indenture;

(n) to modify, amend or supplement the Series 2010B Indenture or any Series 2010B Supplemental Indenture in order to provide for or eliminate book-entry registration of all or any of the Series B Bonds to the extent not inconsistent with the provisions of the Series 2010B Indenture;

(o) to make any change (including changes to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner; and

(p) to amend a prior Series 2010B Supplemental Indenture in accordance with the provisions thereof.

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO SERIES 2010B FINANCING DOCUMENTS REQUIRING REGISTERED OWNER CONSENT; DEEMED CONSENT

Except as described above under the immediately preceding caption and under this caption, any modification or amendment of the Series 2010B Indenture or to any Series 2010B Financing Document and of the rights and obligations of the Issuer and of the Registered Owners of the Series B Bonds thereunder, in any particular, may only be made by a Series 2010B Supplemental Indenture or an amendment to the applicable Series 2010B Financing Document, in each instance with the written consent of the Metropolitan Government and the written consent or deemed consent of the Registered Owners of a majority in aggregate principal amount and Maturity Amount of all Series B Bonds then Outstanding. No such modification or amendment shall, without the written consent of the Registered Owner of each Series B Bond affected thereby and the Metropolitan Government, permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Series B Bond or of any installment of interest thereon or a reduction in the principal amount, Maturity Amount or the Redemption Price thereof or in the rate of interest thereon, (ii) creation of a lien upon or a pledge of or payment priority from the Series 2010B Trust Estate ranking prior to or on a parity with the lien or pledge created by the Series 2010B Indenture other than as provided in the Series 2010A Indenture with respect to the Tourism Tax Revenues or as provided in Article III of the Series 2010B Indenture, (iii) a preference or priority of any Series B Bond or Bonds over any other Series B Bond, (iv) a reduction in the percentages of Series B Bonds of which the consent of the Registered Owners is required to effect any such modification or amendment, (v) a deprivation to any Registered Owners of the lien created by the Series 2010B Indenture, or (vi) any reduction of the Issuer's rights under the Intergovernmental Agreement to the Tourism Tax Revenues or Non-Tax Revenues. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Series B Bonds of any particular Series or maturity would be affected by any modification or amendment of the Series 2010B Indenture or an amendment to

the applicable Series 2010B Financing Document and any such determination shall be binding and conclusive on the Issuer and all Registered Owners.

The Issuer and the Trustee, as applicable, may at any time enter into a Series 2010B Supplemental Indenture or an amendment to the applicable Series 2010B Financing Document making a modification or amendment permitted with consent of the Registered Owners of the Series B Bonds, to take effect when and as provided in the Series 2010B Indenture and described in this paragraph. A copy of such Series 2010B Supplemental Indenture or amendment to a Series 2010B Financing Document (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Registered Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to Registered Owners as provided in the Series 2010B Indenture. Such Series 2010B Supplemental Indenture or amendment to such Series 2010B Financing Document requiring the consent of all or any of the Registered Owners will be effective when: (a) there shall have been filed with the Trustee the written consent of the Metropolitan Government and such Registered Owners of the percentages of Outstanding Series B Bonds specified in the Series 2010B Indenture as required to consent to such Series 2010B Supplemental Indenture or amendment (provided that if such Series 2010B Supplemental Indenture or amendment requires the consent of the Registered Owners of a majority in aggregate principal amount and Maturity Amount of Series B Bonds of a Series, Registered Owners failing to respond within 10 calendar days after mailing the notice requesting such consent shall be deemed to have consented to such Series 2010B Supplemental Indenture or amendment), and an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, stating that such Series 2010B Supplemental Indenture or amendment has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Series 2010B Indenture, is authorized or permitted by the Series 2010B Indenture, is valid and binding upon the Issuer and enforceable in accordance with its terms, and is in accordance with the Series 2010B Indenture; provided, however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors rights generally and principles of government law and equity; and (b) a notice shall have been mailed as described in this paragraph below. Each such written consent (other than a deemed consent) shall be effective only if accompanied by proof satisfactory to the Trustee of the holding, at the date of such consent, of the Series B Bonds with respect to which such consent is given. Each such deemed consent shall be effective if the Trustee has not been notified by such Registered Owner of its decision regarding such amendment within 10 calendar days after the Trustee shall have mailed a request to such Registered Owner. Any such consent shall be binding upon the Registered Owner of the Series B Bonds giving or deemed to have given such consent and, upon any subsequent Registered Owner of such Series B Bonds and of any Series B Bonds issued in exchange therefor (whether or not such subsequent Registered Owner thereof has notice thereof). At any time after the Registered Owners of the required percentages of Series B Bonds shall have filed their consents to the Series 2010B Supplemental Indenture or amendment to a Series 2010B Financing Document, the Trustee shall make and file with the Issuer a written statement that the Registered Owners of such required percentages of Series B Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed or deemed to have been so filed. Upon receipt of the requisite consents or deemed consents, filing of the written statement of the Trustee required under the Series 2010B Indenture and the execution of such Series 2010B Supplemental Indenture or amendment by the parties thereto, notice, stating in substance that the Series 2010B Supplemental Indenture (which may be referred to as a Series 2010B Supplemental Indenture entered into by the Issuer and the Trustee as of a stated date, a copy of which is on file with the Trustee) or other amendment to the Series 2010B Financing Documents has been consented or deemed consented to by the Registered Owners of the required percentages of Series B Bonds and will be effective as provided in the Series 2010B Indenture, shall be given to Registered Owners by mailing such notice to Registered Owners immediately thereafter by the Trustee. Such Series 2010B Supplemental Indenture or amendment to a Series 2010B Financing Document making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee and the Registered Owners of all Series B Bonds after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Series 2010B Supplemental Indenture or amendment to a Series 2010B Financing Document in a legal action or equitable proceeding for such purpose commenced prior to such mailing; provided, however, that the Trustee and the Issuer prior to such mailing and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Series 2010B Supplemental Indenture or amendment to a Series 2010B Financing Document as they may deem expedient.

TRUSTEE

TRUSTEE MAY ACT WITHOUT POSSESSION OF BONDS

All rights of action under the Series 2010B Indenture or under any of the Series B Bonds may be enforced by the Trustee without possession of any of the Series B Bonds or the production thereof in any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Registered Owners of the Series B Bonds, subject to the provisions of the Series 2010B Indenture.

TRUSTEE AS ATTORNEY-IN-FACT

The terms of the Series 2010B Indenture irrevocably appoint the Trustee (and the Registered Owners of the Series B Bonds, by taking and holding same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Registered Owners of the Series B Bonds, or on behalf of all Registered Owners of the Series B Bonds as a class, with respect to any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Registered Owners of the Series B Bonds against the Issuer allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Issuer shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Registered Owners of the Series B Bonds to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Registered Owners of the Series B Bonds, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

REMEDIES NOT EXCLUSIVE

No remedy conferred upon or reserved to the Trustee under the Series 2010B Indenture is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Series 2010B Indenture or under the Series B Bonds or now or hereafter existing at law or in equity or by statute.

LIMITATION ON SUITS

All rights of action in respect of the Series 2010B Indenture shall be exercised only by the Trustee, and the Registered Owner of any Series B Bond shall not have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Series 2010B Indenture or by reason of the Series 2010B Indenture, unless and until the Trustee shall have received a written request of the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series B Bonds then Outstanding, and shall have been furnished reasonable indemnity and shall have refused or neglected for 30 days thereafter to institute such suit, action or proceedings and no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series B Bonds then Outstanding. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Registered Owner of any Series B Bond of the powers and remedies given to the Trustee under the Series 2010B Indenture and to the institution and maintenance by any such Registered Owner of any action or cause of action for the appointment of a receiver or for any other remedy under the Series 2010B Indenture, but the Trustee may, in its discretion, and when thereunto duly requested in writing by the Registered Owners of not less than a majority in principal amount and Maturity Amount of the Series B Bonds then Outstanding and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, forthwith take such appropriate action by judicial proceedings otherwise in respect of any existing Series 2010B Event of Default as the Trustee may deem expedient in the interest of the Registered Owners of the Series B Bonds, subject to the provisions of the Series 2010B Indenture regarding the exercise of remedies.

Nothing contained in the Series 2010B Indenture, however, shall affect or impair the right of any Registered Owner of any Series B Bonds, which shall be absolute and unconditional, to enforce the payment of the principal or Maturity Amount of, premium, if any, and interest on the Series B Bonds of such Registered Owner, but only out of the moneys for such payment as provided in the Series 2010B Indenture, or the obligation of the Issuer, which shall also be absolute and unconditional, to make payment of the principal or Maturity Amount of, premium, if any, and

interest on the Series B Bonds, but only out of the funds provided in the Series 2010B Indenture for such payment, to the respective Registered Owners thereof at the time and place stated in, and subject to the terms of, the Series 2010B Indenture.

RESIGNATION OF TRUSTEE

Except as otherwise provided by a Series 2010B Supplemental Indenture, the Trustee may at any time resign and be discharged of the duties and obligations created by the Series 2010B Indenture, effective immediately upon the appointment of a successor Trustee, by giving not less than 30 days' written notice to the Issuer of the date it desires to resign and mailing written notice to the Registered Owners of all Series B Bonds and such resignation shall take effect immediately on the appointment of a successor Trustee.

REMOVAL OF TRUSTEE

The Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Director of Finance, and signed by the Issuer or its attorneys-in-fact duly authorized. Notwithstanding the foregoing, any removal of the Trustee shall not be effective until a successor Trustee has been appointed and has assumed the duties and responsibilities of successor Trustee under the Series 2010B Indenture.

APPOINTMENT OF SUCCESSOR TRUSTEE

If at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Issuer, by an instrument or concurrent instruments in writing signed and acknowledged by the Issuer or by its attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the predecessor Trustee. The successor Trustee shall mail notice of the appointment of the successor Trustee to the Registered Owners of all Series B Bonds.

If no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the Issuer written notice of its resignation or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, its removal, or for any other reason whatsoever, the Trustee (in the case of a resignation) or the Issuer may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any trustee appointed in succession to the Trustee shall be a bank or trust company or national or state banking association (i) duly qualified under the laws of the State to perform the duties of Trustee under the Series 2010B Indenture, and (ii) having (or whose parent holding company shall have) capital stock and surplus aggregating at least \$100,000,000 and subject to supervision or examination by federal or state authority.

PERMITTED INVESTMENTS

In addition to satisfying the other requirements for investment of funds and the defeasance requirements set forth in the Series 2010B Indenture, as long as the Series 2010B Bonds are Outstanding, funds on deposit in any Fund or Account created by the Series 2010B Indenture may be invested, subject to the qualifications set forth below, only in Permitted Investments. The foregoing provisions notwithstanding, funds on deposit in any Fund or Account for the purpose of defeasing any of the Series 2010B Bonds may be invested only as described under the caption "DISCHARGE AND DEFEASANCE – DEFEASANCE OF SERIES B BONDS" above, and funds on deposit in any Fund or Account created by the Series 2010B Indenture shall be invested as directed in writing by the Issuer, in accordance with the investment policy of the Metropolitan Government, until such time as the Issuer adopts an investment policy approving some or all of the Permitted Investments. The Issuer agrees to provide the Trustee with a copy of the Metropolitan Government's investment policy, and any changes thereto promptly upon the Metropolitan Government's approval of such changes, until such time as the Issuer adopts an investment policy approving the Permitted Investments. The Issuer agrees to notify the Trustee promptly after adopting an investment policy.

RESPONSIBILITIES OF TRUSTEE

The Trustee shall not be under any responsibility or duty with respect to the application of any money paid to the Issuer or money collected by the Issuer prior to the delivery thereof to the Trustee. The Trustee shall not be under any obligation or duty to perform any act, whether requested by the Registered Owners or otherwise, which would involve it in liability or to institute or defend any suit in respect of the Series 2010B Indenture, or to advance any of its own money, unless it has been satisfactorily indemnified against such liability except liability resulting from its gross negligence or willful misconduct. Subject to the provisions of the immediately following paragraph, the Trustee shall not be liable in connection with the performance of its duties under the Series 2010B Indenture except for its own gross negligence or willful misconduct.

The Trustee, prior to the occurrence of a Series 2010B Event of Default and after the curing of all Series 2010B Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Series 2010B Indenture, and no implied covenants or obligations shall be read into the Series 2010B Indenture against the Trustee. In case a Series 2010B Event of Default has occurred (which has not been cured), the Trustee agrees to exercise such of the rights and powers vested in it by the Series 2010B Indenture, and to use the same degree of care and skill in their exercise, as an ordinary person would exercise or use in the conduct of his or her own affairs. The Trustee shall not be required to take notice or be deemed to have actual notice or knowledge of any default under the Series 2010B Indenture (except a Series 2010B Event of Default arising from the Issuer's failure to make due and punctual payment of the Series 2010B Debt Service on any Series B Bond when and as the same shall become due and payable), or any other default or Series 2010B Event of Default of which the Trustee has knowledge, unless a Responsible Officer of the Trustee shall be specifically notified in writing of the default by the Issuer, the Metropolitan Government or by the Registered Owners of not less than 25% in principal amount and Maturity Amount of the Series B Bonds then Outstanding. All notices or other instruments required by the Series 2010B Indenture to be delivered to the Trustee must, to be effective, be delivered at the designated office of the Trustee, and in the absence of the notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Any provision of the Series 2010B Indenture relating to action taken or to be taken by the Trustee or the evidence upon which the Trustee may rely shall be subject to the provisions described under this caption.

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APPENDIX D
HVS MARKET STUDY

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MUSIC CITY CENTER MARKET AND FEASIBILITY STUDY

Nashville, Tennessee

Prepared by:

HVS Convention, Sports and Entertainment
205 West Randolph, Suite 1650
Chicago, Illinois 60606
Phone: 312-587-9900
Fax: 312-587-9908

Submitted to:

Wayne Placide
First Southwest Company
325 North Saint Paul Street, Suite 800
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Phone: 214-953-4000
Email: wayne.placide@firstsw.com

March 26, 2010

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4	Tax Revenue Analysis
5	Statement of Assumptions and Limiting Conditions
6	Certification

Appendices

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Appendix B: Comparable Facilities

Appendix C: Tax Forms



March 26, 2010

Wayne Placide
First Southwest Company
325 North Saint Paul Street, Suite 800
Dallas, TX 75201
Phone: 214-953-4000
Email: wayne.placide@firstsw.com

Dear Mr. Placide:

HVS is pleased to submit the attached Music City Center Market and Feasibility Study. We have studied the proposed project and the results of our fieldwork and analysis are presented in this report.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Please let us know if you have any questions.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

A handwritten signature in cursive script that reads 'Katie Gregory'.

Katie Gregory, Project Manager
kgregory@hvs.com, (312) 587-9900, ext. 21

A handwritten signature in cursive script that reads 'Thomas Hazinski'.

Thomas Hazinski, Managing Director
thazinski@hvs.com, (312) 587-9900, ext. 11

1. Executive Summary

Introduction

The Metropolitan Government of Nashville engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to perform a market and feasibility study of the proposed Music City Center (“MCC”)—a convention center development in downtown Nashville. The study involves an independent assessment of the market potential for the MCC, a forecast of MCC financial operations, and a projection of tax revenues dedicated to support the MCC.

Methodology

The estimate of event demand, financial operations, and available tax revenues are subject to assumptions and limiting conditions described throughout this report. As always, actual events will differ from forecasts and these differences may be material.

To prepare the forecast, HVS performed the following tasks:

- Met with Nashville Convention Center (“NCC”) management to discuss existing operations and their assumptions regarding the future operations of the MCC under the Authority.
- Inspected the proposed development site and the surrounding market area.
- Reviewed concept plan drawings of the proposed MCC.
- Analyzed historical event demand at the NCC as well as advanced bookings of conventions and tradeshow events at the MCC.
- Gathered data on and analyzed the operations of a set of comparable convention center venues, most of which would be direct competitors of the MCC.

- Conducted a survey of event planners to assess their facility needs and interest in placing their events at the MCC.
- Reviewed legislation authorizing the various taxes dedicated to repayment of debt on the project.
- Analyzed the historical tax collections and trends in the various underlying tax bases (to the extent that historical data was available).

Description of Project

The proposed MCC is currently scheduled to open on February 1, 2013 and to replace the NCC as the publicly-owned downtown convention center in Nashville. The venue would offer 523,500 square feet of exhibit, ballroom, and meeting space, roughly three-and-a-half times the amount of event space as the NCC currently offers. HVS forecast the event demand and financial performance of the MCC.

The City is considering the development of a headquarters hotel adjacent to the convention center, which would improve the attractiveness of the convention center and thereby improve its performance. However, no financing plan for the hotel is currently in place. For the purpose of this study, HVS assumed that the hotel will not be built and that the convention center would rely on the existing lodging supply in downtown Nashville.

Table 1-1 shows the projected financial performance of the facility in its first stabilized year of operations.

Table 1-1
MCC Financial Projections in First Stabilized Year of Operations (Fiscal Year 2017)

	\$ (in millions)
Total Operating Revenue	\$21.7
Total Operating Expense	\$26.5
OPERATING INCOME (LOSS)	(\$4.9)
Total Non-Operating Expense	\$1.0
TOTAL NET INCOME (LOSS)	(\$5.8)
PARKING NET INCOME*	\$4.6

Source: HVS (except for Parking Net Income* which is from Timothy Haahs and Associates Inc.)

Metro has dedicated six potential sources of revenue for the capital costs of the MCC and to cover any potential operating losses of the facility. The taxes include:

- A 3.0% tax on the consideration paid by transient lodgers in all hotels under the governance of Metro, which is contiguous with the boundaries of Davidson County;
- A \$2.00 per night surcharge on all occupied rooms in all hotels under the governance of Metro, which is contiguous with the boundaries of Davidson County;
- A \$2.00 tax on all taxi cabs, limousines, shuttle buses, and other contracted vehicles upon exiting the Nashville Airport.
- A 1.0% tax on all vehicle, trucks, and trailer rentals or leases that last five or fewer days;
- The redirection of Sales Tax Receipts (5.5% state and 2.25% local) generated by MCC campus facilities, including the convention center and hotel.
- A percentage of the State and Local Sales Taxes collected in the MCC Tourism Development Zone ("MCC TDZ"), the area surrounding the proposed convention center development. If Sales Tax Receipts in the MCC TDZ grow faster than the Sales Tax Receipts in all of Davidson County, the incremental difference in growth would be redirected to the MCC Project.

Table 1-2 shows the forecast of the tax revenues.

**Table 1-2
Forecast of Tax Revenue (in millions of dollars)**

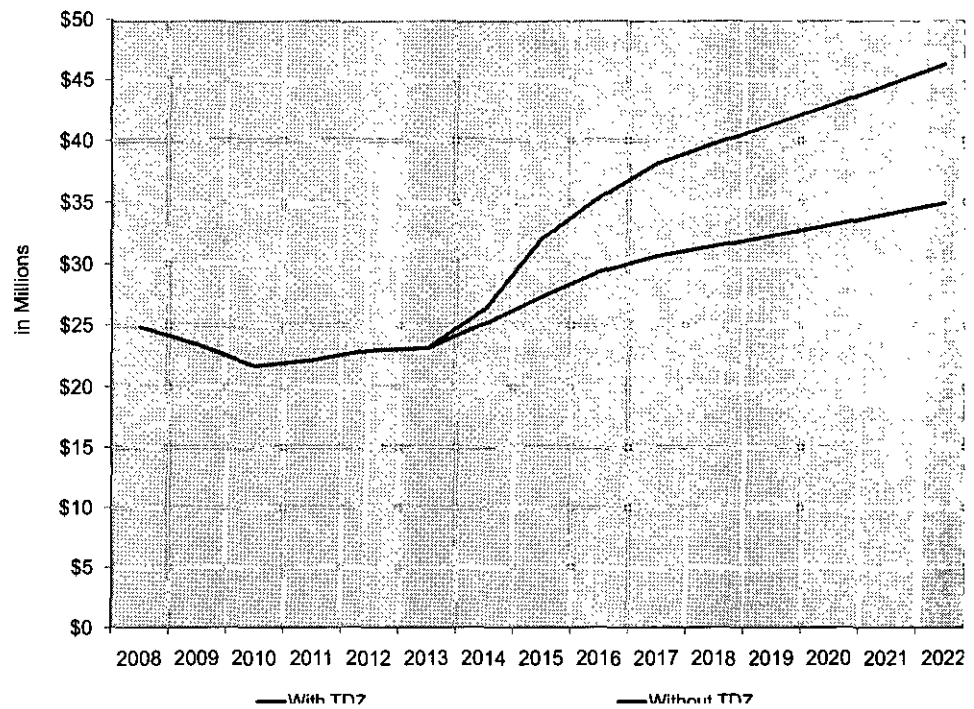
Year	Hotel Taxes*	Airport Departure Tax	Vehicle Rental Tax	Campus Tax	TDZ	Total
2013	23.0	0.4	1.1	0.5	0.0	25.0
2018	28.9	0.4	1.2	2.3	8.3	41.0
2023	32.9	0.4	1.4	2.6	12.2	49.5

*Hotel taxes include 3% a hotel.motel tax, plus a \$2.00 hotel room surcharge less redirection of certain Opryland taxes. Totals may not add due to rounding errors.

Source: HVS

Figure 1-1 shows the preliminary forecast of tax revenues, the MCC operating income, and parking income with and without revenues from the MCC TDZ.

**Figure 1-1
Forecast of Tax Revenues, MCC Operating Income, and Parking Income with and without MCC TDZ**



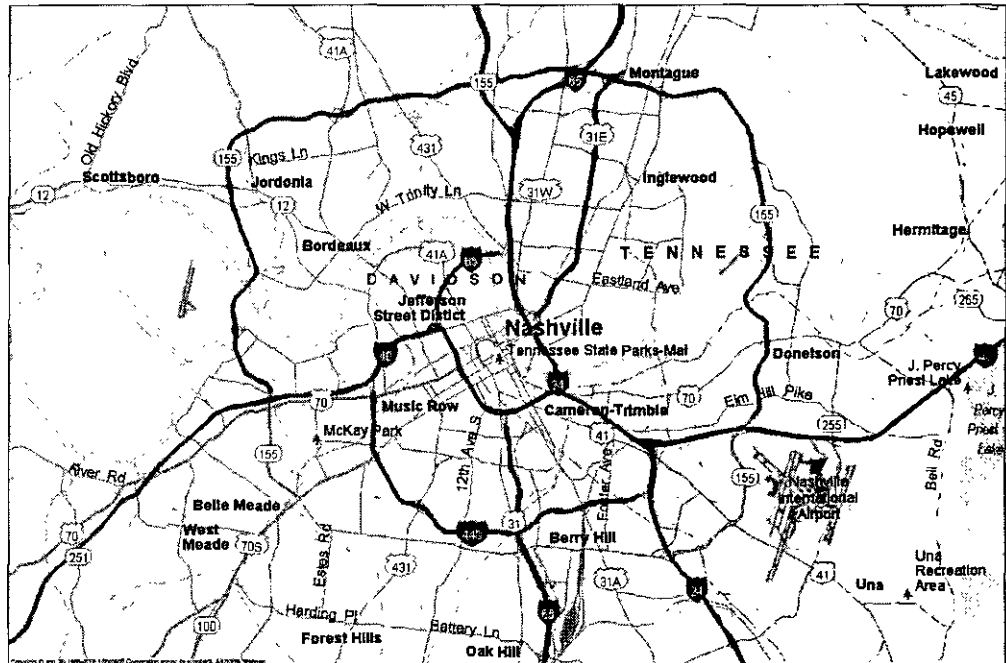
2. Market Area Analysis

Introduction

The market area analysis reviews key demographic and economic trends that reflect the overall condition of the local economy in the City of Nashville and Davidson County, Tennessee. The economic vitality of the area is an important consideration in forecasting convention center event demand and tax forecasts.

The City of Nashville is the capital of Tennessee and the county seat of Davidson County. A consolidated city-county government, the Metropolitan Government of Nashville (“Metro”), governs Nashville. The city, the second largest in Tennessee, is located approximately 210 miles to the northeast of Memphis, the largest city in the state. Figure 2-1 shows a map of the greater Nashville area.

Figure 2-1
Map of Nashville, Tennessee



Source: Microsoft Streets & Trips

Economic and Demographic Overview

Based on fieldwork conducted in the area and data sources, HVS evaluated various economic and demographic statistics to determine trends in economic growth. HVS used historical statistics from the U.S. Census Bureau data and information published by the Bureau of Economic Analysis. A primary source of economic and demographic statistics used in this analysis is the Environmental Systems Research Institute ("ESRI"), which provides data collected and organized by their own geographic information system technology.

Population Trends

Table 2-1 compares local population growth of Nashville, Davidson County, and Tennessee to the United States.

**Table 2-1
Population Growth**

Market	2000	2009	Projected 2014	Compound Annual Growth Rate	
				2000-2009	2009-2014
Nashville	545,534	594,252	620,454	0.9%	0.9%
Davidson County	569,891	619,597	646,618	0.9%	0.9%
Tennessee	5,689,283	6,297,249	6,622,138	1.1%	1.0%
United States	281,421,906	309,731,508	324,062,684	1.1%	0.9%

Source: ESRI

The Nashville metropolitan area extends beyond Davidson County to areas of 12 other counties. For the last nine years, both the City of Nashville and Davidson County experienced population growth at a slightly slower rate than the State of Tennessee and the United States. Population growth rates of just below 1% are expected to continue through 2014 for both Nashville and Davidson County as Davidson County is already well developed.

**Table 2-2
Income Growth (Household and Per Capita)**

Market	2000			2009			2014 Projections			Average HH Income Growth Trends	
	Average HH Income	Median HH Income	Per Capita Income	Average HH Income	Median HH Income	Per Capita Income	Average HH Income	Median HH Income	Per Capita Income	2000- 2009	2009- 2014
Nashville	\$51,887	\$39,241	\$22,018	\$69,175	\$53,384	\$29,897	\$71,592	\$56,195	\$31,169	3.2%	0.7%
Davidson County	\$54,447	\$39,797	\$23,069	\$71,136	\$53,952	\$30,693	\$73,732	\$56,713	\$32,045	3.0%	0.7%
Tennessee	\$48,688	\$36,361	\$19,393	\$61,696	\$47,751	\$24,986	\$63,926	\$50,104	\$26,047	2.6%	0.7%
United States	\$56,644	\$42,164	\$21,587	\$71,437	\$54,719	\$27,277	\$74,464	\$56,938	\$28,494	2.6%	0.8%

Source: ESRI

Nashville’s average annual household income growth exceeded that of Davidson County, Tennessee, and the United States from 2000 through 2009. While ESRI forecasts some growth in average household income, the growth rate is much lower than from 2000 to 2009.

**Work Force
Characteristics**

The characteristics of a market’s workforce provide an indication of the type of meeting demand local businesses may generate. Table 2-3 summarizes the last decade of the city’s employment picture and compare Nashville’s unemployment rate to both Tennessee and the U.S. averages.

Table 2-3
Historical Employment and Unemployment

Year	City of Nashville				Unemployment Rate	
	Labor Force	Employment	Unemployment	Rate	Tennessee	U.S.
2000	311,521	301,507	10,014	3.2%	4.0%	4.0%
2001	307,102	295,912	11,190	3.6%	4.7%	4.7%
2002	301,607	288,358	13,249	4.4%	5.3%	5.8%
2003	301,839	287,810	14,029	4.6%	5.7%	6.0%
2004	302,599	288,783	13,816	4.6%	5.4%	6.0%
2005	305,008	291,181	13,827	4.5%	5.6%	5.1%
2006	308,607	295,626	12,981	4.2%	5.2%	4.6%
2007	319,929	307,281	12,648	4.0%	4.8%	5.0%
2008	324,197	307,290	16,907	5.2%	6.4%	5.8%
2009*	317,128	287,952	29,176	9.2%	10.5%	9.7%
2010**	315,851	285,579	30,272	9.6%	10.7%	9.7%

*December

**January

Source: U.S. Bureau of Labor Statistics

Historically, Nashville has maintained a lower unemployment rate than Tennessee and the United States. Until 2008, unemployment in Nashville ranged from 3.2% to 4.6%. During the last two years, unemployment across the country has increased. In January 2010, Nashville's employment level fell to its lowest level in more than a decade.

Woods and Poole Economics, Inc., a forecasting service based in Washington, D.C, details employment by industry in the City of Nashville, as show below in Table 2-4.

Table 2-4
Employment (In Thousands) by Industry

Industry	2009	% of Total
Total Services	288.3	49.8
Professional And Technical Services	41.8	7.2
Management Of Companies And Enterprises	5.9	1.0
Administrative And Waste Services	44.0	7.6
Educational Services	29.3	5.1
Health Care And Social Assistance	63.9	11.0
Arts, Entertainment, And Recreation	20.1	3.5
Accommodation And Food Services	50.7	8.8
Other Services, Except Public Administration	32.6	5.6
Total Trade	86.1	14.9
Wholesale Trade	26.5	4.6
Retail Trade	59.5	10.3
Total Government	55.2	9.5
Federal Civilian Government	9.3	1.6
Federal Military	2.6	0.4
State And Local Government	43.3	7.5
Construction	29.9	5.2
Manufacturing	27.7	4.8
Finance And Insurance	26.3	4.5
Transportation And Warehousing	24.2	4.2
Real Estate And Rental And Lease	23.9	4.1
Information	15.7	2.7
Farm	0.7	0.1
Mining	0.5	0.1
Utilities	0.4	0.1
Forestry, Fishing, Related Activities And Other	0.1	0.0
Total	578.9	

Source: Woods and Poole Economics, Inc.

The services sector employs nearly 50% of Nashville's workforce. Eleven percent of Nashville's workforce is employed in the health care and social assistance sector. Retail and government employees each account for roughly 10% of the workforce while construction, manufacturing, and finance and insurance each make up 5% of the workforce.

Table 2-5 lists the top 10 employers in the Nashville area with more than 4,000 local employees.

**Table 2-5
Major Employers (as of January 2009)**

Employer	# of Local Employees	City
State of Tennessee	20,029	Nashville
Vanderbilt University & Medical Center	17,158	Nashville
U.S. Government	11,146	Nashville
Metro Nashville-Davidson Co. Public Schools	10,000	Nashville
HCA	8,742	Nashville
Nissan North America Inc.	8,100	Smyrna
St. Thomas Health Services	6,300	Nashville
Bridgestone Americas Holding Inc.	4,900	Nashville
Gaylord Entertainment Co.	4,150	Nashville
Sumner County Govt. & Public Schools	4,088	Gallatin

Source: Nashville Chamber of Commerce

The State of Tennessee, and Vanderbilt University and Medical Center are the two largest employers in the Nashville area. The U.S. Government and Metro Nashville-Davidson Public Schools each employ over 10,000 employees locally. Large corporate presence in the Nashville area consists of Nissan, Bridgestone, and St. Thomas Health Services.

Accessibility

Nashville is accessible via three interstate highways, including Interstates 40 and 24 heading east and west and Interstate 65 heading north and south. The bypass route, Interstate 440, connects the three major roadways on the south end of Nashville.

In 2006, Nashville launched the commuter rail system called Music City Star Regional Rail. The system plan includes seven legs connecting Nashville to the surrounding suburbs but only one leg of the system, connecting downtown Nashville to the City of Lebanon, is currently in operation.

Airport passenger counts indicate capacity for national, regional, and state convention center demand. An area’s airlift capacity is also a key factor in determining whether a location is suitable for hosting events that require air travel.

In addition to indicating the accessibility of a destination, airport passenger counts provide a basis for determining how many Nashville residents and

visitors may use taxicabs and airport shuttles when leaving the airport. Metro approved and enacted an airport departure tax for all contract vehicles leaving airports in Davidson County.

Table 2-6 shows the monthly passenger counts at the Nashville International Airport from July 2005 through January 2010.

Table 2-6
Total Passengers - Nashville International Airport

Month	FY2005	% Chng	FY2006	% Chng	FY2007	% Chng	FY2008	% Chng	FY2009	% Chng	YTD FY2010	% Chng
July	822,859	5%	883,494	7%	874,545	-1%	928,059	6%	883,566	-5%	873,959	-1%
August	758,251	8%	806,085	6%	826,143	2%	843,517	2%	780,467	-7%	762,927	-2%
September	672,292	8%	771,016	15%	774,630	0%	758,368	-2%	686,774	-9%	707,757	3%
October	769,700	10%	805,120	5%	877,410	9%	867,767	-1%	820,869	-5%	816,352	-1%
November	713,473	13%	763,676	7%	829,513	9%	800,242	-4%	694,088	-13%	721,974	4%
December	687,681	5%	749,925	9%	783,732	5%	762,799	-3%	718,564	-6%	724,478	1%
January	624,338	11%	686,003	10%	718,319	5%	706,154	-2%	611,392	-13%	635,531	4%
February	603,229	1%	655,967	9%	684,832	4%	700,837	2%	585,706	-16%	-	-
March	785,010	6%	831,673	6%	855,443	3%	836,454	-2%	748,124	-11%	-	-
April	750,896	1%	791,208	5%	819,485	4%	815,699	0%	741,507	-9%	-	-
May	831,697	7%	852,382	2%	901,411	6%	855,087	-5%	789,388	-8%	-	-
June	858,055	5%	880,180	3%	936,282	6%	897,484	-4%	853,296	-5%	-	-
Total	8,877,481	6%	9,476,729	7%	9,881,745	4%	9,772,467	-1%	8,913,741	-9%	5,242,978	-

Source: Metropolitan Nashville Airport Authority

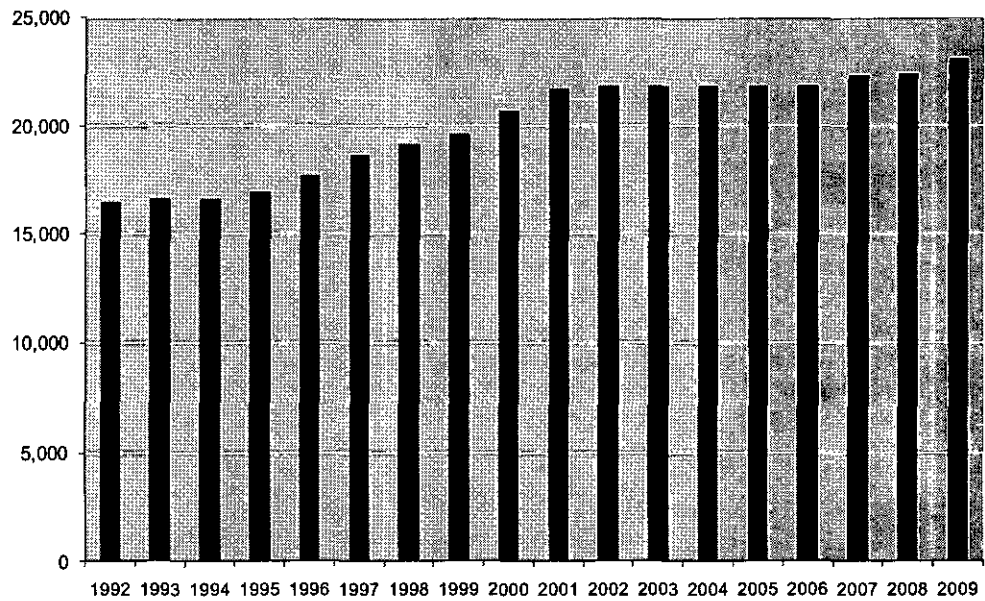
The Nashville International Airport served between 8.9 million and 9.9 million passengers annually from Fiscal Year 2005 through Fiscal Year 2009. Passenger counts increased from July 2004 through August 2007 in all months, except for July 2006. For the last two years, however, passenger counts have fallen due to the national economic recession.

Local Hotel Inventory

The local hotel inventory is an important indicator of the level capacity for convention center events and the potential tax revenues available for use in supporting the new convention center's construction and operation. Metro has dedicated certain revenues from hotel taxes to support the construction and operation of the new convention center.

Table 2-7 shows the growth of the Davidson County hotel supply since 1992.

Table 2-7
Davidson County Hotel Supply Growth (In number of hotel rooms)



Source: STR, Respective Facilities

Since 1992, 57 hotels with nearly 6,600 hotel rooms have opened in Davidson County. After four years of no growth, 12 hotels have opened since 2007. Table 2-8 lists the 12 newest hotels in the market as well as the number of rooms and service level, as categorized by Smith Travel Research.

Table 2-8
Lodging Market by Service Level

Property	Year	# of	
		Rooms	Service Level
Hotel Indigo Nashville Downtown	2010	97	Upscale
Courtyard Goodlettsville	2010	120	Midscale
Hutton Hotel	2009	248	Independent
Holiday Inn Express & Suites Nashville Opryland	2009	113	Midscale w/out F&B
Hilton Garden Inn Nashville Vanderbilt	2009	194	Upscale
Country Inn & Suites Goodlettsville	2009	65	Midscale w/out F&B
Comfort Suites Nashville	2009	65	Midscale w/out F&B
Hampton Inn Suites Nashville @ Opryland	2008	122	Midscale w/out F&B
Hotel Indigo Nashville West End	2007	139	Upscale
Homewood Suites Nashville Downtown	2007	113	Economy
Hampton Inn Suites Nashville Downtown	2007	154	Midscale w/out F&B
Baymont Nashville Goodlettsville	2007	47	Midscale w/out F&B

Source: STR, Respective Facilities

HVS used the 2009 STR Chain Scale to categorize each hotel in Davidson County by service level as shown in the following table.

Table 2-9
Lodging Market by Service Level

STR 2009 Chain Scale	# of Properties	% of Total	# of Rooms	% of Total
Economy	50	28%	4,637	19%
Midscale w/o F+B	45	25%	4,882	20%
Midscale w/F+B	13	7%	1,758	7%
Upscale	17	9%	2,554	10%
Upper Upscale	13	7%	6,798	28%
Luxury	1	1%	340	1%
Independent	41	23%	3,642	15%
Total	180	100%	24,611	100%

Source: STR, Respective Facilities

A majority of hotel properties in Davidson County are economy or midscale properties without food and beverage. Forty-one percent of properties are classified as independent, including independent economy, independent midscale, and independent upscale properties. Although upper upscale properties represent only 7% of the total supply, they represent 28% of total

room supply; these properties are typically larger properties than those classified as economy or midscale.

Gaylord Opryland Hotel and Convention Center

The largest convention center currently in operation in Nashville is the privately owned Gaylord Opryland Hotel and Convention Center (“Opryland”). Opryland opened in 1977 and is owned and operated by the Gaylord Entertainment Company. The facility is located six miles from the Nashville International Airport outside of the downtown area of Nashville.

Table 2-10 summarizes Opryland’s facility program.

Type of Space	Size (in SF)	Divisible
Exhibit Hall	289,000	9
Ballrooms	119,000	5
Meeting Space	66,000	57

Source: Opryland

In addition to event space, the property offers 2,881 guest rooms, including 174 suites, as well as six restaurants, four swimming pools, the Gaylord Springs 18-hole golf course, and nine acres of indoor, climate-controlled gardens. Opryland’s entertainment/nightlife amenities include concerts at the Grand Ole Opry, cruises on the General Jackson Showboat, and guided tours of Nashville-area attractions.

In February 2007, Gaylord Entertainment announced \$400 million expansion plans. Plans include nearly doubling the size of the existing convention center as well as add a 400-room, stand-alone hotel. The expansion was originally set to break ground in late 2008 and is currently on hold. When the expansion does occur, it will affect the availability of tax revenue to support the MCC project because of an agreement between Metro and Gaylord Entertainment. The agreement provides for the dedication of the new 1.0% convention center tax and a redirection of certain incremental HMT receipts generated by Opryland.

Nashville Convention and Visitors Bureau

The NCVB has 13 salespeople on staff, including two hired during the last year. The organization’s Fiscal Year 2010 budget totals \$11.8 million. The

NCVB supplies leads for both Gaylord Opryland and the existing NCC and assists in closing sales with both venues. The NCVB also currently books all events for proposed Music City Center.

Tourist Attractions

The Nashville area benefits from a wide variety of tourist and leisure attractions and activities. The city offers a number of public parks throughout the city and many golf courses in the greater Nashville area. Local Nashville attractions include:

- The Country Music Hall of Fame and the Ryman Auditorium, two of the many popular tourist sites involving country music. Each year, the CMA Music Festival brings thousands of country fans to the city.
- The Sommet Center, also called Nashville Arena, is an all-purpose venue, completed in 1996. The NHL Nashville Predators play at the Sommet Center. In 1997, the venue hosted the United States Figure Skating Association national championships and the U.S. Gymnastics championships in 2004.
- Centennial Park, a 132-acre park that was originally farmland, was converted to the state fairgrounds after the Civil War. The park features a full-scale replica of the original Parthenon in Athens, Greece.
- Known as the "queen of the Tennessee plantations," the Belle Meade Plantation house is recognizable by the Civil War bullet holes that riddle its columns. The mansion is the centerpiece of a 30-acre estate that was one of the nation's first and finest thoroughbred breeding farms.

Implications for Nashville

Nashville benefits from a stable population, a diversified corporate base, and a relatively low unemployment rate. The city's economy, which depends partially on tourism, is doing better than the nation as a whole as indicated by employment numbers. Nashville benefits from its strong destination appeal and brand identity as the home of country music. Nashville offers a sufficient and good quality hotel capacity to meet convention center demand and for an HMT tax base. Growth rates in Nashville are lower than the U.S.

average because Davidson County does not have available land for extensive new development.

3. MCC Demand and Financial Analysis

Methodology

HVS forecast the demand and financial operations of the proposed Music City Center (“MCC”). The estimate of event demand, attendance, and financial operations are subject to assumptions and limiting conditions described throughout this report. As always, actual events will differ from forecasts and these differences may be material.

To prepare our forecast, HVS performed the following tasks:

- Met with Nashville Convention Center (“NCC”) management to discuss existing operations and their assumptions regarding the future operations of the MCC under the Authority.
- Inspected the proposed development site and the surrounding market area.
- Reviewed concept plan drawings prepared by TVS Design.
- Analyzed historical event demand at the NCC.
- Gathered data on and analyzed the operations of a set of comparable convention center venues, most of which would be direct competitors of the MCC.
- Conducted a survey of event planners to assess their facility needs and interest in placing their events at the MCC.
- Obtained and analyzed information on advanced bookings of convention and tradeshow events at the MCC.

Description of Site and Project

MCC is currently scheduled to open on February 1, 2013 and operate on a fiscal year that begins on July 1. The facility is currently under design by TVS Design and a construction team lead by Clark Construction has been selected to build the facility.

Figure 3-1
Rendering of the Proposed Music City Center



The venue would offer 523,500 square feet of exhibit, ballroom, and meeting space. Table 3-1 summarizes the major components of the MCC’s facility program.

Table 3-1
MCC Facility Program

Type of Space	Size (in SF)	Divisible
Exhibit Hall	354,000	5
Grand Ballroom	58,000	8
Junior Ballroom	18,500	-
Meeting Space	93,000	60

Source: City of Nashville

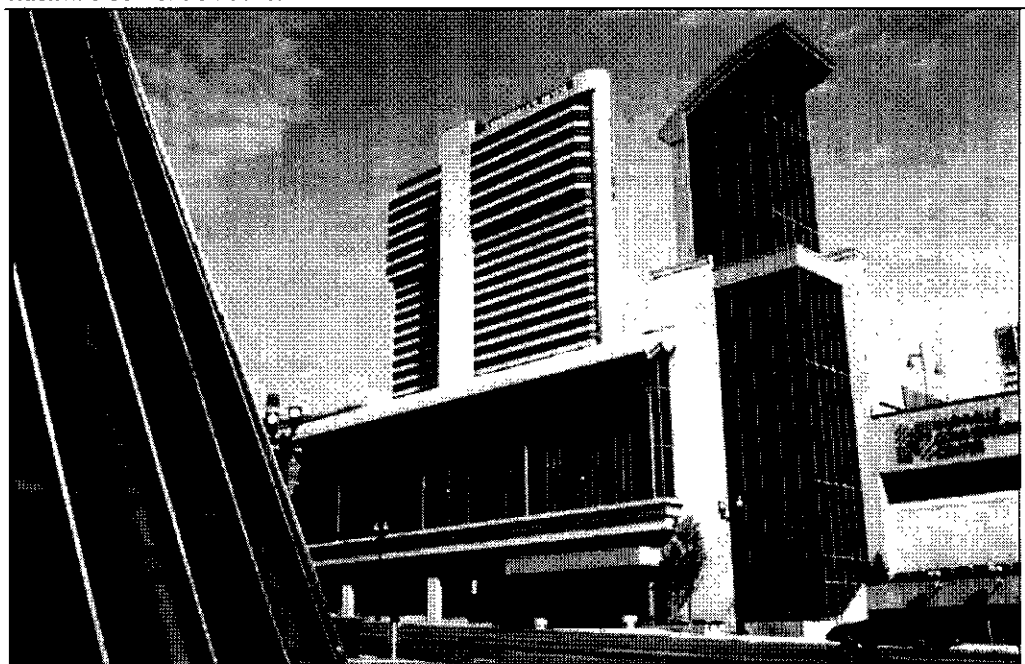
The convention center would be operated by the newly formed Center Convention Authority (the “Authority”) and the existing City departmental operations of the NCC would be transferred to the Authority. The primary responsibility for the marketing and sales of convention and tradeshow events at the MCC currently rests with the Nashville Convention and Visitors Bureau (“NCVB”). The NCVB is the long-established convention marketing

and sales organization in Nashville and it has been actively promoting the MCC since April 2008. While it is likely that the NCVB will continue the marketing and long-term sales for the MCC, no arrangement has yet to be determined by the Authority.

Nashville Convention Center

This report includes the following description of the existing NCC because information on historical demand and financial operations informs some of the assumptions used to forecast the performance of the MCC. The NCC is located in downtown Nashville, roughly eight miles from the Nashville International Airport. The NCC connects to the Renaissance Nashville Hotel which has 673 rooms. The MCC is expected to replace the NCC as the City’s publicly-owned downtown convention center.

Figure 3-2
Nashville Convention Center



Source: Nashville.com

The NCC offers a total of nearly 150,000 square feet of exhibit and meeting space. The first floor features an exhibit hall of 118,675 square feet, divisible into three sections and twelve meeting rooms totaling 9,720 square feet. The second floor features a look-out to the exhibit hall below and 15 meeting rooms with a total of 21,214 square feet of meeting space. The third floor

provides pre-function space and access to the Renaissance Nashville's 17,877 square-foot ballroom, which divides into three sections.

The NCC opened in 1987 and is projected to remain open and operating as a convention center through at least 2017. For the purposes of this study HVS assumed that after 2017, the NCC would continue to provide function space for the attached Renaissance Hotel, but otherwise be used for some other purpose.

NCC Historical Demand

The sales and marketing department at the NCC provided HVS with a list of events, attendance, and room night information for events that took place at the NCC since July 1, 2007. HVS removed internal events from the database and reclassified events to allow for comparison to other comparable venues.

Table 3-2 summarizes historical event and attendance data for the last two fiscal years at the NCC.

Table 3-2
Historical Event Demand and Attendance

	2007/08	2008/09
Events		
Convention & Tradeshows	56	54
Consumer Shows	11	12
Meetings & Conferences	116	105
Banquets	13	14
Assemblies	8	10
Other	4	2
Total	209	197
Average Attendance		
Conventions & Tradeshows	1,931	1,470
Consumer Shows	14,920	13,852
Meetings & Conferences	255	306
Banquets	436	436
Assemblies	940	270
Other	96	410
Total Attendance		
Conventions & Tradeshows	108,150	79,367
Consumer Shows	164,120	166,224
Meetings & Conferences	29,637	32,174
Banquets	5,674	6,108
Assemblies	7,520	2,697
Other	382	819
Total	315,543	287,389

Source: NCC

In both FY 2008 and FY 2009, the NCC hosted roughly 200 events. HVS forecasts that the MCC will generate more and larger events than the NCC because the MCC will offer significantly more exhibit space as well as dedicated ballroom space, which the NCC currently lacks. HVS also assumes that larger convention, tradeshows, and consumer shows will move from the existing NCC to the new venue.

Forecast of MCC Event Demand

Table 3-3 summarizes forecast event demand and attendance at the MCC during its first five years of operation.

Table 3-3
MCC Five-Year Event Demand Projections

	2012/13	2013/14	2014/15	2015/16	2016/17
Events					
Conventions & Tradeshows	16	49	52	55	55
Consumer Shows	3	14	14	15	15
Meetings & Conferences	24	83	108	120	120
Banquets	8	29	32	40	40
Other	5	14	18	20	20
Total	56	189	224	250	250
Average Attendance					
Conventions & Tradeshows	2,800	2,800	2,800	2,800	2,800
Consumer Shows	12,500	12,500	12,500	12,500	12,500
Meetings & Conferences	500	500	500	500	500
Banquets	1,250	1,250	1,250	1,250	1,250
Other	1,500	1,500	1,500	1,500	1,500
Total Attendance					
Conventions & Tradeshows	44,800	137,200	145,600	154,000	154,000
Consumer Shows	37,500	175,000	175,000	187,500	187,500
Meetings & Conferences	12,000	41,500	54,000	60,000	60,000
Banquets	10,000	36,250	40,000	50,000	50,000
Other	7,500	21,000	27,000	30,000	30,000
Total	111,800	410,950	441,600	481,500	481,500

Source: HVS

HVS projects the MCC will host 250 events in a stabilized year of operation with nearly 481,500 attendees.

Based on historical room night generation at the NCC and industry averages, HVS generated the following room night assumptions.

Table 3-4
Room Night Assumptions

Type	Nights per	Percent
Conventions & Tradeshows	3.0	75%
Consumer Shows	3.5	2%
Meetings & Conferences	1.0	25%
Banquets	1.0	5%
Other	1.0	2%

Source: HVS

Based on the demand projections shown in Table 3-3 and room night assumptions in Table 3-4, the following table shows the forecasted room nights generated by the MCC in its first five years of operation.

Table 3-5
MCC Room Night Projections

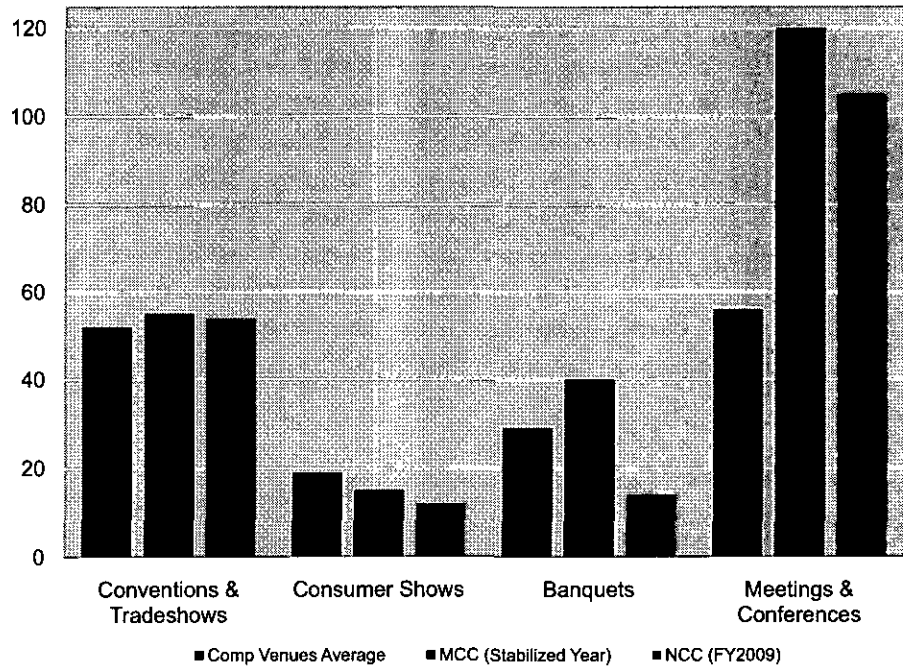
Type	2012/13	2013/14	2014/15	2015/16	2016/17
Conventions & Tradeshows	100,800	308,700	327,600	346,500	346,500
Consumer Shows	2,363	11,025	11,025	11,813	11,813
Meetings & Conferences	3,000	10,375	13,500	15,000	15,000
Banquets	500	1,813	2,000	2,500	2,500
Other	150	420	540	600	600
Total	106,813	332,333	354,665	376,413	376,413

Source: HVS

Comparable Facility Demand

HVS analyzed the performance of several comparable convention centers. These convention centers are located in similar metropolitan areas and offer comparable venue space. NCC management considers the selected venues as representative of the NCC's peers and many of them are direct competitors. Figure 3-3 shows the number of events at the comparable venues to the HVS projections for the MCC and historical event demand at the NCC.

Figure 3-3
Event Demand Comparisons

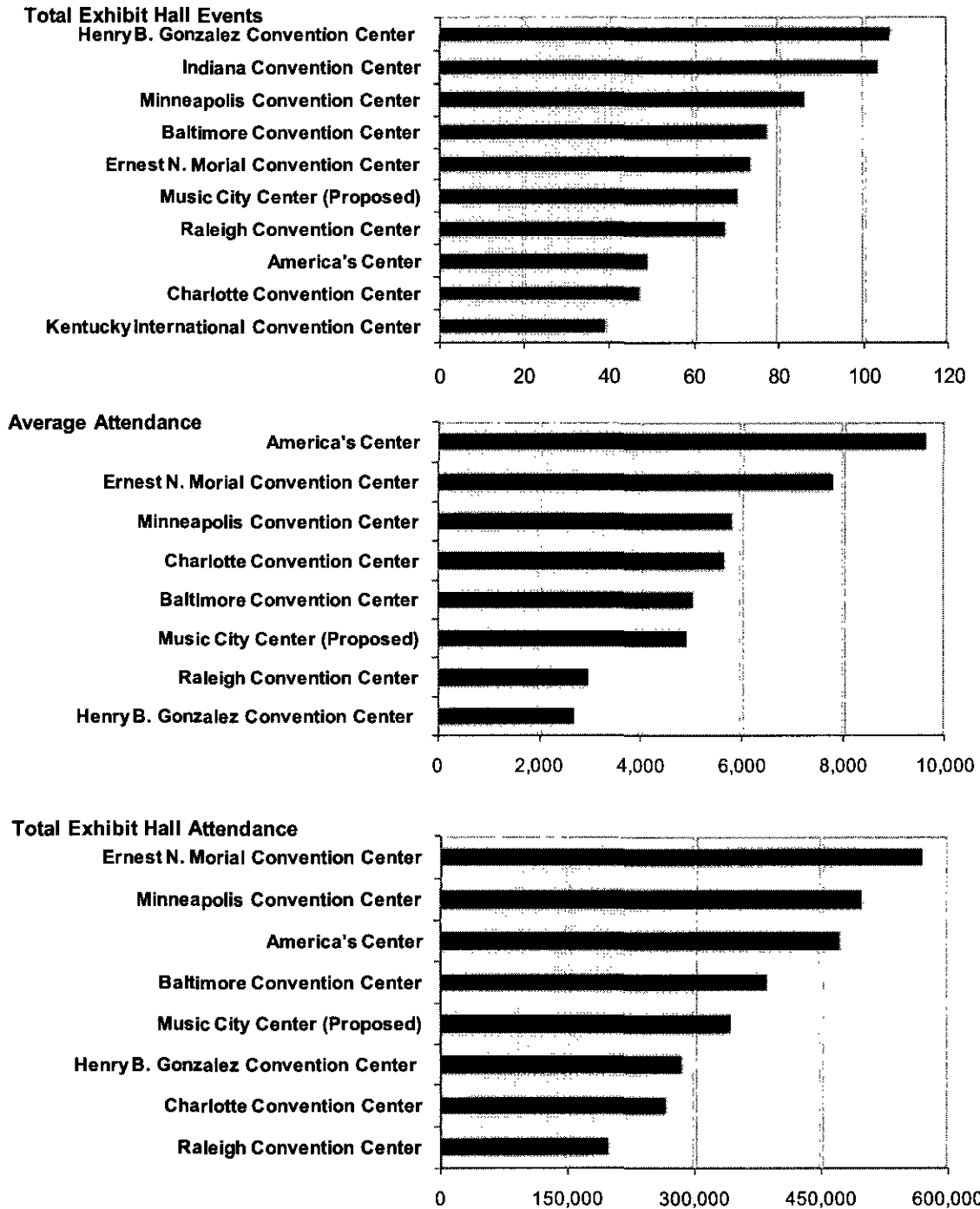


Source: HVS

HVS’s demand forecast for the MCC considers that the MCC would host a similar number of conventions and tradeshows, consumer shows, and banquets as the average of the comparable venues.

Figure 3-4 compares the number, average size, and total attendance for exhibit hall events (conventions, tradeshows, and consumer shows) hosted by the MCC and the comparable venues.

Figure 3-4
Exhibit Hall Demand and Attendance Comparisons



Source: HVS, Respective Venues

The MCC falls near the middle of the comparable venues for all three categories.

Table 3-6 shows the available event and attendance data provided by comparable venues.

Table 3-6
Events and Attendance at Peer Venues Compared to the Forecast for the MCC

	Comp1 2008	Comp2 2009	Comp3 2009	Comp4 2008	Comp5 2008	Comp6 2007	Comp7 2009	Comp8 2008	Average of Comps	MCC Forecast 2017
Number of Events										
Conventions & Tradeshows	106	27	54	28	53	51	41	54	52	55
Consumer Shows	0	20	13	11	20	35	8	23	19	15
Banquets	0	0	57	17	0	0	30	12	29	40
Meetings & Conferences	132	0	100	63	11	9	10	70	56	120
Assemblies	48	9	12	12	0	0	0	0	20	0
Concerts & Entertainment	51	0	0	0	0	0	0	0	51	0
Other	22	294	7	91	27	20	15	13	61	20
Total	377	350	243	225	111	115	104	172	212	250
Average Attendance										
Conventions & Tradeshows	2,679	4,199	1,112		7,073	3,088	4,145	4,931	3,890	2,800
Consumer Shows	0	7,597	10,651		9,740	9,705	37,625	5,172	13,415	12,500
Banquets	0	0	553		0	0	808	1,020	793	1,250
Meetings & Conferences	621	0	119		3,024	1,311	870	1,161	1,184	500
Assemblies	958	9,521	1,853		0	0	0	0	4,111	0
Concerts & Entertainment	2,608	0	0		0	0	0	0	2,608	0
Other	1,045	253	789		2,999	6,174	4,633	2,712	2,658	1,500
Overall Average	2,082	1,215	1,110	1,659	6,161	6,801	5,513	2,988	3,441	1,926
Total Attendance										
Conventions & Tradeshows	284,000	113,372	60,045		374,872	157,510	169,925	266,281	203,715	154,000
Consumer Shows	0	151,946	138,468		194,809	339,671	301,000	118,946	207,473	187,500
Banquets	0	0	31,504		0	0	24,225	12,240	22,656	50,000
Meetings & Conferences	82,000	0	11,850		33,261	11,795	8,700	81,237	38,141	60,000
Assemblies	46,000	85,692	22,235		0	0	0	0	51,309	0
Concerts & Entertainment	133,000	0	0		0	0	0	0	133,000	0
Other	23,000	74,412	5,525		80,984	123,475	69,500	35,260	58,879	30,000
Total	785,000	425,422	269,627	373,249	683,926	782,059	573,350	513,964	550,825	481,500

Source: HVS

The proposed MCC has a greater number of events than the average of comparable venues. With total attendance of roughly 480,000 the proposed MCC would fall near the average of total attendance at comparable venues.

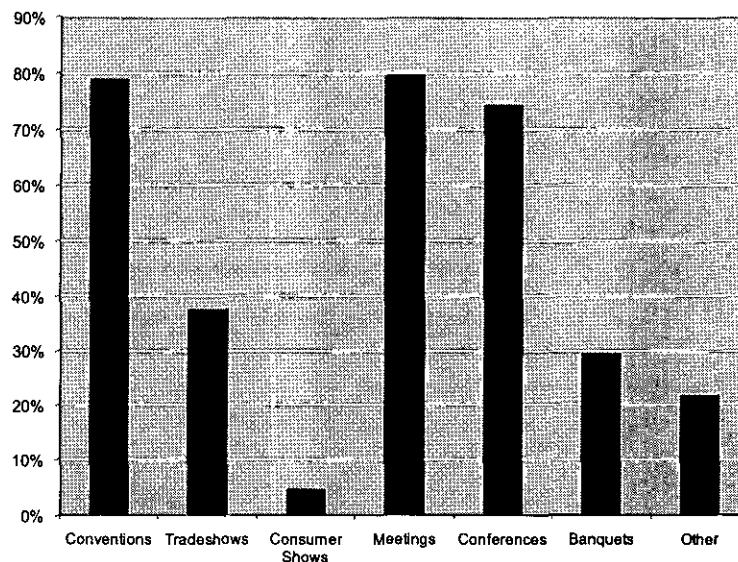
Survey Indicators

HVS conducted a survey of event planners to help determine how event planners view the Nashville area as a potential location for their events. The NCVB provided HVS with the names and e-mail addresses of event planners that the NCVB considers potential users of the MCC.

HVS designed the survey instrument and conducted all surveys via e-mail. HVS received 133 responses of the 677 verified e-mail addresses for a response rate of roughly 20%, a good response rate for this type of survey. Complete survey results can be found in the Survey Appendix at the end of the report.

The following figures summarize the type and geographic scope of events survey respondents plan, as well as event planners' location preferences.

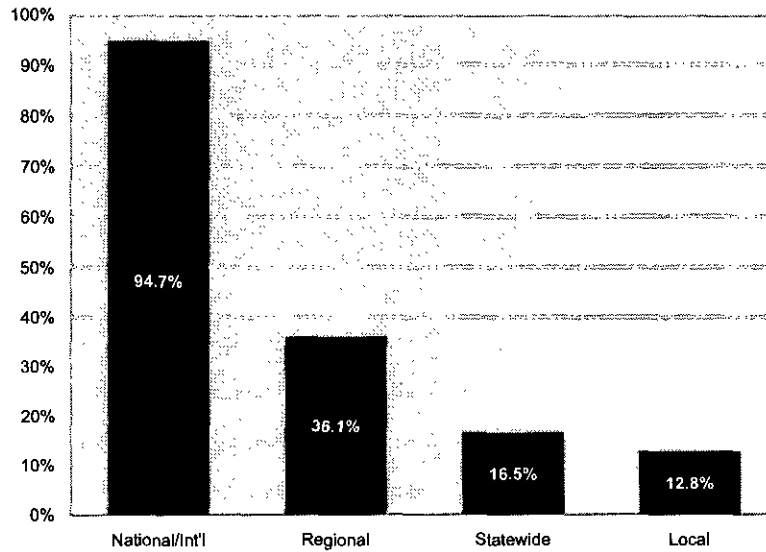
Figure 3-5
Scope of Events Planned by Survey Respondents



Source: HVS Survey

The survey included meeting planners who may plan more than one type of event. The majority of survey respondents plan conventions, meetings, and/or conferences.

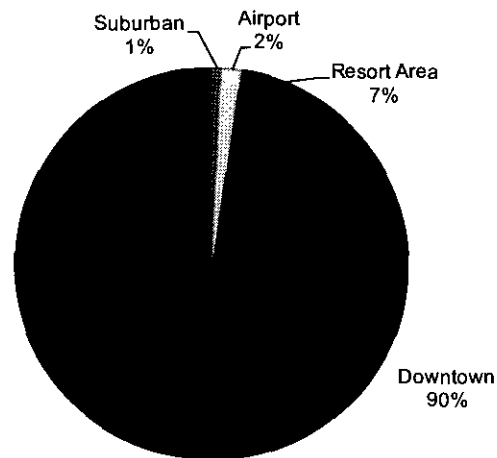
Figure 3-6
Geographic Scope of Events Planned by Survey Respondents



Source: HVS Survey

More than 90% of survey respondents plan national or international events while 50% plan regional and/or statewide events.

Figure 3-7
Survey Respondents Overwhelmingly Prefer Downtown Locations



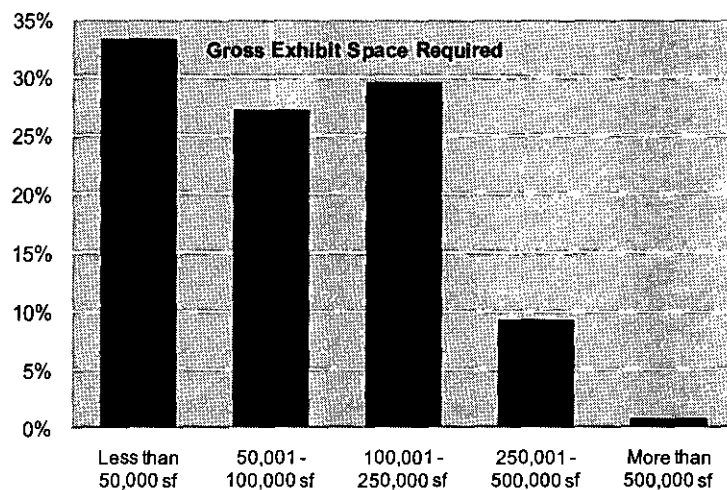
Source: HVS Survey

According to the survey results, the MCC’s downtown location provides the venue a competitive advantage as 90% of respondents prefer a downtown meeting location.

Based on the type of events planned, geographic scope of events, and location preferences, HVS concludes that the survey respondents organize events that are appropriate for the MCC.

The following charts summarize the space requirements of the survey respondents.

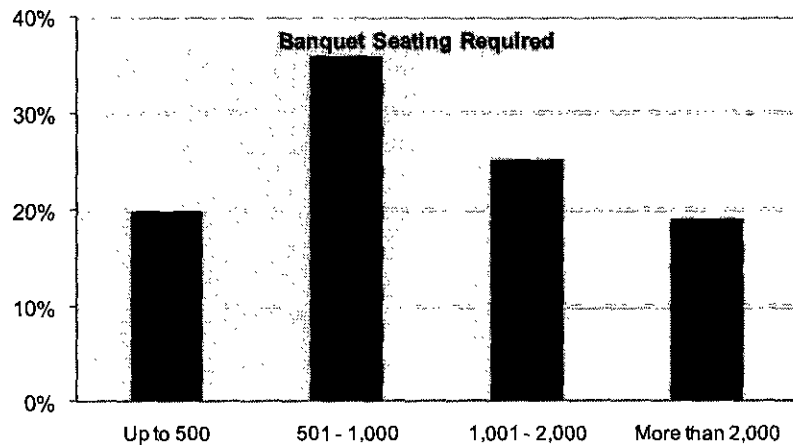
Figure 3-8
Less than Half of Survey Respondents Require More than 100,000 SF of Exhibit Space



Source: HVS Survey

Less than 10% of survey respondents would require the use of the full exhibit hall at the MCC. More than 50% of respondents would use one, two, or three of the five exhibit halls for events. The survey responses contributed to HVS’s event size assumption. HVS forecasts that the average amount of gross square feet used for conventions and tradeshow totals 160,000 square feet, approximately two divisions of the exhibit hall.

Figure 3-9
Event Planners' Banquet Seating Requirements

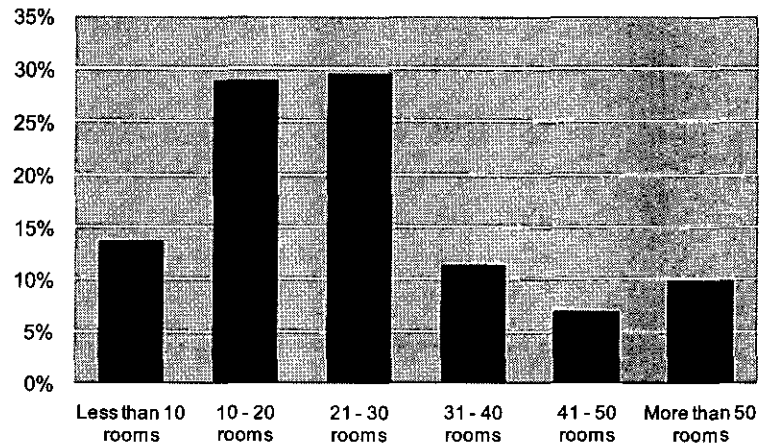


Source: HVS Survey

While Figure 3-9 shows that less than 50% of event planners require banquet seating for 1,000 or more attendees, HVS assumes that many of the smaller banquets would take place in local hotels rather than the MCC. Of the events that require banquet seating for more than 500 attendees, the average event size is roughly 1,200.

Figure 3-10 summarizes the number of meeting rooms used by event planners that responded to the survey.

Figure 3-10
Meeting Room Use by Event Planners

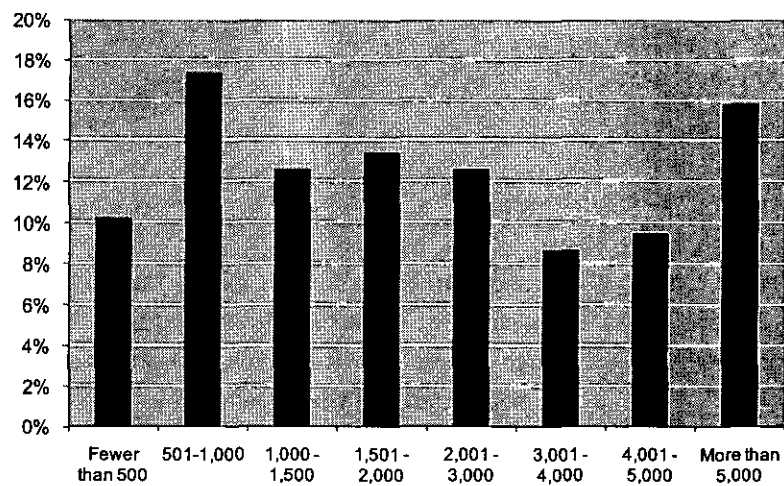


Source: HVS Survey

According to the survey, the MCC, with 60 meeting rooms, appears to have excellent meeting room capacity that would meet all user needs.

Figure 3-11 summarizes the size of events organized by survey respondents.

Figure 3-11
How many delegates/attendees typically attend your event?



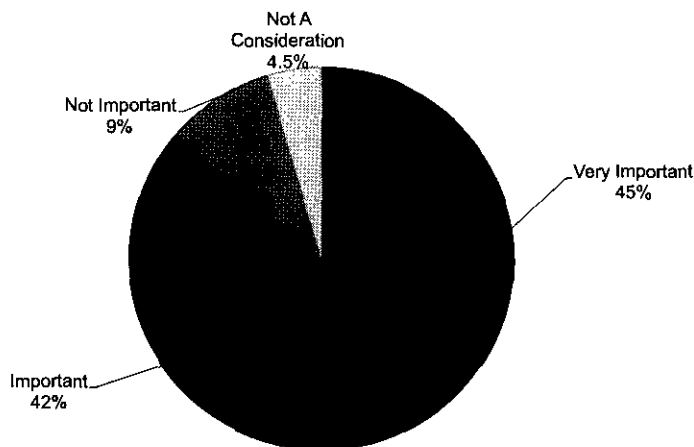
Source: HVS Survey

More than half of the survey respondents reported planning events with 1,500 or more attendees, which is in line with the HVS projections. According to the survey, the average event size at the MCC could be slightly larger than the HVS projections.

The HVS survey also asked event planners about the importance of a physical connection between the convention center and headquarters hotel, their level of interest in Nashville, and how the addition of the MCC may affect the likelihood that they would hold events in Nashville. The following figures show the responses of survey respondents.

Figure 3-12
Event Planners' Interest in Nashville Is highly dependent on hotel development

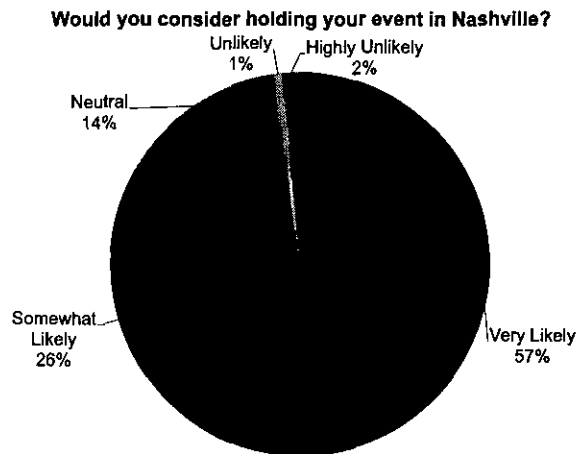
How important is it that the HQ Hotel is physically connected to the CC where you hold your event?



Source: HVS Survey

More than 85% of survey respondents consider the physical connection of the convention center to the headquarters hotel as important or very important. Such a response indicates that some of the demand at the Music City Center is dependent on the hotel development.

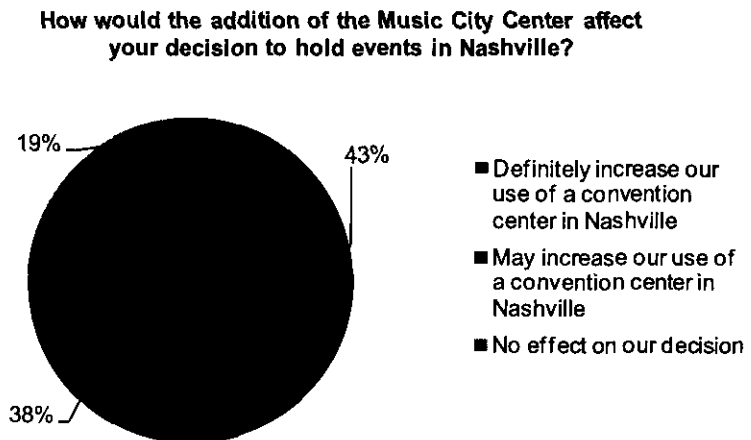
Figure 3-13
Survey Respondents are very likely to hold events in Nashville



Source: HVS Survey

Event planners consider Nashville an excellent city to host events in as 83% of survey respondents reported that they were likely or very likely to hold an event in Nashville.

Figure 3-14
Survey Respondents consider the MCC a positive draw to Nashville

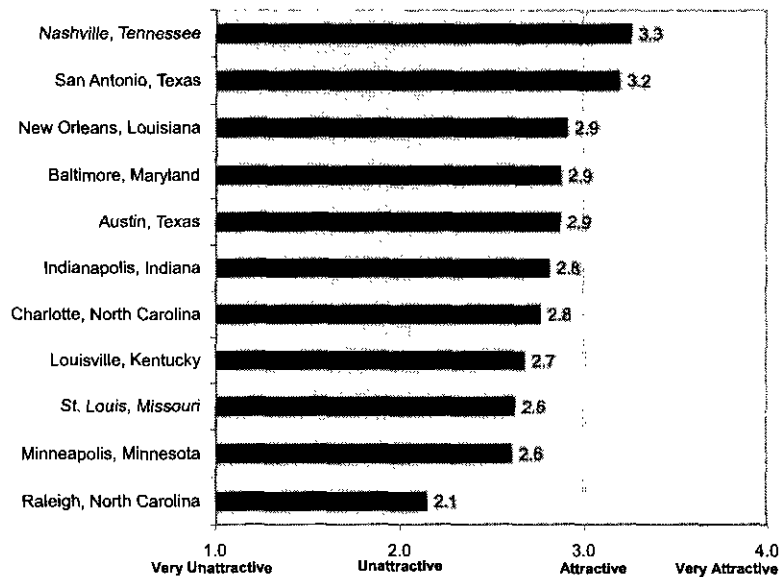


Source: HVS Survey

While 57% of survey respondents are already very likely to host events in Nashville without the addition of the MCC, event planners consider the MCC a positive addition to Nashville. Forty-three percent of respondents reported that the addition of the MCC will definitely increase their use of convention center space in Nashville and a total of 80% reported that it may increase, or will definitely increase, their use of convention center space in Nashville.

HVS asked survey respondents to score the destination appeal of Nashville as well as 10 other cities, as shown in Figure 3-15.

Figure 3-15
Nashville's destination appeal ranks highest among competitors



Source: HVS Survey

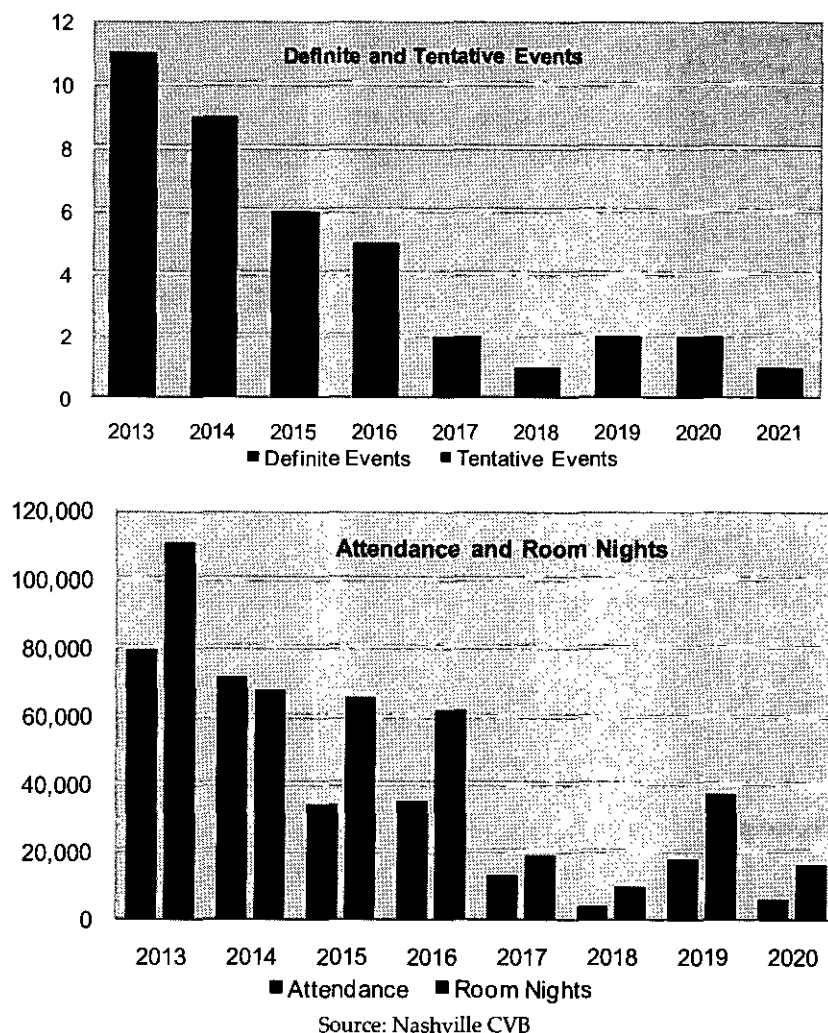
Nashville's destination appeal scored at the top of the comparable and competitive cities, followed closely by San Antonio, Texas.

Advanced Bookings

The NCVB provided HVS with a list of tentative and definite bookings for the MCC. Currently, the NCVB is responsible for marketing and booking MCC conventions and tradeshow events. Tentative events include those for which dates have been reserved but a contract has not been finalized. Definite events have signed contracts obligating the NCVB and the event

sponsor to hold the event. Analysis of advanced booking can provide an indication of the potential level of event demand. Figure 3-16 shows the number of events booked, estimated attendance, and estimated room nights by year from 2013 through 2021.

Figure 3-16
Music City Center Advanced Bookings



As of the fall of 2009 when this data was made available to HVS, the NCVB had booked 22 definite events and 17 tentative events from opening through the year 2021. Definite events include the Southern Baptist Convention, with 22,000 expected attendees, in 2013 and 2019 and the American Association of

School Administrators in 2014 with 6,000 expected attendees. Tentative bookings include the National Rifle Association in 2014 with 48,000 expected attendees.

Since larger groups have longer booking windows, the average size of the events booked to date are expected to be substantially higher than the average of all events that will be booked. The average expected attendance of advance booking is 11,859 as compared to the forecast average event size of 2,024.

Advance bookings total more than 260,000 attendees and nearly 390,000 room nights. The conditions of the advance bookings include:

- Opening date is met;
- The presence of a hotel with an available 800-room block; and
- Facility rental fees are at 2009 levels for 2013, and allowed to grow annually.

Event planners demonstrated a high level of commitment to the MCC by booking the venue in advance of the project's approval, thereby accepting financing and construction risk. Advance bookings provide a positive indicator that event forecasts can be met. However, for the purpose of this study, HVS has not assumed that a headquarters hotel will be built. Since the occurrence of some of these events may depend on the presence of a headquarters hotel, HVS does not assume that all events booked in advance will occur.

Demand Forecast Summary

Based on the favorable responses of event planners, comparable venue analysis, and advanced bookings, HVS concludes that the MCC has the potential to outperform many of the peer venues. The demand forecasts position the MCC in the middle of its competitive set with respect to the number of events and attendance.

Financial Operations

In this section, HVS projects the financial operations for the proposed expansion of the MCC for the first ten years of operation. Financial operations are measured by various line items of revenues and expenses, discussed throughout this section.

HVS uses a proprietary financial operating model to forecast revenue and expenses at arenas and convention centers. This model quantifies the key variables and operating ratios that determine revenue potential and expenses for convention centers. HVS analyzes both fixed and variable components of revenues and expenses. Variable components of expenses are estimated based on the level of anticipated convention center demand, as projected earlier in this report.

The convention center industry does not use a standardized set of accounting principles for reporting financial operations. Convention center operators employ a variety of accounting methods. Financial statements from different convention centers organize revenue and expenses differently. However, a few major revenue and expense categories are common to most facilities. For purposes of comparison, HVS restated the financial operations of the NCC and peer venues according to these primary revenue and expense categories. Therefore, our financial operating projections may differ somewhat from any particular comparable venue.

The HVS center model estimates individual revenue and expense items for each of several major financial operating categories. HVS assumes financial operations will stabilize, in conjunction with demand, during the fourth complete year of operation after an opening or expansion. Thereafter, the model assumes an annual inflation rate of 2.5%, unless indicated otherwise, which applies both to revenue and expenses. A description of individual revenue and expense items appears in the following summary.

Historical Financial Operations

HVS obtained data on historical operations for the 2008 and 2009 fiscal years and restated that information into line items with four broad categories: 1) operating revenue, 2) operating expense, 3) non-operating revenue, and 4) non-operating expense. This categorization of revenue and expense allows for assessment of the financial operations and comparison to the financial operations of comparable venues.

Table 3-7
Restated Summary of Nashville Convention Center Financial Operations (Fiscal Years 2008 and 2009)

	Actual 2008	%	Actual 2009	%
Operating Revenue				
Facility Rental	\$ 2,348,191	39%	\$ 2,475,036	44%
Food & Beverage (net)	1,470,292	24%	1,199,296	21%
Event Services	1,937,713	32%	1,725,826	31%
Advertising	32,818	1%	34,150	1%
Other	293,527	5%	151,164	3%
Total Operating Revenue	\$ 6,082,541	100%	\$ 5,585,472	100%
Operating Expenses				
Salaries	\$ 2,143,403	34%	\$ 2,166,886	36%
Benefits	773,092	12%	727,577	12%
Materials & Supplies	188,760	3%	119,362	2%
Repairs & Maintenance	341,544	5%	322,060	5%
Contract Services	576,487	9%	337,025	6%
Admin and General	314,957	5%	163,936	3%
Sales and Marketing	312,503	5%	171,095	3%
Utilities	1,357,620	21%	1,469,350	25%
Other	313,324	5%	463,158	8%
Total Operating Expenses	6,321,690	100%	5,940,449	100%
Net Operating Income (Loss)	(239,149)	-4%	(354,977)	-6%
Non-Operating Revenue				
Interest Income	\$ 83,940	100%	\$ 31,437	100%
Non-Operating Expenses				
Insurance	\$ 88,599	100%	\$ 92,079	100%
Total Non-Operating Expenses	88,599	100%	92,079	100%
Total Net Income (Loss)	\$ (243,808)		\$ (415,619)	

Source: NCC

Revenues

Revenue categories for the Music City Center will not change from its current operations. The revenue categories include facility rental, advertising, event services, and other revenue. Food and Beverage revenue will change from net to gross in the new facility. HVS uses a series of revenue assumptions based on attendance or the projected utilization levels of function space to estimate revenue. Therefore, assumptions for different revenue line items vary by event type and size. A summary of the relevant revenue categories follows. To formulate these assumptions, HVS relied on analysis of historical financial operations, discussions with management, and analysis of comparable

venues and adjusted the assumptions for inflation and other anticipated trends in price levels.

Advertising—includes revenue from interior and exterior signage and program advertisements.

Event Services—include the fees charged to tenants for services that could include business services, audio and video technical assistance, set-up and take down of function spaces, cleaning services, security services, electricity and other utilities, commissions from decorators and other services provided by third-party contractors at events. All events use utilities. Many events also require audio, video, communications, and Internet services. Banquets and other upscale events can often require elaborate decorating services. Almost all events require cleaning services; cleaning of common areas may be complimentary for most events while cleaning services offered to individual exhibitors can represent a significant source of revenue. Service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges.

Facility Rental—reflects the rental revenue the facility receives from clients that reserve one or more function areas in the facility. Convention centers typically charge event planners either a fixed daily fee per exhibit hall or a rate based on occupied days, meaning the total number of days the event is using the facility, including move-in days, event days, and move-out days. Larger facilities with dedicated exhibit space tend to charge more rental fees. Event space revenue can also be tied to revenue from ticket sales for certain entertainment functions or public shows. Not all events pay directly for the use of function space. In many cases, a facility will waive the space rental charges if an event generates a certain threshold of food and beverage revenue. The Nashville Convention Center currently charges a fee for space rental in addition to meal service.

Food and Beverage—most events that use convention center function space will arrange for food service for their attendees during their events. This food service includes catering which can range from coffee breaks associated with a meeting to a full dinner associated with a convention or banquet and concessions sold during arena events. Currently, the Nashville Convention Center uses Ovarions, a catering company, for meal service at the venue. HVS assumes that with the construction of the Music City Center, catering will

move to an in-house operation. Most conferences and conventions generate demand for multiple meals during the course of these multi-day events. Meetings and banquets generally include a single meal or refreshment services. Concessions operate during consumer shows, entertainment events, and most civic functions.

Other—other operating income includes a variety of items such as interest, licensing fees, and commissions from preferred providers of products and services.

Certain items of operating income vary by type of event. Table 3-8 summarizes the operating income assumptions for the MCC by type of event.

Table 3-8
Operating Income Assumptions by Type of Event In 2009 Dollars

Type	Facility Rental per GSF	Food & Beverage per Attendee	Advertising & per Fixed Amt	Event Services per GSF	Net Retail Space per Fixed Amt	Other Revenue per Fixed Amt
Conventions & Tradeshows	\$ 0.0900	\$ 35.00	\$ 100,000	0.027	\$ 167,000	\$ 375,000
Consumer Shows	0.0900	3.50	-	0.027	-	-
Meetings & Conferences	0.0450	35.00	-	0.000	-	-
Banquets	0.1000	55.00	-	0.000	-	-
Other	0.1200	3.50	-	0.038	-	-

Source: HVS

NCC management provided HVS with facility rental rates for the exhibit hall, ballrooms, and meeting space. HVS assumes that the MCC will charge a facility rental fee for all events, including those with food and beverage service. Event service fees and facility rental fees are expected to generate approximately \$0.027 per gross square foot day per attendee for exhibit hall portions of the facility and should be closely tied to the number of attendees at each event. Food and beverage revenues are expected to range between a low of \$3.50 per capita at consumer shows and other events and a high of \$55.00 per capita at banquet events.

Expenses

The HVS model includes assumptions for fixed and variable components of the facility’s operating expenses. The variable expenses depend on the level of event activity, measured by a percentage of operating revenue. Certain expenses are considered variable operating expenses if they increase and decrease with activity at the center. Fixed components of expenses do not

vary with facility utilization; the MCC will incur these fixed expenses regardless of whether the facility is heavily utilized.

Non-operating expenses like building insurance do not fluctuate with day-to-day changes in the operations of the facility. These non-operating expenses are essentially unchanged regardless of how much business takes place at the facility. Instead, non-operating expenses generally are part of an annual budget or multi-year contract. A summary of the relevant expense categories follows.

Salaries and Benefits—expenses cover the salaries, wages, benefits, and related expenses for full-time and part-time employees at the facility. Benefits are calculated as a percentage of salaries. NCC Management provided HVS with a list of positions and salaries for both the current NCC and the proposed MCC. The NCC currently employs 24 staff while the MCC is projected to employ 152 staff.

Administrative and General—includes normal overhead expenses that occur on a regular basis. These could include expenses such as legal and accounting services, special training expenses, office equipment and supplies, automobile related expenses, costs associated with debt collections, or relocation expenses. Other examples include office machines, postage, freight, travel expenses, credit card fees, bank fees, entertainment expenses, dues and subscriptions, warehouse services, and certain printing services.

Food and Beverage—represents the costs associated with providing food services to events at the convention center. This includes the cost of goods sold, overhead, and labor expenses for food service employees. The food service costs vary with the level of food and beverage sales. HVS assumes that the MCC will internally manage all food and beverage services at the facility, rather than outsourcing to a third-party caterer.

Event Services Costs—includes the costs to the facility of providing event services such as security, cleaning, event set-up, and event labor to its event tenants.

Marketing and Sales—includes the direct costs to the facility operator associated with advertising and promoting the facility, excluding payroll expenses for sales and marketing employees at the facility. Marketing

expenses can include direct marketing, promotional discounts, professional marketing services and other expenses incurred to market the facility. A strong sales and marketing effort is a critical component of operating a successful exhibition center. HVS assumes a fixed marketing and sales cost of \$350,000 annually.

Cleaning—includes the cost of providing cleaning services to the rentable function space as well as administrative and lobby areas of the venue.

Repair and Maintenance—includes both routine and one-time expenses for maintaining the convention center and repairing damaged or worn-out equipment. This includes the costs of operating and maintaining equipment rented to facility tenants. Although the projections show relatively stable expenses in this category, it is likely that these costs will fluctuate substantially from year to year, depending on the condition of equipment and the level of facility use. With the proposed expansion, repair and maintenance costs may actually decrease for the short-term as renovated events space may require less maintenance.

Utilities—these expenses include gas, electricity, water and sewer, telecommunications, and cable charges paid by the facility. The facility operator can pass through many of these expenses to facility users as “event services” fees, but the ability to do so will depend on the price-sensitivity of customer groups and the facility’s negotiating leverage. Moreover, some utility use is necessary even when the facility is not being utilized.

Other Expenses—include expenses that are not easily categorized and may not recur on a regular basis. These could include expenses such as special training expenses, special equipment or supplies, automobile related expenses, costs associated with debt collections, or relocation expenses. Other examples include office machines, postage, freight, travel expenses, credit card fees, bank fees, entertainment expenses, dues and subscriptions, warehouse services, and certain printing services.

Insurance—this item represents the cost of providing building insurance for the proposed facility.

The following table shows a summary of the expense assumptions that include fixed components and variable components based either on facility utilization rates or as a percentage of total revenue or category revenue.

The HVS model includes assumptions for fixed and variable components of operating expenses. The variable expenses are dependent upon the level of event activity in the facility, measured by occupied gross square foot days or as a percentage of operating revenue.

Table 3-9 summarizes the expense assumptions and includes fixed components and variable components based either on per square foot of occupied exhibit space or as a percent of total revenue.

**Table 3-9
Summary of Expense Assumptions in 2009 Dollars**

Expenditure	Variable Expense	Percentage Revenue	Fixed Expense for Base Year
Operating Expense			
Salaries			\$7,057,356
Benefits		30.0% of Salaries	
Food & Beverage Costs		65.0% of Food & Beverage (Gross)	
Cleaning	\$900 per Event Days		\$500,000
Repair & Maintenance	\$1,250 per Event Days		\$750,000
Administrative & General			\$500,000
Marketing & Sales			\$350,000
Utilities	\$0.015 per GSFD		\$1,160,749
Other Expense		2.0% of Total Operating Rev	
Non-Operating Expense			
Insurance			\$392,625
Other Non-Operating Expense			\$500,000

Source: HVS

Regardless of the number of events the MCC hosts, the facility incurs some fixed expenses. As the number of events increases, utilities, repair, and maintenance costs also increase. As with revenue, food and beverage services usually represent one of the largest expense categories for convention centers.

To assess the reliability of the model and the reasonableness of expense assumptions, HVS compared the projected financials of the proposed MCC to its peers. Ideally, the MCC would perform comparably in all areas to its peers in its expanded form. However, as the facilities in the comparable set are not identical and vary in financial performance and the mix of events each hosts, variation is expected and explainable.

Table 3-10 summarizes, using 2009 dollars, the revenue and income indicators of the Music City Center and the average of six comparable peers.

Table 3-10
Comparison of Revenue and Income Indicators for MCC and Comparable Venues (In 2009 Dollars)

Revenue & Income Indicators	MCC Stabilized Forecast	MCC Stabilized Forecast in 2008 Dollars	Average of Comparable Venues
Facility Rental			
Total Facility Rental	\$ 6,002,000	\$ 5,049,604	\$ 6,466,288
per exhibit hall floor area	\$ 14.26	\$ 12.61	\$ 11.51
per number of exhibit events	\$ 56,107	\$ 49,590	\$ 86,688
per total events	\$ 20,198	\$ 17,852	\$ 48,246
Event Services (Gross)			
Total Event Services (Gross)	\$ 2,482,192	\$ 2,087,877	\$ 2,279,813
per exhibit hall floor area	\$ 7.01	\$ 5.90	\$ 7.70
per number of exhibit events	\$ 27,576	\$ 23,199	\$ 36,647
Food & Beverage (Net)			
Total Food and Beverage Net	\$ 4,577,000	\$ 3,850,438	\$ 3,090,949
per meeting & ballroom floor area	\$ 22.72	\$ 20.08	\$ 33.36
per total number of events	\$ 15,402	\$ 13,613	\$ 22,536
per total number of attendees	\$ 8.00	\$ 7.07	\$ 8.65
Total Operating Revenue			
Total Operating Revenue	\$ 21,655,000	\$ 18,217,004	\$ 16,134,706
per number of exhibit events	\$ 202,411	\$ 178,902	\$ 221,718
per total number of events	\$ 68,485	\$ 60,531	\$ 99,532
per total number of attendees	\$ 37.83	\$ 33.44	\$ 27.48
Operating Income (Loss)			
Total Operating Income (loss)	\$ (4,880,000)	\$ (4,105,158)	\$ (2,247,225)
per total number of events	\$ (16,421)	\$ (14,513)	\$ (21,013)
per total number of attendees	\$ (8.53)	\$ (7.54)	\$ (2.37)

* In a stabilized year of operation (2017)

**Assumes 27% commission on Event Services for the MCC

Source: HVS

HVS projects that the MCC will perform comparably to its peers in all categories.

Financial Projections

The following tables present projected financial operations for the facility over five- and ten-year time periods. HVS did not study parking and included parking revenue projections from the Haahs and Associates, Inc. Parking Study. Table 3-11 displays historical financial operations of FY 2009 as well as the projected financial operations for the facility during its first five

years of operations. Table 3-12 displays projected financial operations for the facility during its first ten years of operation.

Table 3-11
Five Year Financial Pro Forma of MCC with Comparison to NCC Actual 2008/09

	Actual 2008/09		2012/13		2013/14		2014/15		2015/16		2016/17	
	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total	\$	% of Total
OPERATING REVENUE												
Facility Rental	\$2,475,036	44.6%	\$1,426,000	26.1%	\$4,924,000	29.0%	\$5,347,000	28.3%	\$5,856,000	27.7%	\$6,002,000	27.7%
Food & Beverage (Gross)*	1,152,197	20.7%	2,903,000	53.2%	9,862,000	58.0%	11,193,000	59.3%	12,758,000	60.4%	13,077,000	60.4%
Advertising & Sponsorships	34,150	0.6%	108,000	2.0%	110,000	0.6%	113,000	0.6%	116,000	0.5%	119,000	0.5%
Event Services (Net)	1,795,305	32.3%	434,000	8.0%	1,496,000	8.8%	1,620,000	8.6%	1,768,000	8.4%	1,812,000	8.4%
Net Retail Space Income	0	0.0%	179,841	3.3%	184,337	1.1%	188,945	1.0%	194,000	0.9%	199,000	0.9%
Ticket Tax/Fees	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Revenue	97,346	1.8%	403,834	7.4%	413,930	2.4%	424,278	2.2%	435,000	2.1%	446,000	2.1%
Total	\$5,554,034	100.0%	\$5,454,000	100.0%	\$16,990,000	100.0%	\$18,886,000	100.0%	\$21,126,000	100.0%	\$21,654,000	100.0%
OPERATING EXPENSES												
Salaries	\$2,160,876	38.9%	\$3,167,000	58.1%	\$7,790,000	45.9%	\$7,985,000	42.3%	\$8,184,000	38.7%	\$8,389,000	38.7%
Benefits	727,907	13.1%	950,000	17.4%	2,337,000	13.8%	2,395,000	12.7%	2,455,000	11.6%	2,517,000	11.6%
Food & Beverage Costs	0	0.0%	1,887,000	34.6%	6,410,000	37.7%	7,275,000	38.5%	8,293,000	39.3%	8,500,000	39.3%
Cleaning	0	0.0%	224,000	4.1%	1,117,000	6.6%	1,211,000	6.4%	1,301,000	6.2%	1,334,000	6.2%
Repair & Maintenance	441,422	7.9%	563,000	10.3%	1,613,000	9.5%	1,745,000	9.2%	1,872,000	8.9%	1,919,000	8.9%
Administrative & General	163,936	3.0%	224,000	4.1%	552,000	3.2%	566,000	3.0%	580,000	2.7%	594,000	2.7%
Marketing & Sales	171,095	3.1%	157,000	2.9%	386,000	2.3%	396,000	2.1%	406,000	1.9%	416,000	1.9%
Utilities	1,469,350	26.5%	935,000	17.1%	2,272,000	13.4%	2,309,000	12.2%	2,408,000	11.4%	2,424,000	11.2%
Other Expense	463,158	8.3%	111,000	2.0%	347,000	2.0%	385,000	2.0%	431,000	2.0%	442,000	2.0%
Total	\$5,934,769	106.9%	\$8,218,000	150.7%	\$22,824,000	134.3%	\$24,268,000	128.5%	\$25,930,000	122.7%	\$26,534,000	122.5%
OPERATING INCOME (LOSS)	(\$380,735)	-6.9%	(\$2,764,000)	-50.7%	(\$5,834,000)	-34.3%	(\$5,382,000)	-28.5%	(\$4,804,000)	-22.7%	(\$4,880,000)	-22.5%
NON-OPERATING EXPENSES												
Insurance	\$92,079	1.7%	\$176,000	3.2%	\$433,000	2.5%	\$444,000	2.4%	\$455,000	2.2%	\$467,000	2.2%
Other Non-Operating Expense	0	0.0%	208,000	3.8%	500,000	2.9%	500,000	2.6%	500,000	2.4%	500,000	2.3%
Total	\$92,079	1.7%	\$385,000	7.1%	\$933,000	5.5%	\$944,000	5.0%	\$955,000	4.5%	\$967,000	4.5%
TOTAL NET INCOME (LOSS)	(\$441,377)	-7.9%	(\$3,149,000)	-57.7%	(\$6,767,000)	-39.8%	(\$6,326,000)	-33.5%	(\$5,759,000)	-27.3%	(\$5,846,000)	-27.0%
PARKING NET INCOME**			\$1,359,333		\$3,520,100		\$3,777,800		\$4,046,900		\$4,586,000	

* For FY2009, food and beverage was net, not gross.

** Source: Timothy Haahs and Associates, Inc.

Source: HVS

Table 3-12
Ten-Year Financial Pro Forma

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
OPERATING REVENUE										
Facility Rental	\$1,426,000	\$4,924,000	\$5,347,000	\$5,856,000	\$6,002,000	\$6,152,000	\$6,306,000	\$6,464,000	\$6,626,000	\$6,791,000
Food & Beverage (Gross)	2,903,000	9,862,000	11,193,000	12,758,000	13,077,000	13,404,000	13,739,000	14,083,000	14,435,000	14,795,000
Advertising & Sponsorships	108,000	110,000	113,000	116,000	119,000	122,000	125,000	128,000	131,000	134,000
Event Services (Net)	434,000	1,496,000	1,620,000	1,768,000	1,812,000	1,857,000	1,903,000	1,951,000	2,000,000	2,050,000
Net Retail Space Income	180,000	184,000	189,000	194,000	199,000	203,000	209,000	214,000	219,000	225,000
Other Revenue	404,000	414,000	424,000	435,000	446,000	457,000	468,000	480,000	492,000	504,000
Total	\$5,455,000	\$16,990,000	\$18,886,000	\$21,127,000	\$21,655,000	\$22,195,000	\$22,750,000	\$23,320,000	\$23,903,000	\$24,499,000
OPERATING EXPENSES										
Salaries	\$3,167,000	\$7,790,000	\$7,985,000	\$8,184,000	\$8,389,000	\$8,599,000	\$8,814,000	\$9,034,000	\$9,260,000	\$9,491,000
Benefits	950,000	2,337,000	2,395,000	2,455,000	2,517,000	2,580,000	2,644,000	2,710,000	2,778,000	2,847,000
Food & Beverage Costs	1,887,000	6,410,000	7,275,000	8,293,000	8,500,000	8,713,000	8,930,000	9,154,000	9,382,000	9,617,000
Cleaning	224,000	1,117,000	1,211,000	1,301,000	1,334,000	1,367,000	1,401,000	1,436,000	1,472,000	1,509,000
Repair & Maintenance	563,000	1,613,000	1,745,000	1,872,000	1,919,000	1,967,000	2,016,000	2,066,000	2,118,000	2,171,000
Administrative & General	224,000	552,000	566,000	580,000	594,000	609,000	624,000	640,000	656,000	672,000
Marketing & Sales	157,000	386,000	396,000	406,000	416,000	426,000	437,000	448,000	459,000	471,000
Utilities	935,000	2,272,000	2,309,000	2,408,000	2,424,000	2,484,000	2,547,000	2,610,000	2,675,000	2,742,000
Other Expense	111,000	347,000	385,000	431,000	442,000	453,000	464,000	476,000	487,000	500,000
Total	\$8,218,000	\$22,824,000	\$24,267,000	\$25,930,000	\$26,535,000	\$27,198,000	\$27,877,000	\$28,574,000	\$29,287,000	\$30,020,000
OPERATING INCOME (LOSS)	(\$2,763,000)	(\$5,834,000)	(\$5,381,000)	(\$4,803,000)	(\$4,880,000)	(\$5,003,000)	(\$5,127,000)	(\$5,254,000)	(\$5,384,000)	(\$5,521,000)
NON-OPERATING EXPENSES										
Insurance	\$176,000	\$433,000	\$444,000	\$455,000	\$467,000	\$478,000	\$490,000	\$503,000	\$515,000	\$528,000
Other Non-Operating Expense	208,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	\$385,000	\$933,000	\$944,000	\$955,000	\$967,000	\$978,000	\$990,000	\$1,003,000	\$1,015,000	\$1,028,000
TOTAL NET INCOME (LOSS)	(\$3,149,000)	(\$6,767,000)	(\$6,326,000)	(\$5,759,000)	(\$5,846,000)	(\$5,980,000)	(\$6,117,000)	(\$6,258,000)	(\$6,401,000)	(\$6,549,000)
PARKING NET INCOME*	\$1,359,333	\$3,520,100	\$3,777,800	\$4,046,900	\$4,586,000	\$4,700,650	\$4,818,166	\$4,938,620	\$5,062,086	\$5,188,638

* Source: Timothy Haas and Associates, Inc.

Source: HVS

HVS financial projections are intended to show the expected levels of revenue and expenses over a ten-year period. Projections show smooth growth over time. However, the nature of convention booking, meeting planning and other group event demand is not always smooth. Business can be affected by local and national economic factors that are not predictable. Consumer show and tradeshow booking is often cyclical, based on rotation patterns and economic conditions. Therefore, HVS recommends interpreting the financial projections over a multi-year period rather than relying on projections for any specific year. Moreover, financial performance of the facility may fluctuate substantially during the first few years of operations before demand stabilizes. HVS assumes demand will stabilize in the fourth complete operating year. Total revenue is expected to increase substantially for the first four years of operation, until demand stabilizes.

4. Tax Revenue Analysis

Introduction

The Metropolitan Government of Nashville (“Metro”) has dedicated six potential sources of revenue for the capital costs of the Music City Center (“MCC”) and to cover any potential operating losses of the MCC (collectively referred to herein as the “MCC Project”). These revenue sources are summarized in Table 4-1.

Table 4-1
Summary of Tax Revenue Sources Dedicated to the MCC Project

Revenue Source	Tax/Revenue Base	Tax Rate
Hotel Motel Tax (“HMT”)	A privilege tax on the consideration for the rental of transient lodging accommodations in Davidson County. The law provides for two classes of exemptions: 1) occupancy of a room for thirty or more continuous days is not required to pay the tax after the thirtieth day (Residents who have already been in residency thirty days or more are exempt). 2) transient lodging of local, state or federal governmental agencies, when paid by those agencies. Certain HMT receipts generated by Gaylord Opryland may be redirected from the MCC Project.	3.0%
Hotel Surcharge	The room night stay of transient lodgers in Davidson County. Exemptions are the same as the HMT.	\$2.00 per room night
Airport Departure Tax	A privilege tax on contracted vehicles exiting public airports located within the boundaries of Davidson County.	\$2.00 per trip
Vehicle Rental Tax	A surcharge on motor vehicle, truck, and trailer rentals or leases that last five or fewer day including all related charges such as gas, insurance, etc.	1.0%
TDZ Sales Tax Increment	TDZ means the tourism development zone—an area surrounding the proposed convention center development that encompasses larger parts of downtown Nashville. In any given year, the percent growth in sales tax revenue generated in the TDZ less the percent growth in sales taxes in the whole of Davidson County is multiplied by the adjusted amount of sales tax revenue generated in the TDZ, which amount may be directed to the project.	State tax of 5.5 percent local tax of 2.25% (less administrative fees)
MCC Campus Sales Tax	Redirection of sales taxes generated by MCC campus facilities including the convention center and the hotel.	5.5% state and 2.25% local (less administrative fees)

Hotel/Motel Taxes

The Hotel Motel Tax (“HMT”) has been collected in the metro Nashville area since 1976. The HMT is privilege tax levied on the consideration paid by transient lodgers in all hotels under the governance of Metro, which is

contiguous with the boundaries of Davidson County. Rooms rented for more than 30 days are also exempt from the tax as well as local, state, and federal government agencies' room night stays when paid by the respective government. University of Tennessee, state universities, and community colleges are exempt from hotel taxes when the room is rented in the name of the state university or college and the room is paid for directly by the state university or college.

Metro Ordinance BL2007-1557 increased the hotel/motel tax from 5.0% to 6.0% in September 2007. Although the incidence of the HMT falls on the hotel lodger, the tax is collected by lodging property operators and due to Davidson County by the 20th of each month following the month in which the liability for the tax is incurred. Provided taxes are paid by the due date, payers may deduct an amount for operator compensation of 2.0% of the total taxes due. The proceeds of the HMT are then remitted to the general fund by the 10th of the following month—in the second month after the tax liability was incurred by the transient guest. Tax payer forms are provided in an appendix to this report.

The proceeds from the HMT are retained by the Metropolitan Government and distributed as follows:

- One-third (2% of the 6% HMT) to the Tourism Promotion Commission for directed promotion of tourism;
- One-third (2% of the 6% HMT) to the Tourism Promotion Commission for tourist-related activities, which includes the financing of the MCC Project);
- One-sixth of the proceeds (1% of the 6% HMT) are to be used for the cost of constructing, financing, and operating the MCC Project; and
- One-sixth of the proceeds (1% of the 6% HMT) are to be deposited in the general fund of Metro.

A portion of the new 1.0% convention center tax and certain incremental HMT receipts generated by the Gaylord Opryland ("Opryland") would be directed to the Metro General Fund and away from the MCC project. Opryland is an integrated hotel, retail, and convention center project that has been in operation since 1977. Its owner, Gaylord Entertainment, anticipates

expanding the property and adding 400,000 square feet of convention and meeting space and 400 hotel rooms. An estimate of the amounts of potentially redirected Opryland HMT is provided in this report.

Consequently, 3.0% of the 6.0% HMT are dedicated to support the MCC Project less any HMT that may be directed to the Gaylord Opryland expansion project.

HMT Estimates

HVS forecast future revenue from the HMT available for the MCC Project. In order to support a forecast of HMT revenue projections, HVS performed the following tasks:

- Gathered data on the Nashville hotel market and relevant local and regional variables influencing this market.
- Analyzed secondary sources of data on the hotel market and related tax collections in Davidson County.
- Considered demographic and economic characteristics of Davidson County presented in the Market Overview section of this report.
- Analyzed historical trends in hotel supply, occupancy, and average daily room rates.
- Analyzed historical trends in HMT collections.
- Projected changes in the hotel supply occupancy and room rates for the next 20 years through 2029.
- Projected total taxable receipts through the year 2029 and calculated the amounts dedicated to the MCC Project (3% less operator compensation plus penalties and interest).

Description of the Lodging Supply

The tax base includes hotels, motels, inns, tourist cabins, tourist camps, bed and breakfasts, university dormitories, or any other place used for transient accommodations. The large majority of the lodging supply is in hotels and motels.

HVS acquired a list of all properties in the Davidson County from Smith Travel Research ("STR"). Founded in 1985 as an independent research firm,

the lodging industry recognizes STR as the leader in providing information and analysis to all major North American lodging chains and key hotel companies in Europe and Asia. Each month STR collects performance data (rooms available for occupancy, rooms sold, and room revenue) on over 24,500 hotels representing more than 2.9 million rooms. This data comes from chain headquarters, management companies, owners, and directly from independent hotels. The data is audited for accuracy and checked for adherence to the STR reporting guidelines. Although most major brands and hotel companies require each property to give information to STR, the reporting of data is voluntary. HVS noted that several, smaller independent hotels in Davidson County do not report data to STR, although they are listed in the overall database. Of the STR census of hotel rooms in Davidson County, 86.6% report to STR. In addition, a small minority of lodging properties that are required to collect the Hotel Tax are not included in the STR census of properties.

As of October 2009, STR reports that Davidson County has 180 open hotels with a total of available 24,611 rooms. The ten largest properties, which account for 26.5% of the room supply, are shown in Table 4-2.

Table 4-2
Ten Largest Hotel Properties in Davidson County

Property	Number of Rooms
Gaylord Opryland Resort	2,881
Renaissance Nashville Hotel	673
Sheraton Hotel Nashville Downtown	474
Sheraton Hotel Music City	410
Marriott Nashville	392
Holiday Inn Opryland Airport Briley Pkwy	383
Loews Vanderbilt Plaza Hotel	340
Doubletree Nashville	337
Hilton Nashville Downtown	330
Marriott Nashville @ Vanderbilt University	307
Total of Top Ten Hotels	<u>6,527</u>
Total Room Supply	24,611
Percent of Total	26.5%

Source: STR

Table 4-3 shows the name, room count, and projected opening dates of new properties. At the time of this study, the opening dates for the potential properties listed in the following chart were preliminary and the dates may change due to construction delays or financial problems.

Table 4-3
2009 Additions and Potential New Supply in the Known Pipeline

Name of Hotel	Opening		# of Rooms
	Mo	Year	
Hampton Inn Suites Nashville @ Opryland	November	2009	122
Courtyard Goodlettsville	January	2010	120
Hotel Indigo Nashville Downtown	March	2010	97
		Total	339

Sources: STR and NCVB

The potential new supply entering the market is relatively low by historical standards. The current economic downturn and financing crisis has halted most projects.

Table 4-4 summarizes the performance of the Davidson County hotel market for hotels in the STR report. The figures below represent the entire STR census of hotels but are based on the 86.6% of hotels that report to STR. Most of the hotels that do not report are smaller, independent properties.

Table 4-4
Davidson County Hotel Market Summary (Fiscal Years 2004 through 2009)

Fiscal Year	Supply		Demand		Occupancy	Revenue		ADR	
2004	8,748,103		5,262,326		60.2%	\$ 418,064,857		\$79.44	
2005	8,737,010	-0.1%	5,426,830	3.1%	62.1%	\$ 444,322,190	6.3%	\$81.88	3.1%
2006	8,735,228	0.0%	5,682,490	4.7%	65.1%	\$ 496,759,447	11.8%	\$87.42	6.8%
2007	8,710,968	-0.3%	5,925,555	4.3%	68.0%	\$ 555,568,257	11.8%	\$93.76	7.3%
2008	8,812,516	1.2%	5,667,607	-4.4%	64.3%	\$ 573,446,018	3.2%	\$101.18	7.9%
2009	8,827,822	0.2%	5,212,870	-8.0%	59.1%	\$ 520,225,730	-9.3%	\$99.80	-1.4%

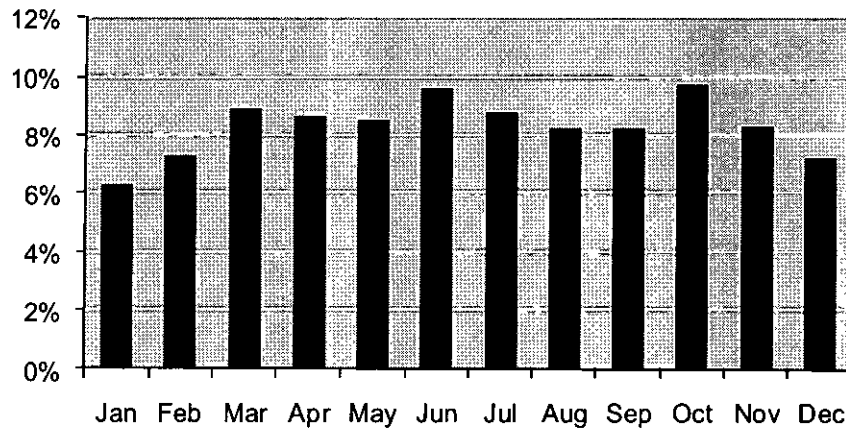
Source: STR

Market occupancy peaked in fiscal year 2007 (68.0%) and gross room revenue peaked in fiscal year 2008 (\$573.4 million). In fiscal year 2009,

lodging demand and average daily room rates (“ADR”) declined causing room revenues to fall by \$53.2 million, a 9.3% decline.

Figure 4-1 illustrates the monthly variation in the level of gross room revenue generated each month in the Davidson County hotel market from 2004 through 2008.

Figure 4-1
Monthly Percent of Annual Revenue (Average 2004 through 2008)



Source: STR & HVS

The hotel market peaks in March, June, and September. January, February, and December are the lowest months of hotel occupancy and room rate.

**Historical
HMT Collections**

Metro provided a 20-year history of HMT collections. Table 4-5 shows annual collections and the associated rate for the fiscal years 1989 through 2009. Estimated taxable receipts are calculated based on the tax rate (taxable receipts divided by the annual tax rate) and adjusted for average operator compensation, penalties, and interest of 1.95% of taxable receipts.

Table 4-5
Historical Annual HMT Receipts (FY 1989 to FY 2009)

Fiscal Year	Actual Tax Receipts*	Annualized Tax Rate	Estimated Taxable Receipts (3)	
			Amount	% change
1989	8,748,908	4.0%	223,072,616	18.2%
1990	9,101,328	4.0%	232,058,338	4.0%
1991	9,265,002	4.0%	236,231,566	1.8%
1992	9,927,606	4.0%	253,126,109	7.2%
1993	10,372,891	4.0%	264,479,628	4.5%
1994	12,552,736	4.3% (1)	295,439,595	11.7%
1995	12,557,922	4.0%	320,191,790	8.4%
1996	13,328,975	4.0%	339,851,479	6.1%
1997	15,266,653	4.0%	389,256,833	14.5%
1998	15,582,985	4.0%	397,322,412	2.1%
1999	15,452,169	4.0%	393,986,971	-0.8%
2000	19,336,148	5.0%	394,414,042	0.1%
2001	19,617,292	5.0%	400,148,748	1.5%
2002	18,405,478	5.0%	375,430,462	-6.2%
2003	19,174,421	5.0%	391,115,164	4.2%
2004	19,379,502	5.0%	395,298,354	1.1%
2005	20,505,956	5.0%	418,275,494	5.8%
2006	22,809,594	5.0%	465,264,534	11.2%
2007	25,273,670	5.0%	515,526,163	10.8%
2008	30,652,839	5.7% (2)	544,497,848	5.6%
2009	28,087,045	6.0%	477,427,248	-12.3%
			Average Growth	4.7%

(1) Estimated tax rate reflects 13 months of collections due to one-time accounting change.

(2) Estimated tax rate reflects 2 months at 5% and 10 months at 6%.

(3) Actual receipts divided by tax rate (less operator compensation plus penalties and interest, which combined average 1.95% of total taxes due).

Source: Metro

Over this 20-year period taxable receipts grew at an estimated annual average rate of 4.7%.

Historical Changes In Supply and Demand

Table 4-6 shows historical and forecast changes in available room nights, occupied room nights, and taxable average daily room rate ("ADR") and taxable room revenue in Davidson County.

Table 4-6
Historical and Forecast Changes In Lodging Supply, Demand, Taxable ADR, and Taxable Room Revenue

FY	Effective ADR Taxable ¹⁾		Available Room Nights ²⁾		Accommodated Demand ²⁾		Demand Growth Assumptions		Projected Market Occupancy	Taxable Room Revenue		Room Tax Receipts	
	\$	% Change	Number ⁽²⁾	% Change	Room Nights ⁽²⁾	% Change	Base	Induced		(\$ 000)	% Change	(\$ 000)	% Change
2004	\$75.12		8,748,103		5,282,326				60.2%	395,298	1.1%	19,380	1.1%
2005	\$77.08	2.6%	8,737,010	-0.1%	5,426,830	3.1%			62.1%	418,275	5.8%	20,506	5.8%
2006	\$81.88	6.2%	8,735,228	0.0%	5,682,490	4.7%			65.1%	465,265	11.2%	22,810	11.2%
2007	\$87.00	6.3%	8,710,968	-0.3%	5,925,555	4.3%			68.0%	515,526	10.8%	25,274	10.8%
2008	\$96.07	10.4%	8,812,516	1.2%	5,667,607	-4.4%			64.3%	544,498	5.6%	30,653	21.3%
2009	\$91.59	-4.7%	8,827,822	0.2%	5,212,870	-8.0%			59.1%	477,427	-12.3%	28,087	-8.4%
2010	\$85.18	-7.0%	8,857,650	0.3%	6,030,420	-3.5%	-3.5%	0	56.8%	428,467	-10.3%	25,207	-10.3%
2011	\$85.18	0.0%	8,857,650	0.0%	5,131,028	2.0%	2.0%	0	57.9%	437,036	2.0%	25,711	2.0%
2012	\$86.88	2.0%	9,131,400	0.0%	5,260,110	2.5%	2.5%	0	57.6%	456,992	4.6%	26,885	4.6%
2013	\$90.35	4.0%	9,131,400	0.0%	5,482,375	4.2%	3.5%	37,773	60.0%	495,354	8.4%	29,142	8.4%
2014	\$95.78	6.0%	9,131,400	0.0%	5,775,435	5.3%	3.0%	128,589	63.2%	553,143	11.7%	32,541	11.7%
2015	\$100.08	4.5%	9,131,400	0.0%	5,942,153	2.9%	2.5%	22,333	65.1%	594,720	7.5%	34,987	7.5%
2016	\$103.09	3.0%	9,222,714	1.0%	6,082,743	2.4%	2.0%	21,748	66.0%	627,055	5.4%	36,890	5.4%
2017	\$105.66	2.5%	9,314,941	1.0%	6,161,819	1.3%	1.3%	0	66.1%	651,087	3.8%	38,303	3.8%
2018	\$108.31	2.5%	9,408,091	1.0%	6,223,437	1.0%	1.0%	0	66.1%	674,038	3.5%	39,654	3.5%
2019	\$111.01	2.5%	9,502,171	1.0%	6,285,672	1.0%	1.0%	0	66.1%	697,798	3.5%	41,051	3.5%
2020	\$113.79	2.5%	9,597,193	1.0%	6,348,528	1.0%	1.0%	0	66.1%	722,395	3.5%	42,498	3.5%
2021	\$116.83	2.5%	9,693,165	1.0%	6,412,014	1.0%	1.0%	0	66.1%	747,859	3.5%	43,997	3.5%
2022	\$119.55	2.5%	9,790,097	1.0%	6,476,134	1.0%	1.0%	0	66.1%	774,221	3.5%	45,547	3.5%
2023	\$122.54	2.5%	9,887,998	1.0%	6,540,895	1.0%	1.0%	0	66.1%	801,513	3.5%	47,153	3.5%
2024	\$125.60	2.5%	9,986,878	1.0%	6,606,304	1.0%	1.0%	0	66.1%	829,766	3.5%	48,815	3.5%
2025	\$128.74	2.5%	10,086,746	1.0%	6,672,367	1.0%	1.0%	0	66.1%	859,015	3.5%	50,536	3.5%
2026	\$131.86	2.5%	10,187,614	1.0%	6,739,091	1.0%	1.0%	0	66.1%	889,296	3.5%	52,317	3.5%
2027	\$135.26	2.5%	10,289,490	1.0%	6,806,482	1.0%	1.0%	0	66.1%	920,643	3.5%	54,161	3.5%
2028	\$138.64	2.5%	10,392,385	1.0%	6,874,547	1.0%	1.0%	0	66.1%	953,096	3.5%	56,071	3.5%
2029	\$142.11	2.5%	10,496,309	1.0%	6,943,292	1.0%	1.0%	0	66.1%	986,692	3.5%	58,047	3.5%

¹⁾ Net taxable room revenue divided by the number of accommodated room nights.
²⁾ STR is Source for FY 2004 through 2009.
³⁾ Taxable room revenues in fiscal years 2004 through 2009 are estimated based on actual taxable receipts as provided by Metro.

Source: HVS (except for available and occupied room nights for fiscal years 2004 through 2009)

The forecast of the lodging market performance assumes continued declines in accommodated demand and room rates in 2010 with recovery beginning in 2011. As is typical during periods of recovery from recessions, room night demand begins to grow first, followed by room rates, eventually causing an overall growth rate in room revenue that are in excess of historical averages. After recovery from the current recession, HVS assumes long-term average growth rates for the purposes of forecasting. Over the entire projection period Taxable ADR is forecast to grow at 2.3% as compared to the historical growth rate of 4.2%.

Following is a discussion of the historical and forecast performance of the Davidson County Lodging Market for each of the components of our projections.

- **Taxable ADR**—is calculated by dividing the taxable room revenue by the occupied room nights in the market. From fiscal years 2004 through 2009, Taxable ADR grew at an average rate of 4.2% including strong growth in fiscal year 2008 followed by a significant decline of (- 4.7%) in fiscal year 2009. A continued decline of -7.0% is anticipated in 2010 with growth resuming in 2011 and peaking in 2014. Accelerated growth is anticipated through 2014 assuming a period of economic recovery. In the long run, HVS assumes that taxable ADR will grow at 2.5%.
- **Available Room Nights**—The historical number of available room nights are based on the STR census of rooms in the market. The pipeline of new project is limited (as discussed earlier) so Available Room Nights are expected to grow modestly in 2010 by 0.3% and by 1.0% annually in the long run.
- **Accommodated Room Nights**—The historical number of Accommodated Room Nights is based on the STR data. The market saw significant declines in fiscal years 2008 (-4.4%) and 2009 (-8.0%). HVS anticipates that declines will moderate in fiscal year 2010 with a forecast of a -3.5% decline. Long-term average growth is approximately 1.0%. HVS assumes that Accommodated Room Nights begin to grow in 2011 and exceed historical averages during the period of recovery from the recession. In addition, the MCC is expected to induce more than 210,000 new room nights into the market for a four year period beginning in 2013.
- **Taxable Room Revenue**—The growth in Taxable Room Revenue is a function of the growth rates in supply demand and rates. From 1989 through 2009 Taxable Room Revenue grew at an annual average rate of 4.1%. Over the projection period, HVS forecast an annual average growth rate of 3.8%.

HMT Revenue

Table 4-7 shows the historical Room Tax Receipts adjusted to 3.0% and a forecast Room Tax Receipts available to the MCC Project.

Table 4-7
Historical and Forecast Room Tax Receipts

FY	Room Tax Receipts	
	(\$ 000)	% Change
2004	19,380	1.1%
2005	20,506	5.8%
2006	22,810	11.2%
2007	25,274	10.8%
2008	30,653	21.3%
2009	28,087	-8.4%
2010	25,207	-10.3%
2011	25,711	2.0%
2012	26,885	4.6%
2013	29,142	8.4%
2014	32,541	11.7%
2015	34,987	7.5%
2016	36,890	5.4%
2017	38,303	3.8%
2018	39,654	3.5%
2019	41,051	3.5%
2020	42,498	3.5%
2021	43,997	3.5%
2022	45,547	3.5%
2023	47,153	3.5%
2024	48,815	3.5%
2025	50,536	3.5%
2026	52,317	3.5%
2027	54,161	3.5%
2028	56,071	3.5%
2029	58,047	3.5%

Source: HVS

Room Tax Receipts are adjusted to account for the operator compensation and penalties and interest. Analysis of ten fiscal years of historical data (2000 through 2009) from the County Clerk's office shows that operator compensation, penalties, and interest average 1.95% of taxes due.

Hotel Surcharge

Metro Ordinance BL2007-1557 also enacted a \$2.00 tax for each occupied hotel/motel room night within Davidson County. Effective October 1, 2008, under BL2008-251, the \$2.00 per occupied room night surcharge was increased to \$2.50. Of the \$2.50 surcharge, \$2.00 is dedicated towards the construction of the new convention center while the other \$0.50 is dedicated towards the support of events and/or projects with a cumulative total economic impact of more than \$5.0 million on the area under the governance of Metro. Like the HMT, the surcharge is collected and remitted on a monthly basis and exemptions from the hotel surcharge are the same as for the HMT discussed previously in this section.

Table 4-8 shows the collections of the Hotel Surcharge since its inception in September 2007 and estimates of what the collections would have been for the first two months of fiscal year 2007 if the tax had been in effect.

Table 4-8
Historical Monthly Collections of \$2.00 Hotel Surcharge

Month of Occupancy	Month of Collection	FY 07-08 *	FY08-09	% Change	FY 2009-10	% Change
Jul	Aug	868,288	884,256	1.8%	800,707	-9.4%
Aug	Sep	838,931	843,345	0.5%	748,197	-11.3%
Sep	Oct	763,644	695,116	-9.0%	736,913	6.0%
Oct	Nov	963,820	852,656	-11.5%	838,726	-1.6%
Nov	Dec	844,938	732,264	-13.3%	721,856	-1.4%
Dec	Jan	772,080	684,445	-11.4%	720,644	5.3%
Jan	Feb	693,710	623,628	-10.1%	603,291	-3.3%
Feb	Mar	764,780	707,592	-7.5%		
Mar	Apr	855,036	722,618	-15.5%		
Apr	May	911,662	743,085	-18.5%		
May	Jun	810,855	734,795	-9.4%		
Jun	Jul	897,662	834,777	-7.0%		
TOTAL		9,985,406	9,058,576	-9.3%	5,170,333	-2.7%

* New \$2.00 tax effective September 1, 2007, July & August 2007 collections estimated.

Source: Metro

Since certain room night stays are exempt to the tax, the effective tax rate per occupied room is less than the nominal rate of \$2.00. Table 4-9 shows the calculation of the effective surcharge tax rate for the fiscal years 2008 and 2009.

Table 4-9
Calculation of the Effective Surcharge Rate

Fiscal Year	Room Nights	Tax Receipts	Effective Rate
2008	5,667,607	9,985,406	\$1.76
2009	5,212,870	9,058,576	\$1.74
		Average	\$1.75

Sources: Metro and HVS

The average effective rate over the first twenty-four months of tax collection is \$1.75 which is the rate HVS used as the average effective tax rate to estimate the Hotel Surcharge Tax Receipts as shown in Table 4-10.

Table 4-10
Hotel Surcharge Estimates

Fiscal Year	Accommodated Demand		Surcharge	
	Room Nights	% Change	(\$ 000)	% Change
2010	5,030,420	-3.5%	8,742	-3.5%
2011	5,131,028	2.0%	8,916	2.0%
2012	5,260,110	2.5%	9,141	2.5%
2013	5,482,375	4.2%	9,527	4.2%
2014	5,775,435	5.3%	10,036	5.3%
2015	5,942,153	2.9%	10,326	2.9%
2016	6,082,743	2.4%	10,570	2.4%
2017	6,161,819	1.3%	10,708	1.3%
2018	6,223,437	1.0%	10,815	1.0%
2019	6,285,672	1.0%	10,923	1.0%
2020	6,348,528	1.0%	11,032	1.0%
2021	6,412,014	1.0%	11,142	1.0%
2022	6,476,134	1.0%	11,254	1.0%
2023	6,540,895	1.0%	11,366	1.0%
2024	6,606,304	1.0%	11,480	1.0%
2025	6,672,367	1.0%	11,595	1.0%
2026	6,739,091	1.0%	11,711	1.0%
2027	6,806,482	1.0%	11,828	1.0%
2028	6,874,547	1.0%	11,946	1.0%
2029	6,943,292	1.0%	12,066	1.0%

*Surcharge estimated based on effective tax rate of \$1.76 per room night.

Sources: STR (historical room nights only) and HVS

Redirected Gaylord Taxes

Pursuant to T.C.A Section 7-88-103, a Tourism Development Zone was established to include the Opryland Hotel and Convention Center and a future expansion of that project (“Opryland TDZ”). The legislation requires that certain funds be transferred to the Metro General Fund:

- Receipts from 1.0% of the 6.0% HMT (referred to in the legislation as New Hotel Occupancy Tax) generated within the Opryland TDZ are to be deposited in Metro’s General fund pursuant to T.C.A. Section 7-4-102(b)(3).

- A portion of the incremental increase of 2.0% of the 6.0% HMT (referred to as Redirected Hotel Occupancy Tax) to the extent that actual growth in HMT receipts exceed 3.0% annual growth beginning in 2006 is to be deposited in Metro's General Fund pursuant to T.C.A. Section 7-4-110 (f) or 7-4-110(g).

In order to forecast the amounts of HMT that would be deposited into the Metro General Fund, HVS performed the following tasks:

- HVS reviewed confidential data on the actual HMT Receipts within the Opryland TDZ from fiscal years 2006 through 2009.
- Calculated baseline growth in the 2.0% HMT Receipts generated with the Opryland TDZ using actual HMT Receipts in 2006 as the base year.
- Forecast growth in HMT Receipts generated with the Opryland TDZ assuming the Opryland expansion project opens in 2014.
- Calculated the amounts of HMT Receipts from 1.0% New Hotel Occupancy Tax.
- Calculated the incremental growth in 2.0% HMT Receipts (forecast growth less baseline growth).
- Modeled the redirection of the estimated incremental growth of the 2.0% pursuant to T.C.A. Section 7-4-100(f) or 7-4-110(g).

Table 4-11 shows the forecast amounts of HMT generated in the Opryland TDZ that would be directed to the Metro General Fund.

Table 4-11
Estimate of Potential Opryland HMT Directed to the Metro General Fund

Fiscal Year	1% New CC Tax *	Tourist Related **	Tourism Promotion ***	Total Gaylord Redirect
2009	1,095,744	0	0	1,095,744
2010	980,690	0	0	980,690
2011	1,000,304	0	0	1,000,304
2012	1,040,316	0	0	1,040,316
2013	1,113,139	0	0	1,113,139
2014	1,218,887	0	0	1,218,887
2015	1,401,720	0	0	1,401,720
2016	1,541,892	16,723	50,168	1,608,782
2017	1,618,986	27,504	82,511	1,729,000
2018	1,667,556	28,329	84,986	1,780,870
2019	1,717,583	29,178	87,535	1,834,296
2020	1,769,110	30,054	90,162	1,889,325
2021	1,822,183	30,955	92,866	1,946,005
2022	1,876,849	31,884	95,652	2,004,385
2023	1,933,154	32,841	98,522	2,064,517
2024	1,991,149	33,826	101,478	2,126,452
2025	2,050,883	34,841	104,522	2,190,246
2026	2,112,410	35,886	107,658	2,255,953
2027	2,175,782	36,962	110,887	2,323,632
2028	2,241,056	38,071	114,214	2,393,341
2029	2,308,287	39,213	117,640	2,465,141

*100% of the new 1% convention center tax available one month following the financing of the Gaylord expansion project.

**1/3 third of 50% of the incremental growth from the 2% tax.

***50% of the incremental growth from the 2% tax.

Vehicle Rental Tax

Beginning in September 2007, BL2007-1557 authorized a 1.0% surcharge on motor vehicle, truck, and trailer rentals or leases that last five or fewer days ("Vehicle Rental Tax" or "VRT"). The 1.0% VRT is applied to the gross proceeds from the rental agreement, excluding any sales tax. Rentals are exempt when an automobile is rented as a replacement vehicle and the cost is covered by insurance or when the owner of the car requiring repair

provides a copy of the repair or service invoice. The VRT is also not collected when trucks and trailers are rented by businesses that rent trucks and trailers for the purpose of transporting goods.

The State of Tennessee has collected vehicle rental taxes in Davidson County for the past 12 years. Table 4-12 shows annual collections and the associated tax rate for fiscal years 1997 through 2009.

Table 4-12
Historical Annual Collections of State Vehicle Rental Taxes in Davidson County

Fiscal Year	Actual Tax Receipts	Annualized Tax Rate	Growth Rate	Adjusted Tax Receipts (to 4%)	Adjusted Growth Rate
1997	1,007,418	2.0%		2,014,836	
1998	1,322,175	3.0%	31.2%	1,762,900	-12.5%
1999	1,822,881	3.0%	37.9%	2,430,508	37.9%
2000	2,304,661	3.0%	26.4%	3,072,881	26.4%
2001	2,131,483	3.0%	-7.5%	2,841,978	-7.5%
2002	2,555,385	3.0%	19.9%	3,407,180	19.9%
2003	2,288,975	3.0%	-10.4%	3,051,966	-10.4%
2004	2,006,342	3.0%	-12.3%	2,675,123	-12.3%
2005	1,929,134	3.0%	-3.8%	2,572,179	-3.8%
2006	1,782,235	3.0%	-7.6%	2,376,313	-7.6%
2007*	2,399,936	3.8% (1)	34.7%	2,504,284	5.4%
2008	2,210,055	4.0%	-7.9%	2,210,055	-11.7%
2009	2,361,801	4.0%	6.9%	2,361,801	6.9%
				Avg. Growth	2.5%

(1) Estimated tax rate reflects 2 months at 3% and 10 months at 4%

Source: Tennessee Department of Revenue

Historical State tax receipts, adjusted to a 4.0% tax rate have shown a wide range of variation from year to year. This is likely due to changing economic conditions as well the timing of collection in the early years of the taxes. The average annual growth rate from fiscal year 1998 through 2009 was 2.5%.

Table 4-13
Historical Monthly Collections of Vehicle Rental Tax

Month of Occupancy	Month of Collection	FY 2008	FY 2009	% Change	FY 2010	% Change
Jul	Aug	98,108	108,285	10.4%	106,327	-1.8%
Aug	Sep	98,108	102,391	4.4%	88,968	-13.1%
Sep	Oct	85,342	90,058	5.5%	85,159	-5.4%
Oct	Nov	100,892	106,673	5.7%	96,698	-9.4%
Nov	Dec	113,718	81,102	-28.7%	81,188	0.1%
Dec	Jan	76,662	75,856	-1.1%	73,325	-3.3%
Jan	Feb	76,796	67,300	-12.4%	64,634	-4.0%
Feb	Mar	89,901	47,875	-46.7%		
Mar	Apr	102,674	77,568	-24.5%		
Apr	May	105,623	110,508	4.6%		
May	Jun	115,452	96,302	-16.6%		
Jun	Jul	114,021	87,507	-23.3%		
TOTAL		1,177,296	1,051,425	-10.7%	596,300	-5.6%

* The 1.0% VRT effective September 1, 2007, July & August 2007 collections estimated

Source: Metro

As the economic recession took hold, monthly VRT began to decline in November 2008 and fiscal year 2009 ended (-10.7%) below the prior year. HVS forecast continued declines in fiscal year 2010 followed by 3.5% growth during the recovery from the recession and 2.5% long-term growth. Table 4-14 shows historical collections and the HVS forecast.

Table 4-14
Estimates of Vehicle Rental Tax Receipts

Fiscal Year	Taxable Revenue	Percent Change	Tax Receipts
2008	98,108,000		981,080
2009	105,142,000		1,051,425
2010	99,900,000	-5.0%	999,000
2011	102,400,000	2.5%	1,024,000
2012	106,000,000	3.5%	1,060,000
2013	109,200,000	3.0%	1,092,000
2014	111,900,000	2.5%	1,119,000
2015	114,700,000	2.5%	1,147,000
2016	117,600,000	2.5%	1,176,000
2017	120,500,000	2.5%	1,205,000
2018	123,500,000	2.5%	1,235,000
2019	126,600,000	2.5%	1,266,000
2020	129,800,000	2.5%	1,298,000
2021	133,000,000	2.5%	1,330,000
2022	136,300,000	2.5%	1,363,000
2023	139,700,000	2.5%	1,397,000
2024	143,200,000	2.5%	1,432,000
2025	146,800,000	2.5%	1,468,000
2026	150,500,000	2.5%	1,505,000
2027	154,300,000	2.5%	1,543,000
2028	158,200,000	2.5%	1,582,000
2029	162,200,000	2.5%	1,622,000

Source: HVS

Airport Departure Tax

Pursuant to BL2007-1557, a tax is imposed on taxi cabs, limousines, shuttle buses, and other contracted vehicles upon exiting the Nashville Airport at a nominal rate of \$2.00 per vehicle exit ("Airport Departure Tax" or "ADT"). Non-commercial vehicles and Metropolitan Transit Authority vehicles are exempt from the tax.

The tax is due each time a non-exempt vehicle leaves the airport and the operator of the vehicle is expected to keep accurate reporting records and report the tax due to the owner of the business under which the operator of the contracted vehicle works. The payment of ADT must be remitted no later

than the 20th of each month. Late penalties accrue at 8.0% annually in addition to a penalty of 1.0% for each month, or fraction of a month, that taxes are delinquent.

The Nashville Airport Authority and Metro are currently exploring the installation of an automated system to track airport exits and collect the tax. While this system may significantly improve compliance with ADT, HVS assumes current levels of compliance are maintained throughout the life of the tax. Since, the current level of compliance is unknown, it is not possible to estimate a level of improved compliance.

Most deplaning passengers either connect to another flight or do not use contracted vehicles to exit the airport. None-the-less, the level of deplanements provides some indication of historical growth in demand for contracted vehicles. See Table 4-15.

Table 4-15
Historical Deplanements at the Nashville Airport (2001 through 2010)

Fiscal Year	Total	% Change
2001	4,482,260	
2002	3,998,657	-10.8%
2003	3,991,226	-0.2%
2004	4,169,348	4.5%
2005	4,439,089	6.5%
2006	4,740,819	6.8%
2007	4,943,554	4.3%
2008	4,892,107	-1.0%
2009	4,452,779	-9.0%
2010*	2,620,842	
Average Annual Growth		0.1%

*Through January 2010.

Source: Metropolitan Nashville Airport Authority

From 2001 through 2009, passenger deplanements were roughly flat, but this includes two recessionary periods and only four years of strong economic growth. Analysis of the available fiscal year 2009 data indicates that

approximately four trips via contracted vehicle occur for every 100 deplaned passenger.

Table 4-16
Forecast of Airport Departure Tax Receipts

Fiscal Year	Deplane-ments	% Change	Estimated Trips	Estimated Revenue
2008	4,892,107			289,647
2009	4,452,779	-9.0%	181,856	363,713
2010	4,185,612	-6.0%	170,945	341,890
2011	4,311,181	3.0%	176,073	352,147
2012	4,483,628	4.0%	183,116	366,233
2013	4,618,137	3.0%	188,610	377,220
2014	4,710,499	2.0%	192,382	384,764
2015	4,757,604	1.0%	194,306	388,612
2016	4,805,180	1.0%	196,249	392,498
2017	4,853,232	1.0%	198,211	396,423
2018	4,901,765	1.0%	200,193	400,387
2019	4,950,782	1.0%	202,195	404,391
2020	5,000,290	1.0%	204,217	408,435
2021	5,050,293	1.0%	206,260	412,519
2022	5,100,796	1.0%	208,322	416,644
2023	5,151,804	1.0%	210,405	420,811
2024	5,203,322	1.0%	212,509	425,019
2025	5,255,355	1.0%	214,635	429,269
2026	5,307,909	1.0%	216,781	433,562
2027	5,360,988	1.0%	218,949	437,897
2028	5,414,598	1.0%	221,138	442,276
2029	5,468,744	1.0%	223,350	446,699

Source: HVS

HVS assumed continued decline in ADT receipts in fiscal year 2010 followed by a peak of 4.0% growth during the recovery and 1.0% long-term growth.

MCC Campus Taxes

Metro has designated that certain state and local sales taxes generated by the facilities on the MCC Campus be dedicated to the MCC Project. These designated MCC Campus facilities include the proposed MCC, a headquarters hotel, parking facilities, and a second hotel proximate to the MCC. In the State of Tennessee, sales taxes are imposed on gross sales of any business organization or person engaged in retail sales selling, leasing, or renting tangible personal property and the selling of certain taxable services.

The applicable tax rates are state sales tax at 5.5% and local sales tax at 2.25%, less administrative fees of 1.25% of local sales tax receipts.

The MCC Campus Tax would become effective for the entire fiscal year during which the MCC opens. For the purposes of this analysis, HVS assumes that the MCC will open in fiscal year 2013 but did not assume that any hotel is built on the MCC Campus during the projection period.

HVS separately estimated three components of the MCC Campus Tax.

- **MCC Revenues** – The taxable portions of MCC (see Section 3 of this report) include food and beverage revenue and the non-labor portions of event services revenue.
- **Gross Parking Revenues** – Are all assumed to be subject to the MCC Campus Tax.
- **Retail Sales** –MCC plans include the lease of approximately 30,000 square feet of retail space to a coffee chain store, a business services center, and other potential retail and restaurant outlets. HVS assumes that annual sales of \$200 per square foot will be subject to MCC Campus Tax.

Under these assumptions, HVS estimates the amounts of MCC Campus Taxable Revenue as shown in Table 4-17.

Table 4-17
Estimate of Taxable MCC Campus Taxable Revenue (2013 – 2022)

Fiscal Year	MCC REVENUES	PARKING	RETAIL	TOTAL
2013	3,684,462	1,701,000	2,500,000	7,885,462
2014	12,548,276	4,627,800	6,150,000	23,326,076
2015	14,100,807	4,627,800	6,303,750	25,032,357
2016	15,930,946	5,166,000	6,461,344	27,558,289
2017	16,330,185	5,706,000	6,622,877	28,659,062
2018	16,737,424	5,848,650	6,788,449	29,374,524
2019	17,156,152	5,994,866	6,958,161	30,109,179
2020	17,585,625	6,144,738	7,132,115	30,862,477
2021	18,024,842	6,298,356	7,310,417	31,633,615
2022	18,475,547	6,455,815	7,493,178	32,424,540

Source: HVS

The calculation of Campus Tax Receipts is shown in Table 4-18 for fiscal years 2013 through 2022.

Table 4-18
Estimate of MCC Campus Tax Receipts (2013 – 2022)

Fiscal Year	Taxable Revenue	Estimated 5.5% State Sales Tax	Estimated 2.25% Local Sales Tax	Total
2013	7,885,462	353,492	142,803	496,295
2014	23,326,076	1,282,934	518,276	1,801,210
2015	25,032,357	1,376,780	556,188	1,932,967
2016	27,558,289	1,515,706	612,311	2,128,017
2017	28,659,062	1,576,248	636,769	2,213,017
2018	29,374,524	1,615,599	652,665	2,268,264
2019	30,109,179	1,656,005	668,988	2,324,993
2020	30,862,477	1,697,436	685,726	2,383,162
2021	31,633,615	1,739,849	702,859	2,442,708
2022	32,424,540	1,783,350	720,433	2,503,782

Source: HVS

MCC Campus Tax revenues could generate up to \$2.5 million annually for the Project.

MCC TDZ

Through Resolution RS 2009-603 and pursuant to T.C.A. Section 7-88-101, et. seq., Metro established the MCC Tourism Development Zone (“MCC TDZ”). The MCC TDZ is bounded roughly by the Cumberland River on the East, Interstate 40 on the South, Jefferson Street on the North, but narrows as it extends west to 21st Ave. This area incorporates most of Downtown and two neighborhoods known as Sobro and the Gulch.

As with the MCC Campus Tax, the applicable tax rates are state sales tax at 5.5% and local sales tax at 2.25%, less administrative fees of 1.25% of local sales tax receipts. State and local sales tax receipts may be redirected to the MCC Project to the extent that the growth of sales tax receipts in the MCC TDZ exceeds the growth of the sales tax receipts in Davidson County as a whole. The fiscal year prior to the opening of the MCC Project—assumed to be 2012 in this study—becomes the base year from which the differential in growth is calculated. Certain businesses such as hospitals, medical centers, utility companies, and auto dealers have been excluded from the tax base.

The Tennessee Department of Finance provided data on historical state and local sales tax receipts from the business included in the MCC TDZ (calculated at a 6.0% tax rate) for the fiscal years 2008 and 2009. A summary of this data is shown in Table 4-19.

Table 4-19**Fiscal Years 2008 and 2009 Sales Tax Payment Summary Statistics (6% tax rate)**

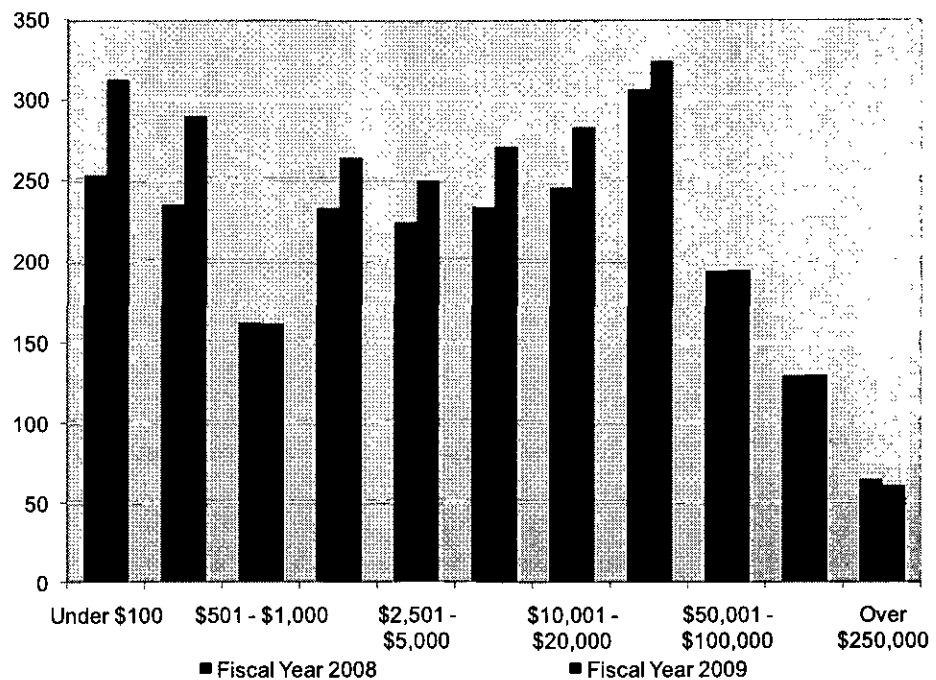
Summary Statistic	2008	2009
Average Tax Payment	\$ 33,832	\$ 32,756
Median Tax Payment	3,091	4,084
Standard Deviation	118,089	108,948
Total Amount of Payments	89,621,135	86,769,341
Receipts from Top Ten Tax Payments	\$ 14,341,988	\$ 13,142,053
<i>% of top total receipts</i>	16.0%	15.1%
Total Count of Tax Payments	2,272	2,531

Source: HVS

The MCC TDZ data provided by the Department of Finance listed approximately 2,500 payments in fiscal year 2009 (note that in the database provided to HVS some taxpayers’ accounts are listed more than once, so this does not represent the total number of businesses in the MCC TDZ). At a 6%

tax rate, the MCC TDZ generated Sales Tax Receipts of nearly \$90 million in fiscal year 2008 which fell to \$87 million in fiscal year 2009. The tax is broad based and the top ten tax payments represent 15% to 16% of total payments. The distribution of payments by size is shown in Figure 4-2.

Figure 4-2
Distribution of Sales Tax Payments (Fiscal Years 2008 and 2009)



Source: HVS

This distribution illustrates the variety of business sizes in the MCC TDZ and that the amounts of tax generated are not dependent on a few large tax payers.

Table 4-20 shows historical sales tax receipts in Davidson County for fiscal years 1998 through 2008.

Table 4-20
Sales Taxes Receipts In Davidson County for Fiscal Years 1998 through 2008

Fiscal Year	Sales Tax Receipts (\$ millions)	% Change
1998	8,847	
1999	9,330	5.5%
2000	9,665	3.6%
2001	9,710	0.5%
2002	9,823	1.2%
2003	9,884	0.6%
2004	11,496	16.3%
2005	11,951	4.0%
2006	13,761	15.1%
2007	13,981	1.6%
2008	13,826	-1.1%
	Average Growth	4.7%

Source: Tennessee Department of Finance

Over this period sales tax receipts grew at an average annual rate of 4.7%.

Five Tourism Development Zones currently operate in Tennessee under the same legislation as the MCC TDZ. The State distributions of incremental sales taxes to the sponsoring municipalities are shown in Table 4-21.

Table 4-21
State Distributions of TDZ to Municipalities (In thousands of dollars)

Fiscal Year*	Memphis	Chattanooga	Knoxville	Sevierville	Pigeon Forge
2001	3,621	544			
2002	3,684	676			
2003	3,442	1,198	1,384		
2004	7,555	782	1,354		
2005	7,829	485	97	362	
2006	9,344	44	197	2,241	
2007	10,096	0	0	4,114	
2008	11,810	0	1,368	4,183	736
2009	15,466	2,315	3,765	4,696	894
TOTAL	72,848	6,045	8,165	8,165	1,630

* Amounts were distributed in the subsequent fiscal year

Source: Tennessee Department of Finance

Memphis generates the largest amount of revenue and, due to its size and the size of the surrounding Shelby County and the TDZ, it is most comparable to Nashville. Based on actual sales tax receipts for fiscal year 2009, HVS compared the amounts of sales taxes generated in the Memphis TDZ and Shelby County with those in the Nashville TDZ and Davidson County. See Table 4-22.

Table 4-22
Comparison of Shelby County & Memphis TDZ with Davidson County and Nashville TDZ

State Sales Taxes	County	TDZ
Actual Sales Tax Receipts in FY 2009		
Memphis (6%)	722.1	52.1
Nashville (5.5%)	721.9	58.4
Implied Taxable Sales		
Memphis	12,035.7	868.4
Nashville	13,126.3	1,061.4
Nashville as % of Memphis	109%	122%
Local Sales Taxes	County	TDZ
Actual Sales Tax Receipts in FY 2009		
Memphis (2.25% less admin)	232.2	7.7
Nashville (2.25% less admin)	234.5	23.1
Implied Taxable Sales		
Memphis	10,532.7	348.3
Nashville	10,636.9	1,045.4
Nashville as % of Memphis	101%	300%

Sources: Tennessee Department of Finance and HVS

In fiscal year 2009, the Davidson County state sales tax base was an estimated 109% of the state sales tax base in Shelby County. The local taxable sales are approximately the same. However, the Nashville TDZ sales tax base is considerably larger than the Memphis TDZ—the state sales tax base is 122% of the Memphis TDZ and the local sales tax base is three times larger.

Unlike the Memphis TDZ, the Nashville TDZ excludes utility company and auto dealer sales. These types of businesses have a large proportion of single item sales in excess of \$1,600, which are excluded from the local sales tax base. This explains a large part of the difference in amounts of state and local taxable sales in the Memphis TDZ.

Analysis of ten-year history (fiscal years 2000 through 2009) of sales tax receipts in Shelby County and the Memphis TDZ shows that average annual growth in Shelby County was roughly flat, while in the Memphis TDZ state

sales taxes grew at roughly 4.0% and local sales taxes group at roughly 1.0 percent per year.

Table 4-23 shows the history of Memphis TDZ distributions (in the fiscal year in which they were earned) and an estimate of the amounts that would have been distributed during the same period if its tax base were the same size as the Nashville TDZ.

Table 4-23
Actual Memphis TDZ Distributions Adjusted to the Size of the Nashville TDZ

Fiscal Year	Actual Memphis Distributions*			Adjusted to Nashville TDZ**		
	State	Local	Total	State	Local	Total
2001	\$3.3	\$0.3	\$3.6	\$4.1	\$0.9	\$5.0
2002	3.0	0.7	3.7	3.7	2.1	5.7
2003	3.2	0.2	3.4	3.9	0.7	4.6
2004	6.4	1.1	7.6	7.9	3.4	11.2
2005	7.1	0.7	7.8	8.7	2.2	10.9
2006	8.7	0.6	9.3	10.7	1.8	12.5
2007	9.5	0.6	10.1	11.6	1.8	13.4
2008	11.0	0.8	11.8	13.4	2.4	15.9
2009	14.7	0.7	15.5	18.0	2.2	20.2
Total	\$67.0	\$5.9	\$72.8	\$81.9	\$17.6	\$99.5
Nashville TDZ as a % of Memphis TDZ**				122%	300%	137%

*Note that TDZ distributions are paid to the local government in the year after they are earned.

**Based on analysis of the amounts of state and local sales taxes generated in fiscal year 2009.

Source: HVS

If the tax base of the Memphis TDZ were the same as the tax base of the Nashville TDZ, it could have generated an estimated \$99.5 million in distributions as compared to \$72.8 million in actual distributions. HVS views this as an indicator of the future revenue potential of the Nashville TDZ. As a second indicator of the Nashville TDZ revenue potential, HVS obtained data on the appraised values of land and improvements in Davidson County and the Nashville TDZ. Table 4-24 shows the change in appraised values from 2005 to 2009.

Table 4-24
Land Appraisal Statistics for Davidson County and the Nashville TDZ for 2005 and 2009

Category	Davidson County				TDZ			
	2005	2009	Change	%	2005	2009	Change	%
Building Square Footage	616,756,193	673,499,860	56,743,667	9.2%	40,694,255	45,177,595	4,483,340	11.0%
Land Appraisal	\$ 14,927,428,029	\$ 20,811,291,100	\$ 5,883,863,071	39.4%	1,214,662,130	1,899,735,765	685,073,635	56.4%
Improvement Appraisal	\$ 34,771,904,618	\$ 41,983,548,618	\$ 7,211,644,000	20.7%	\$ 1,878,898,204	\$ 2,985,972,655	\$ 1,107,074,451	58.9%
Total Appraisal	\$ 49,699,332,647	\$ 62,794,839,381	\$ 13,095,506,734	26.3%	\$ 3,093,560,334	\$ 4,885,708,424	\$ 1,792,148,090	57.9%
Parcel Acres	295,243	294,113	(1,130)	-0.4%	1,208	1,299	91	7.6%
Parcels	221,009	237,874	16,865	7.6%	3,463	6,055	2,592	74.8%
Total Appraisal/Building SF	81	93	13	15.7%	76	108	32	42.3%
Total Appraisal/Acre	\$ 168,334	\$ 213,506	\$ 45,172	26.8%	2,560,894	3,760,059	1,199,165	46.8%

Source: Metropolitan Nashville-Davidson County Planning Department

From 2005 to 2009, the total appraised value in the Nashville TDZ grew at 57.9% as compared to 26.3% in Davidson County. While this is not a direct measure of relative growth in the sales tax base, it provides a strong indication that the Nashville TDZ has been growing at a faster pace than the Davidson County as a whole.

Given the difficulty in forecasting future sales tax growth rates, much less the differential in those growth rates between Davidson County and the MCC TDZ, any forecast of Sales Tax Receipts from this source is uncertain. HVS used the following methodology and assumptions.

- The Tennessee Department of finance provided actual Sales Tax Receipts from the Davidson County and the MCC TDZ in fiscal year 2009—a starting point for estimating future Sales Tax Revenue.
- Sales Taxes are forecast to decline (-2.5%) in fiscal year 2010, then begin to grow by 3.0% in fiscal years 2011 and 2012, and grow by 2.5% thereafter.
- The baseline sales tax growth rates of the Nashville TDZ are assumed to be 0.5% greater than the growth rates in Davidson County in each year.
- That is, HVS assumes that the amounts of Sales Tax Receipts generated by new convention center overnight delegates and attendees provide an additional source of growth in the Nashville TDZ.

HVS estimated the number of net new overnight delegates and attendees as shown in Section 3 of this report. To calculate their spending in the Nashville TDZ, HVS used the assumptions shown in Table 4-25.

Table 4-25
Induced Visitor Spending Assumptions

Type of Spending	Method of Estimation	Assumptions*
Overnight delegate spending	per overnight delegate	\$296.74
Daily trip spending	per overnight delegate	\$55.87
Exhibitor Spending	per exhibit event attendee	\$59.31
Other Assumptions		
	Inflation Rate	2.5%
	Spending in TDZ	80%

Source: HVS and Destination Marketing Association Survey adjusted for Nashville.

The resulting forecast of MCC TDZ Sales Tax Revenue is shown in Table 4-26.

Table 4-26
Forecast of MCC TDZ Redirected Sales Tax Receipts

Fiscal Year	County-wide Sales Tax Estimates				TDZ Sales Taxes				TDZ Base (Calculated @ State Growth Rates)				TDZ Distribution		
	State Sales Tax*	Growth Rate	Local Sales Tax*	Growth Rate	State Sales Tax**	Growth Rate	Local Sales Tax**	Growth Rate	State Sales Tax**	Growth Rate	Local Sales Tax**	Growth Rate	State Sales Tax**	Local Sales Tax**	Total TDZ Distribution
2009	721,944,056		234,543,037		58,378,980		23,051,019								
2010	703,895,000	-2.5%	228,679,000	-2.5%	56,920,000	-2.5%	22,475,000	-2.5%							
2011	725,012,000	3.0%	235,539,000	3.0%	58,628,000	3.0%	23,149,000	3.0%							
2012**	746,762,000	3.0%	242,505,000	3.0%	60,387,000	3.0%	23,843,000	3.0%	60,387,000		23,843,000				
2013	765,431,000	2.5%	248,670,000	2.5%	62,707,000	3.8%	24,762,000	3.9%	61,897,000	2.5%	24,439,000	2.5%	810,000	323,000	1,133,000
2014	784,567,000	2.5%	254,887,000	2.5%	66,836,000	6.6%	26,406,000	6.6%	63,444,000	2.5%	25,050,000	2.5%	3,392,000	1,356,000	4,748,000
2015	804,181,000	2.5%	261,259,000	2.5%	69,330,000	3.7%	27,394,000	3.7%	65,030,000	2.5%	25,676,000	2.5%	4,300,000	1,718,000	6,018,000
2016	824,286,000	2.5%	267,790,000	2.5%	71,975,000	3.8%	28,442,000	3.8%	66,656,000	2.5%	26,318,000	2.5%	5,319,000	2,124,000	7,443,000
2017	844,893,000	2.5%	274,485,000	2.5%	74,230,000	3.1%	29,333,000	3.1%	68,322,000	2.5%	26,976,000	2.5%	5,908,000	2,357,000	8,265,000
2018	866,015,000	2.5%	281,347,000	2.5%	76,457,000	3.0%	30,213,000	3.0%	70,030,000	2.5%	27,650,000	2.5%	6,427,000	2,563,000	8,990,000
2019	887,665,000	2.5%	288,381,000	2.5%	78,751,000	3.0%	31,119,000	3.0%	71,781,000	2.5%	28,341,000	2.5%	6,970,000	2,778,000	9,748,000
2020	909,857,000	2.5%	295,591,000	2.5%	81,114,000	3.0%	32,053,000	3.0%	73,576,000	2.5%	29,050,000	2.5%	7,538,000	3,003,000	10,541,000
2021	932,603,000	2.5%	302,981,000	2.5%	83,547,000	3.0%	33,015,000	3.0%	75,415,000	2.5%	29,776,000	2.5%	8,132,000	3,239,000	11,371,000
2022	955,918,000	2.5%	310,556,000	2.5%	86,053,000	3.0%	34,005,000	3.0%	77,300,000	2.5%	30,520,000	2.5%	8,753,000	3,485,000	12,238,000
2023	979,816,000	2.5%	318,320,000	2.5%	88,635,000	3.0%	35,025,000	3.0%	79,233,000	2.5%	31,283,000	2.5%	9,402,000	3,742,000	13,144,000
2024	1,004,311,000	2.5%	326,278,000	2.5%	91,294,000	3.0%	36,076,000	3.0%	81,214,000	2.5%	32,065,000	2.5%	10,080,000	4,011,000	14,091,000
2025	1,029,419,000	2.5%	334,435,000	2.5%	94,033,000	3.0%	37,158,000	3.0%	83,244,000	2.5%	32,867,000	2.5%	10,789,000	4,291,000	15,080,000
2026	1,055,154,000	2.5%	342,796,000	2.5%	96,854,000	3.0%	38,273,000	3.0%	85,325,000	2.5%	33,689,000	2.5%	11,529,000	4,584,000	16,113,000
2027	1,081,533,000	2.5%	351,366,000	2.5%	99,760,000	3.0%	39,421,000	3.0%	87,458,000	2.5%	34,531,000	2.5%	12,302,000	4,890,000	17,192,000
2028	1,108,571,000	2.5%	360,150,000	2.5%	102,753,000	3.0%	40,604,000	3.0%	89,644,000	2.5%	35,394,000	2.5%	13,109,000	5,210,000	18,319,000
2029	1,136,285,000	2.5%	369,154,000	2.5%	105,836,000	3.0%	41,822,000	3.0%	91,885,000	2.5%	36,279,000	2.5%	13,951,000	5,543,000	19,494,000

*Source: 2009 Dept of Finance Analysis - Excludes Sports Authority.

**Source: 2009 Dept of Finance Analysis State Taxes are @ 5% (less education taxes).

**2012 is the base year.

Source: HVS

Under the assumptions discussed above, combined State and Local MCC TDZ Sales Tax Distributions could generate nearly \$9.0 million by 2018.

Summary of Available Tax Receipts

Table 4-27 summarizes the estimated available tax receipts for the forecast period.

**Table 4-27
Summary of Forecast of Available Tax Revenue**

Fiscal Year	Ad Valorem Hotel/Motel Tax (3%)	Gaylord 1% and Redirect	Hotel Surcharge (\$2.00/rn)	Airport Departure (\$2.00/trip)	Vehicle Rental Tax (1.0%)	MCC Campus Sales Tax	TDZ Sales Tax Increment	Total
2008	15,326,420	0	8,278,187	289,647	981,080	0	0	24,875,333
2009	14,043,523	(1,096,000)	9,058,576	363,713	1,051,425	0	0	23,421,236
2010	12,603,000	(981,000)	8,742,000	342,000	999,000	0	0	21,705,000
2011	12,855,000	(1,000,000)	8,916,000	352,000	1,024,000	0	0	22,147,000
2012	13,442,000	(1,040,000)	9,141,000	366,000	1,060,000	0	0	22,969,000
2013	14,571,000	(1,113,000)	9,527,000	377,000	1,092,000	496,000	0	24,950,000
2014	16,271,000	(1,219,000)	10,036,000	385,000	1,119,000	1,801,000	1,133,000	29,526,000
2015	17,494,000	(1,402,000)	10,326,000	389,000	1,147,000	1,933,000	4,748,000	34,635,000
2016	18,445,000	(1,609,000)	10,570,000	392,000	1,176,000	2,128,000	6,018,000	37,120,000
2017	19,152,000	(1,729,000)	10,708,000	396,000	1,205,000	2,213,000	7,443,000	39,388,000
2018	19,827,000	(1,781,000)	10,815,000	400,000	1,235,000	2,268,000	8,265,000	41,029,000
2019	20,526,000	(1,834,000)	10,923,000	404,000	1,266,000	2,325,000	8,990,000	42,600,000
2020	21,249,000	(1,889,000)	11,032,000	408,000	1,298,000	2,383,000	9,748,000	44,229,000
2021	21,998,000	(1,946,000)	11,142,000	413,000	1,330,000	2,443,000	10,541,000	45,921,000
2022	22,774,000	(2,004,000)	11,254,000	417,000	1,363,000	2,504,000	11,371,000	47,679,000
2023	23,576,000	(2,065,000)	11,366,000	421,000	1,397,000	2,567,000	12,238,000	49,500,000
2024	24,408,000	(2,126,000)	11,480,000	425,000	1,432,000	2,631,000	13,144,000	51,394,000
2025	25,268,000	(2,190,000)	11,595,000	429,000	1,468,000	2,697,000	14,091,000	53,358,000
2026	26,159,000	(2,256,000)	11,711,000	434,000	1,505,000	2,764,000	15,080,000	55,397,000
2027	27,081,000	(2,324,000)	11,828,000	438,000	1,543,000	2,833,000	16,113,000	57,512,000
2028	28,035,000	(2,393,000)	11,946,000	442,000	1,582,000	2,904,000	17,192,000	59,708,000
2029	29,024,000	(2,465,000)	12,066,000	447,000	1,622,000	2,977,000	18,319,000	61,990,000

Source: HVS

5. Statement of Assumptions & Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have made no survey of the MCC site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the land and improvements is within the boundaries of the property described, and that there is no encroachment or trespass unless noted.
4. All information, estimates, and opinions obtained from parties not employed by HVS are thought to be reliable and assumed to be true and correct. However, we can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the public facilities discussed in this report.
6. This report is intended to be used solely to assess the adequacy of MCC Tax Revenues to support the proposed issuance of debt. This report may be used in offering statements that support the issuance of the Bonds, but it should not be used for any other purpose and we assume no responsibility for any other use of this report.
7. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per diem fees and travel costs are paid prior to the appearance.
8. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.

9. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection. This report reflects actual fiscal year 2009 financial performance made available to HVS in October 2009; however, forecasts of future MCC Tax Revenue rely on information available to HVS as of March 2010.
10. The quality of a convention center facility's on-site management and organization that market the facility have a direct effect on a center's economic viability. The forecasts presented in this analysis assume responsible ownership, competent management and effective marketing and sales. Any departure from this assumption may have a significant impact on the projected operating results.
11. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
12. The use of this report is subject to the terms and conditions set forth herein.
13. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting, a division of HVS. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of these two organizations, as employees, rather than as individuals.
14. This report is set forth as an analysis of the MCC operations and MCC Tax Revenues intended to support the proposed issuance of debt; this is not an appraisal report.
15. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

6. Certification

We, the undersigned, hereby certify:

1. that the statements of fact presented in this report are true and correct to the best of our knowledge and belief;
2. that the reported analyses, opinions, and conclusions presented in this report are limited only by the assumptions and limiting conditions set forth, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. that Thomas Hazinski personally inspected the convention center site and market described in this report; Katie Gregory and Nina Vetter participated in the analysis and research supporting this study, but did not personally inspect the subject site and market;
4. that we have no current or contemplated interests in the real estate that is the subject of this report;
5. that we have no personal interest or bias with respect to the subject matter of this report or the parties involved;
6. that this report sets forth all of the limiting conditions (imposed by the terms of this assignment) affecting the analyses, opinions, and conclusions presented herein;
7. that the fee paid for the preparation of this report is not contingent upon our conclusions, or the occurrence of a subsequent event directly related to the intended use of this report;
8. that our engagement in this assignment was not contingent upon developing or reporting predetermined results; and
9. that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this market study.

Katie Gregory

Katie Gregory
Project Manager

Thomas Hazinski

Thomas Hazinski
Managing Director
HVS Convention Sports & Entertainment
Facilities Consulting

Appendix A: Survey Results

Overview

HVS conducted a survey of event planners to help determine how event planners view the Nashville area as a potential location for events. The Nashville Convention and Visitors Bureau (“NCVB”) provided HVS with the names and e-mail addresses of event planners that the NCVB considers potential users of the MCC.

HVS designed the survey instrument and conducted all surveys via e-mail. HVS received 133 responses of the 677 verified e-mail addresses for a response rate of roughly 20 percent. The following shows the questions and results of the event planner survey.

Survey Questions and Responses

1. What types of events does your organization conduct or plan? (Check all that apply)

Table 1

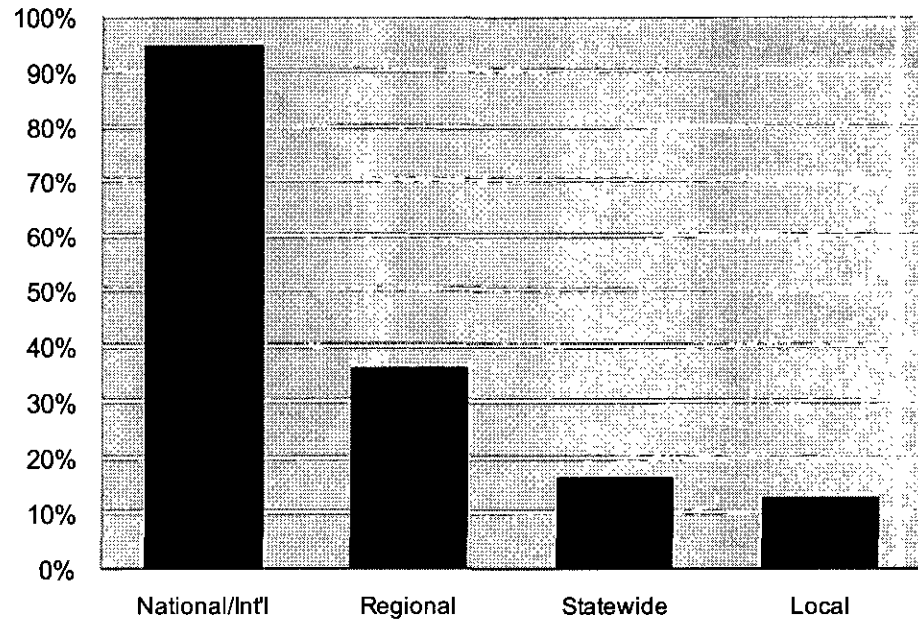
Nearly 80% of Survey Respondents Plan Conventions with Exhibits

Event Type	%
Conventions (with exhibits)	78.9%
Conventions (without exhibits)	29.3%
Meetings	79.7%
Conferences	74.4%
Banquets	29.3%
Tradeshows	37.6%
Consumer Shows	4.5%
Sports Competitions/Events	6.0%
Entertainment Shows/Events	12.0%
Other	3.8%

Source: HVS Survey

2. Which categories best describe the geographic origin of the attendees to your event? (Check all that apply)

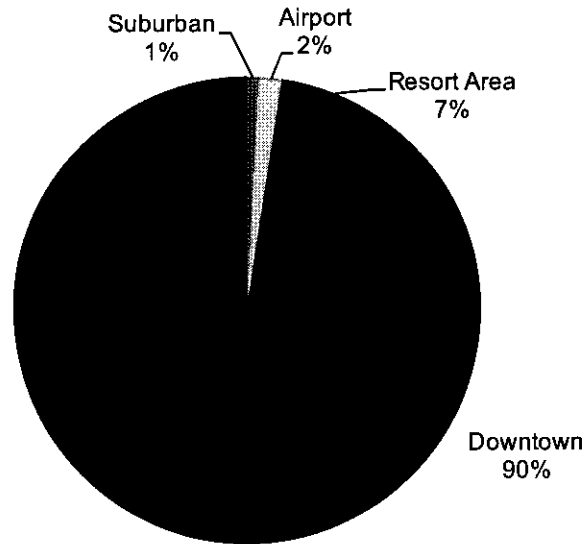
Figure 1
Geographic Scope of Events Planned by Survey Respondents



Source: HVS Survey

3. What type of location do you prefer for your event?

Figure 2
Survey Respondents Overwhelmingly Prefer Downtown Locations



Source: HVS Survey

4. Please indicate some facilities where you have held events in the past (event planner could name up to three venues)

Table 2

Other Venues
Gaylord Opryland Resort & Convention Center (16)
Other Gaylord Hotels (10)
Orange County Convention Center (9)
Austin Convention Center (8)
Baltimore Convention Center (8)
Phoenix Convention Center (8)
Tampa Convention Center (8)
America's Center (7)
Indiana Convention Center (6)
San Antonio Convention Center (6)
San Diego Convention Center (6)
Charlotte Convention Center (5)
Columbus Convention Center (5)
McCormick Place (5)

Source: HVS Survey

Please answer the following questions for your most typical event.

5. How much exhibit space (in gross square feet) does your event require?

Table 3

Exhibit Space Used	Survey Results
Less than 50,000 SF	33.3%
50,001- 100,000 SF	27.1%
100,001 - 250,000 SF	29.5%
More than 250,000 SF	9.3%

Source: HVS Survey

6. If your event has exhibitors, how many does it typically have?

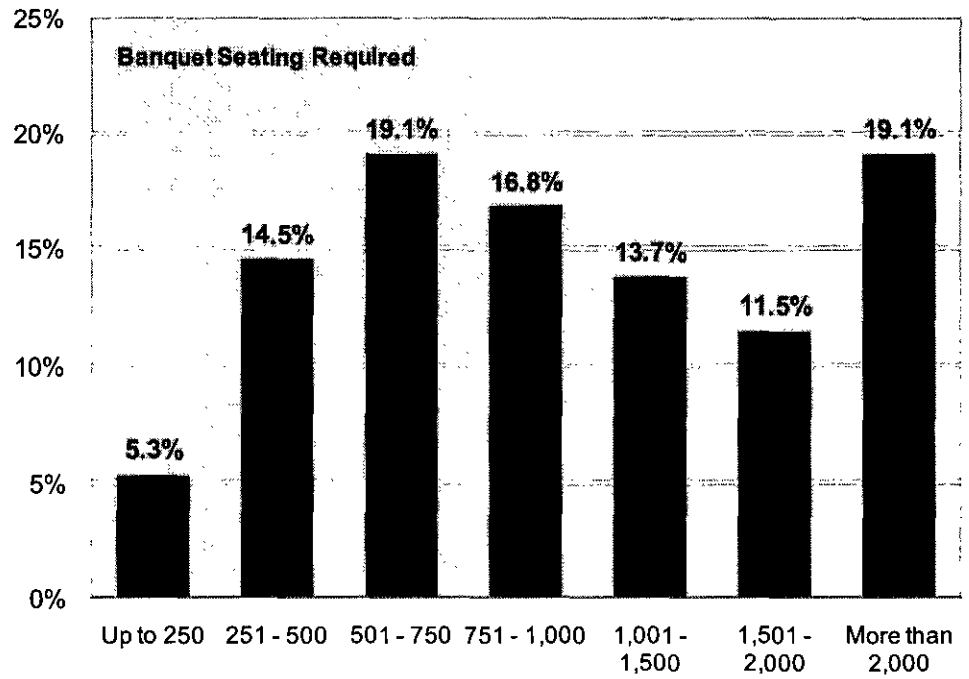
Table 4

Exhibitor Statistics	Value
Minimum	5
Maximum	2,800
Average	204
Median	125

Source: HVS Survey

7. How much banquet space (seating capacity) does your event require?

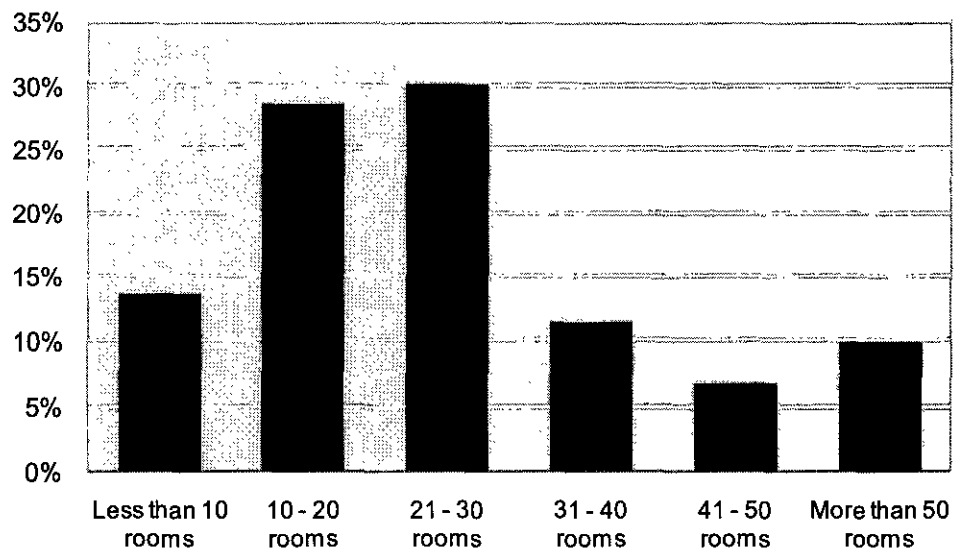
Figure 3



Source: HVS Survey

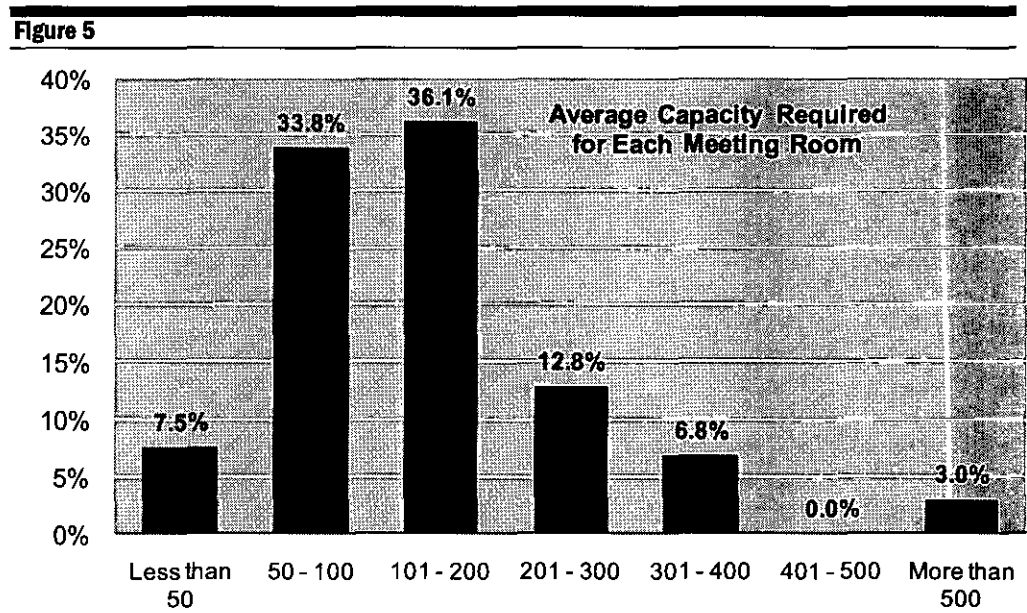
8. How many breakout-meeting rooms does your event require?

Figure 4



Source: HVS Survey

9. What is average capacity required for breakout-meeting rooms?



Source: HVS Survey

10. What type of set up do you typically require in meeting rooms?

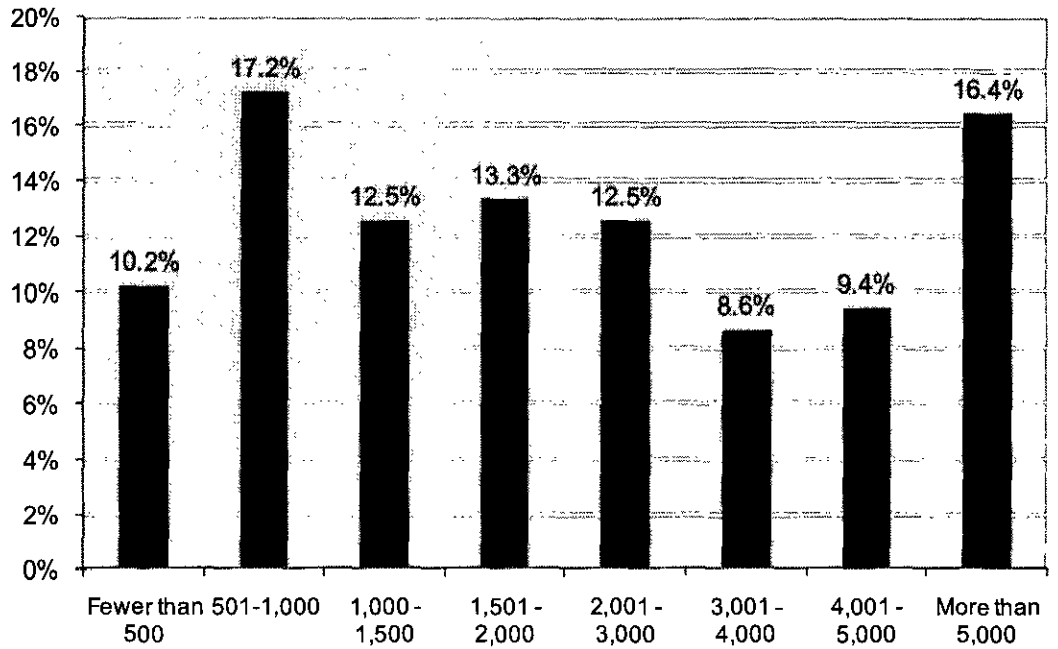
Table 5

Meeting Room Space Set-Up	%
Classroom	69.9%
Theatre	66.9%
Hollow Square	35.3%
Reception	31.6%
Banquet	39.1%
Other	9.8%

Source: HVS Survey

11. How many delegates / attendees typically attend this event?

Figure 6



Source: HVS Survey

Table 6

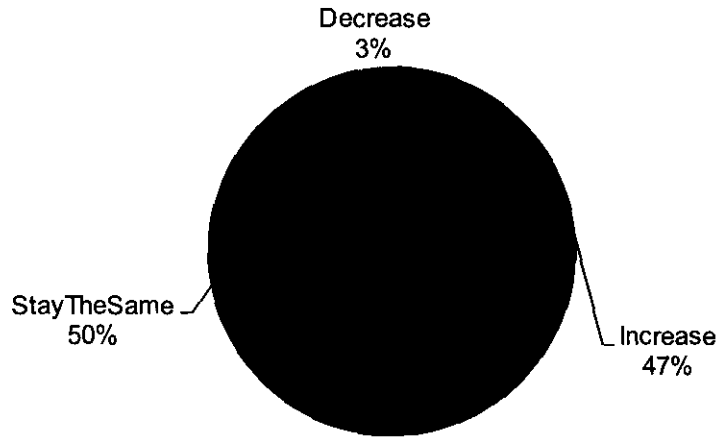
Attendee Statistics	
Minimum	10
Maximum	70,000
Average	4,202
Median	1,900

Source: HVS Survey

12. Over the next five years, do you anticipate that attendance at your event will:

Figure 7

Over the Next Five Years, Do You Anticipate that Attendance at Your Event Will:



Source: HVS Survey

13. What is the length of your event (in number of days)?

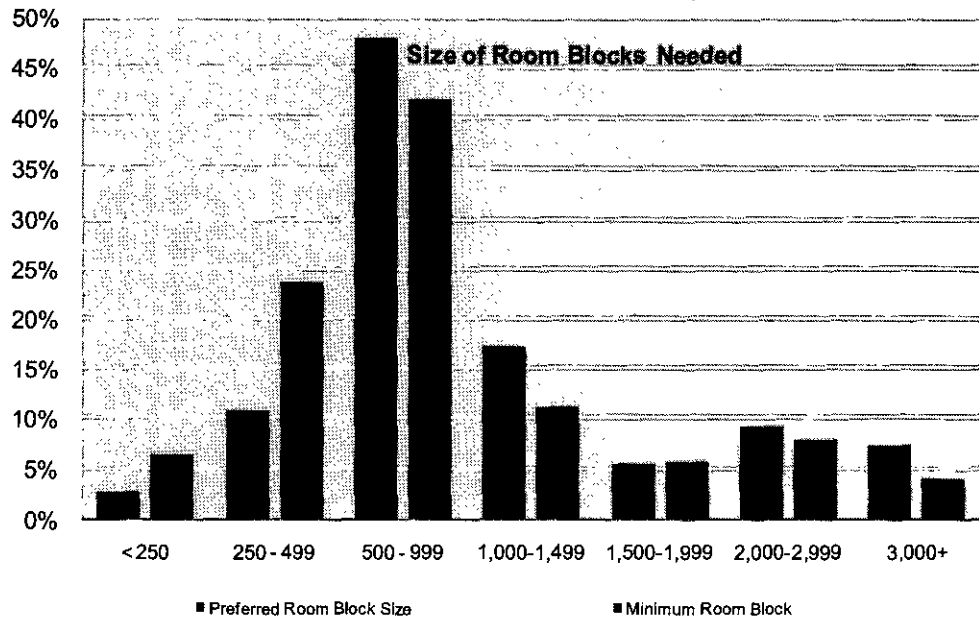
Table 7

Length of Event	Min	Max	Average
Move-In Days	0.0	7.0	2.2
Event Days	1.0	7.0	3.7
Move-Out Days	0.0	2.0	1.2

Source: HVS Survey

14. What size of a hotel room block (number of rooms) does your event require in a headquarters hotel property on your event's peak night?

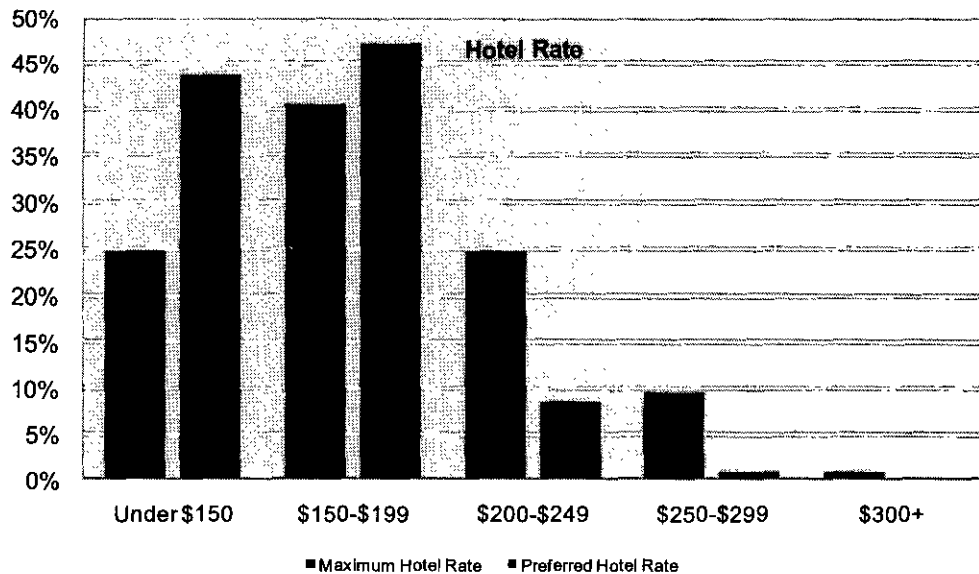
Figure 8



Source: HVS Survey

15. What is the typical hotel room rate (dollars) you consider for your events?

Figure 9

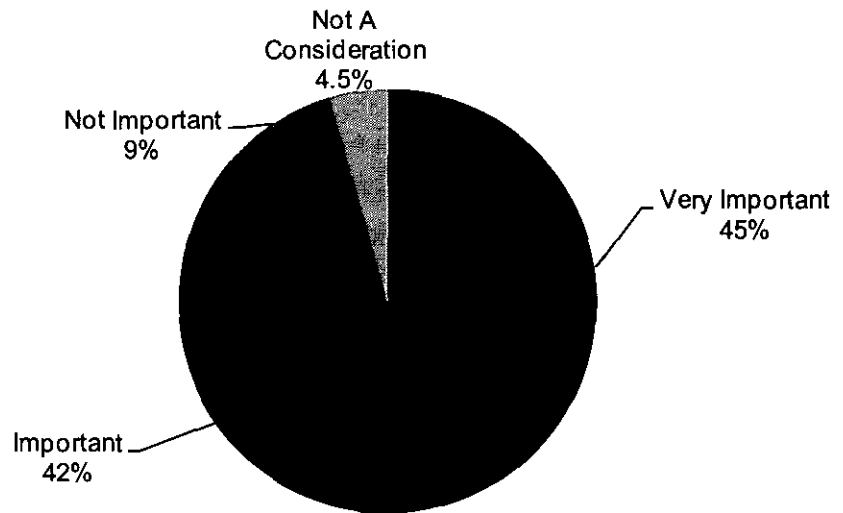


Source: HVS Survey

16. How important is it that the headquarters hotel is physically connected to the convention center where you hold your event?

Figure 10

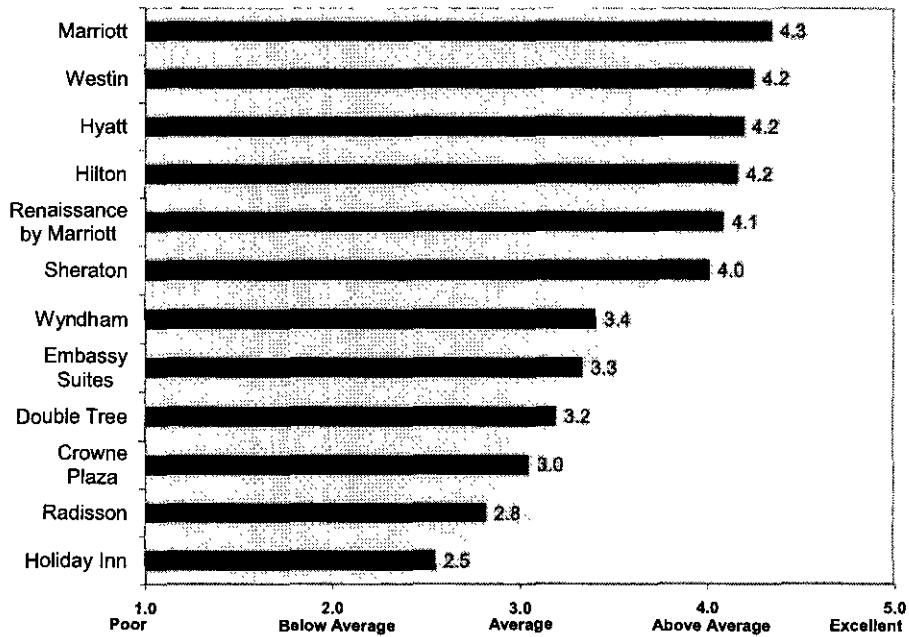
How important is it that the HQ Hotel is physically connected to the CC where you hold your event?



Source: HVS Survey

17. Please rate the following full-service hotel brands according to how attractive they would be for your event and to your membership?

Figure 11

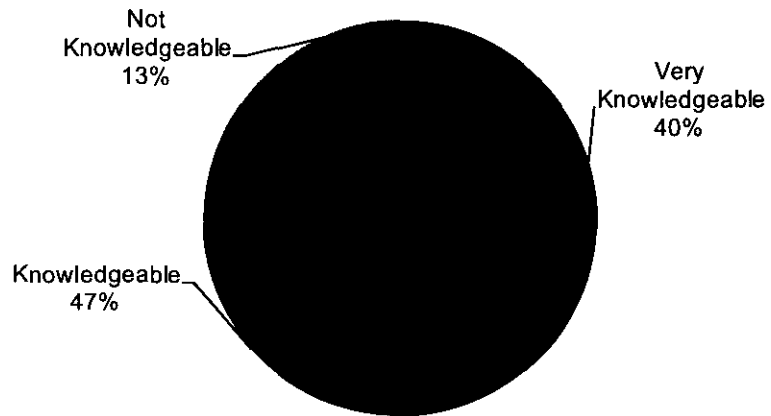


Source: HVS Survey

18. Please rate your level of knowledge regarding Nashville, Tennessee as a convention and meeting destination.

Figure 12

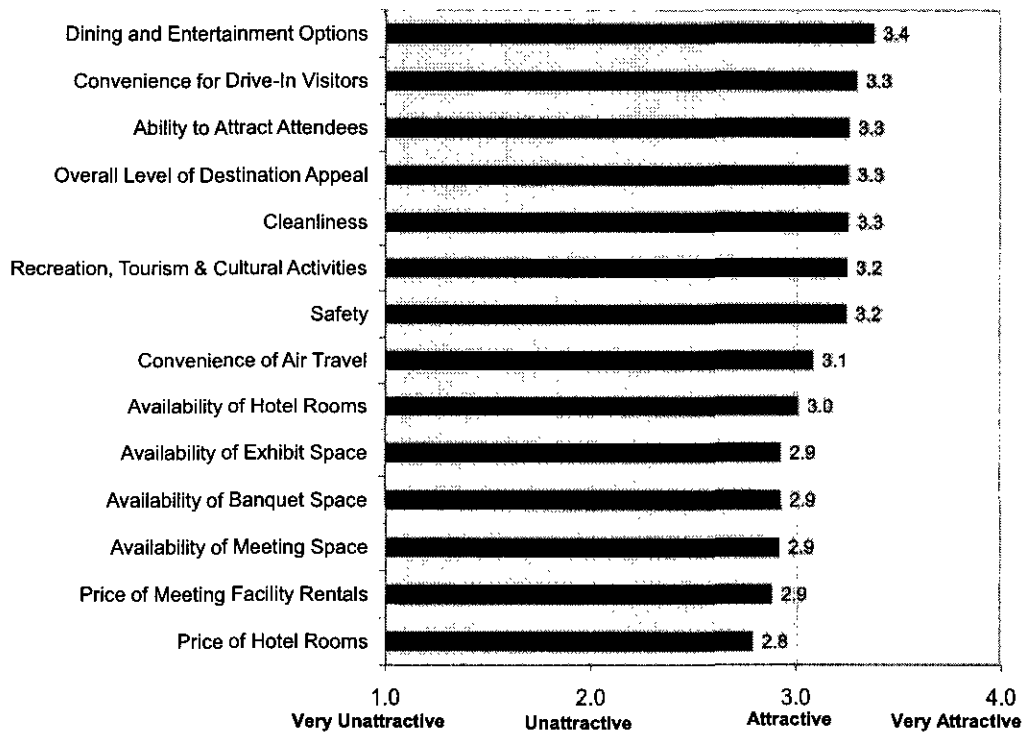
Please rate your level of knowledge regarding Nashville as a convention and meeting destination



Source: HVS Survey

19. Regardless of how well you know Nashville, please rate it on the following criteria as a location for your events relative to other cities in which you have held or may hold events.

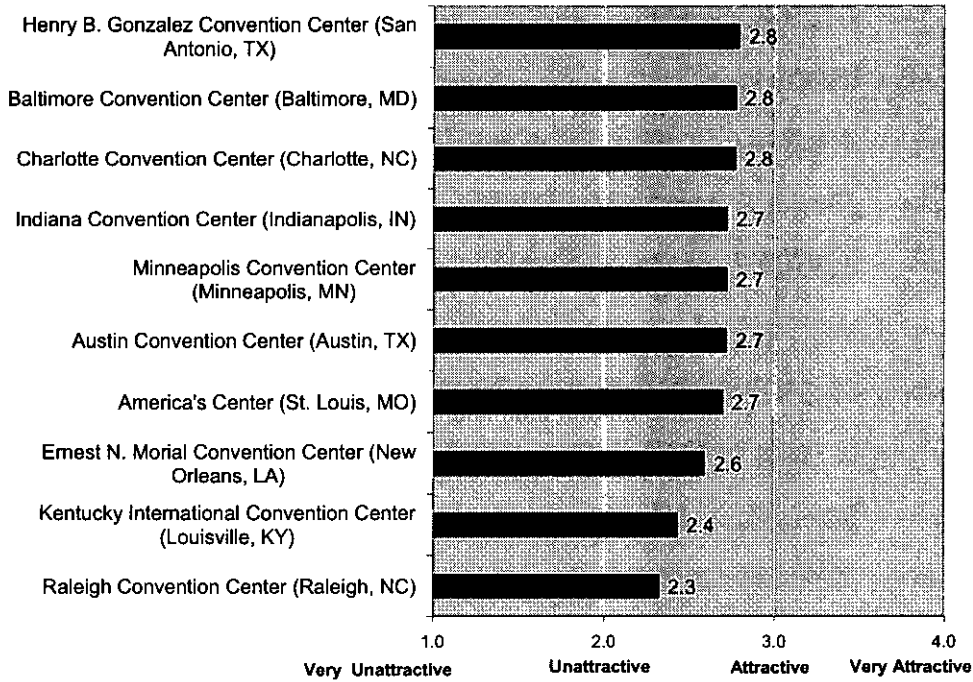
Figure 13



Source: HVS Survey

20. Please rate the overall attractiveness of the following facilities as a location for your event(s).

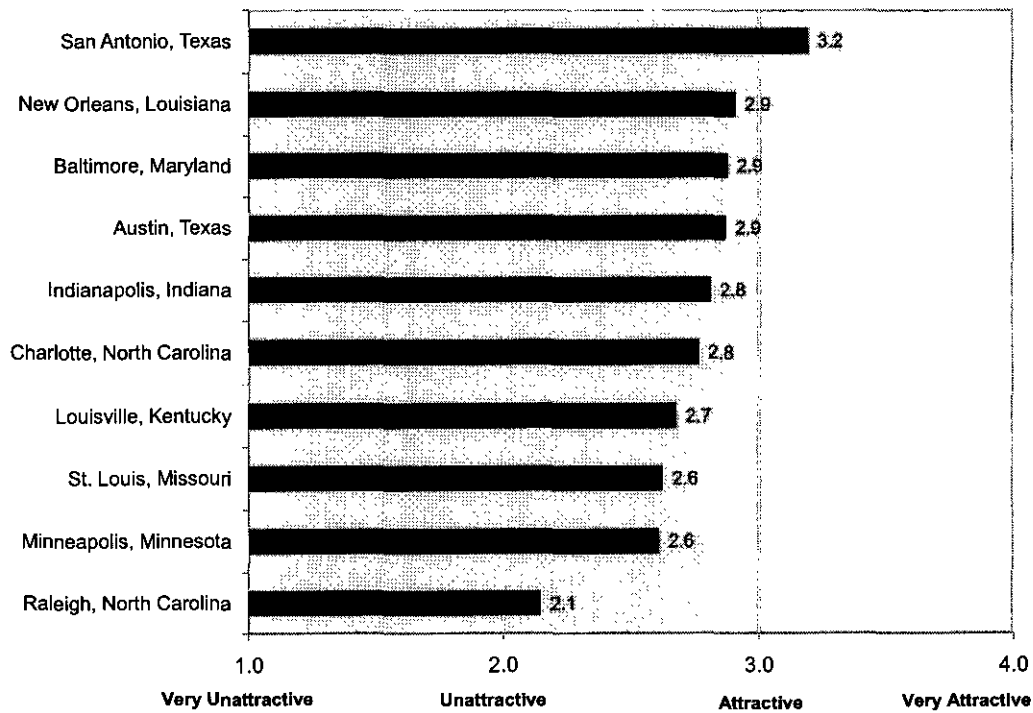
Figure 14



Source: HVS Survey

21. Please rate the overall attractiveness of the following cities as a destination for your event(s).

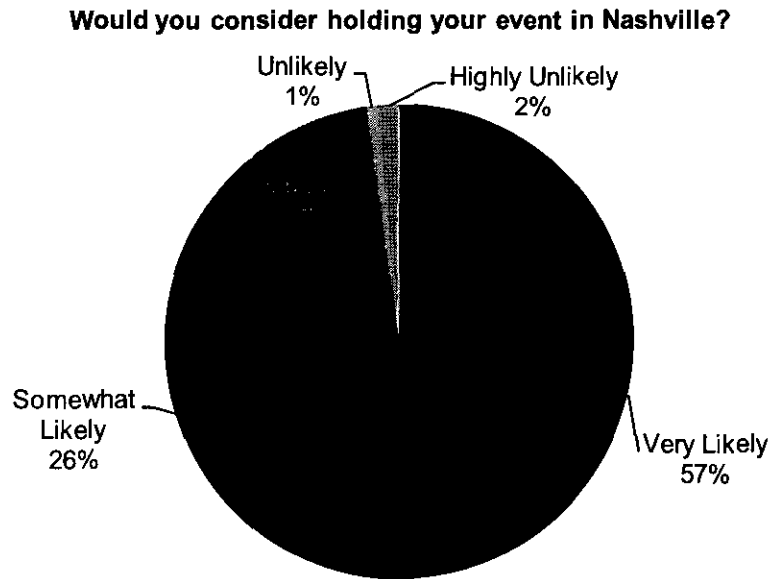
Figure 15



Source: HVS Survey

22. Would you consider holding your event in Nashville?

Figure 16

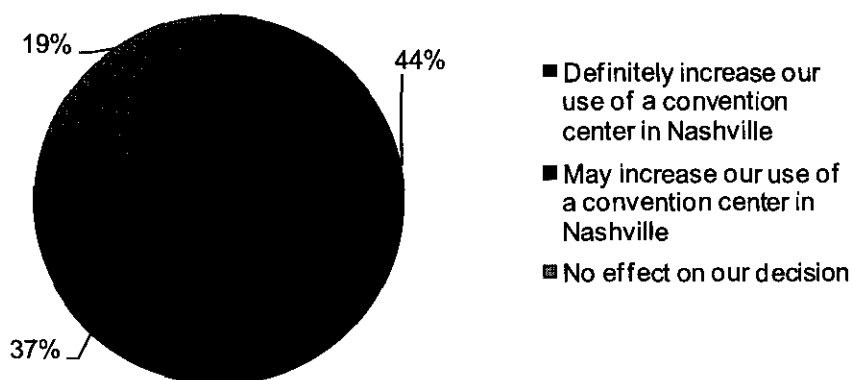


Source: HVS Survey

23. The City of Nashville is currently building a new convention center, the Music City Center, with 366,000 square feet of exhibit space, 83,000 square feet of ballroom space, and 94,000 square feet of meeting space. The new facility will have an attached Marriott Marquis Hotel with approximately 1,000 rooms. How would the new Music City Center and hotel affect your decision to host events in Nashville?

Figure 17

How would the addition of the Music City Center affect your decision to hold events in Nashville?



Source: HVS Survey

24. In your own words, please describe what you believe to be the key strengths and weaknesses of Nashville as a convention and meeting destination. Please provide any additional comments you would like to add. (Please see the following pages for strengths and weaknesses)

Appendix B: Comparable Facilities

Analysis of Comparable Facilities

HVS examined the facility programs, operations, and adjacent hotel capacities of several comparable convention facilities. Many of the facilities will compete directly for business with the proposed MCC. HVS included the following ten comparable venues in the analysis. A brief description of each facility follows the list.

- Austin Convention Center (Austin, Texas)
- Baltimore Convention Center (Baltimore, Maryland)
- Charlotte Convention Center (Charlotte, North Carolina)
- Indiana Convention Center (Indianapolis, Indiana)
- Kentucky International Convention Center (Louisville, Kentucky)
- Minneapolis Convention Center (Minneapolis, Minnesota)
- Ernest N. Morial Convention Center (New Orleans, Louisiana)
- Raleigh Convention Center (Raleigh, North Carolina)
- Henry B. Gonzalez Convention Center (San Antonio, Texas)
- America's Center (St. Louis, Missouri)

Austin Convention Center

The Austin Convention Center ("ACC") covers six city blocks in downtown Austin. The ACC opened in 2002 and replaced the Palmer Auditorium as the city's main convention center. The ACC is built from native Texas materials, including limestone and granite. Austin's Austin-Bergstrom International Airport is located eight miles from the ACC. The City of Austin owns and operates the convention center.

Level one of the ACC features a 246,097-square-foot column-free exhibit hall that divides into five sections, a 23,418-square foot ballroom, divisible into three sections, and three meeting rooms totaling 3,430 square feet. Level two offers nine meeting rooms with 5,294 square feet and five show offices. Level three features six meeting room blocks, divisible into 17 meeting rooms and a board room, totaling 18,178 square feet as well as four ballrooms totaling 43,400 square feet. Level four offers additional seven meeting room blocks that divide into 18 meeting rooms totaling 27,602 square feet.

The Austin Hilton, which opened in 2004, is located directly across the street from the ACC. It also has a large amount of meeting space, with two ballrooms and 11 meeting rooms; it offers approximately 60,000 square feet of meeting and ballroom space.

Baltimore Convention Center

The Baltimore Convention Center ("BCC") is located in downtown Baltimore two blocks from the Inner Harbor. The facility opened in 1979 and expanded in 1996. The facility is owned by the City of Baltimore and is eight miles from the Baltimore-Washington International Airport ("BWI").

The \$151 million expansion in the mid-1990s, more than doubled the meeting and exhibit hall space and added a ballroom. The facility has 50 meeting rooms totaling 85,000 square feet. Exhibit hall space totals 300,000 square feet and the ballroom totals 36,000 square feet.

The facility connects to several hotels and shopping centers via an enclosed skywalk, including the adjacent Hilton Baltimore that opened in August 2008.

Charlotte Convention Center

The Charlotte Convention Center ("CCC") opened in 1995 in downtown Charlotte. The facility is owned by the City of Charlotte and operated by the Charlotte Regional Visitors Authority (CRVA), which also manages three publicly-owned arenas and auditoriums in the City of Charlotte.

The CCC features 280,000 square feet of exhibit space, which can be divided into four separate rooms. Additionally, the facility has 46 meeting rooms totaling 90,000 square feet and a ballroom totaling 35,000 square feet. It also provides 20 covered loading docks leading to the exhibit hall.

Indiana Convention Center

The Indiana Convention Center is currently undergoing its fourth expansion since opening in 1972. The facility will occupy the former RCA Dome site and connect to the Lucas Oil Stadium. The Indiana Convention Center and Lucas Oil Stadium are operated by the Capital Improvement Board of Managers. The former Indiana Convention Center was located adjacent to where the RCA Dome stood in downtown Indiana. The convention center connects to the Westin Indianapolis with 573 rooms, and the Marriott Indianapolis with 622 rooms.

When completed, in December of 2010, the Indiana Convention Center will have five contiguous exhibit halls totaling 556,600 square feet. It will also have three ballrooms totaling 62,173 square feet, the largest at 33,335 square foot. Over two levels, the Indiana Convention Center will have 71 meeting rooms totaling 113,302 square feet.

Kentucky International Convention Center

The Kentucky International Convention Center is located in downtown Louisville, approximately 10 miles from the Louisville International Airport. Adjacent to the facility is the Marriott Louisville Downtown with 329 rooms and the Hyatt Regency Louisville with 616 rooms.

The KICC has an exhibit hall of 146,000 square feet, divisible into two sections, and a separate exhibit hall of 45,000 square feet, also divisible into two sections. It offers a ballroom of 30,000 square feet, divisible into three sections. Fifty meeting rooms total 44,226 square feet of meeting space.

Minneapolis Convention Center

The Minneapolis Convention Center sits on the southern edge of downtown Minneapolis, close to I-94 and 20 minutes from the Minneapolis-St. Paul International Airport. Climate controlled skywalks connect the facility to the Hilton Minneapolis and downtown restaurants and shopping. The facility expanded in 2002 adding 480,000 square feet of function space.

The facility has two exhibit halls: one totaling 99,000 square feet, and the second, totaling 376,000 square feet. The facility also has a ballroom of 54,500 square feet, and a ballroom of 27,522 square feet. Ninety-six meeting rooms total 80,611 square feet.

Ernest N. Morial Convention Center

The Ernest N. Memorial Convention Center ("EMCC") opened in 1985 and has undergone a series of expansions that have significantly enlarged the facility. Operated by the New Orleans Public Facility Management, the

EMCC was completely renovated in November of 2006. The EMCC is located along the Mississippi River near the French Quarter and Jackson Square and approximately one mile from the Louis Armstrong New Orleans International Airport. The Hilton New Orleans Riverside, with 1,616 rooms, sits adjacent to the EMCC.

The EMCC features 12 contiguous exhibit halls all on the first level totaling 1,068,508 square feet. The first level also offers a 30,487 square foot ballroom, divisible into two sections. The second level of the EMCC features a ballroom of 36,448 square feet, divisible into two sections and an auditorium with 4,032 seats, divisible into three sections. The second level and the third level of the EMCC offer a total of 140 meeting rooms.

The adjacent Hilton New Orleans Riverside offers 28 meeting rooms totaling roughly 25,000 square feet of meeting space, two large ballrooms of 27,009 square feet and 24,500 square feet, an exhibition center of 20,582 square feet, and three additional junior ballrooms.

Raleigh Convention Center

The Raleigh Convention Center ("RCC") opened in the summer 2008 in downtown Raleigh. Owned and operated by the City of Raleigh, this new venue replaced the former convention center which was unable to accommodate the needs of the meeting and convention demand in the city. The facility was funded by a hotel and prepared meal tax that applies to Wake County and the City of Raleigh.

The RCC has four levels with the exhibit hall on the lower level and the ballroom and meeting rooms located above. Three exhibit halls form one contiguous hall at 146,840 square feet of function space. The facility has 14 meeting rooms on the third level. The smallest meeting room has 700 square feet of meeting space, while the largest room has approximately 5,538 square feet of meeting space.

The convention center is connected to the 400-room hotel Marriot City Center. The hotel has a 9,000-square-foot ballroom and 15,000 square feet of meeting space.

Henry B. Gonzalez Convention Center

The Henry B. Gonzalez Convention Center ("HGCC") is located in the center of downtown San Antonio on the Riverwalk. It was built as part of the 1968 HemisFair but has expanded since then. The HGCC complex also features

the Lila Cockrell Theatre, and a 2,521-seat Performing Arts Theatre. The facility expanded in 2001 adding 440,000 square feet of function space. In 2007, the 1,003-room Grand Hyatt San Antonio opened adjacent to the facility, which comes in addition to its two existing adjacent hotels, the Marriott Rivercenter and the Marriott Riverwalk.

The Ballroom Level features a ballroom of 39,469, divisible into three sections. The Concourse Level offers 34 meeting rooms totaling 55,551 square feet. The Street Level features two exhibit halls that combine for 172,701 and another two exhibit halls that combine for 228,401. Also on this level is a 28,317 square foot ballroom, six meeting rooms totaling 12,318 square feet and a theatre with 2,521 seats. The River Level offers an additional 18 meeting rooms totaling 32,176 square feet.

The Marriott San Antonio Rivercenter, with 1,001 rooms, and the Marriott Riverwalk, with 512 rooms, are adjacent to the Henry B. Gonzalez Convention Center.

America's Center

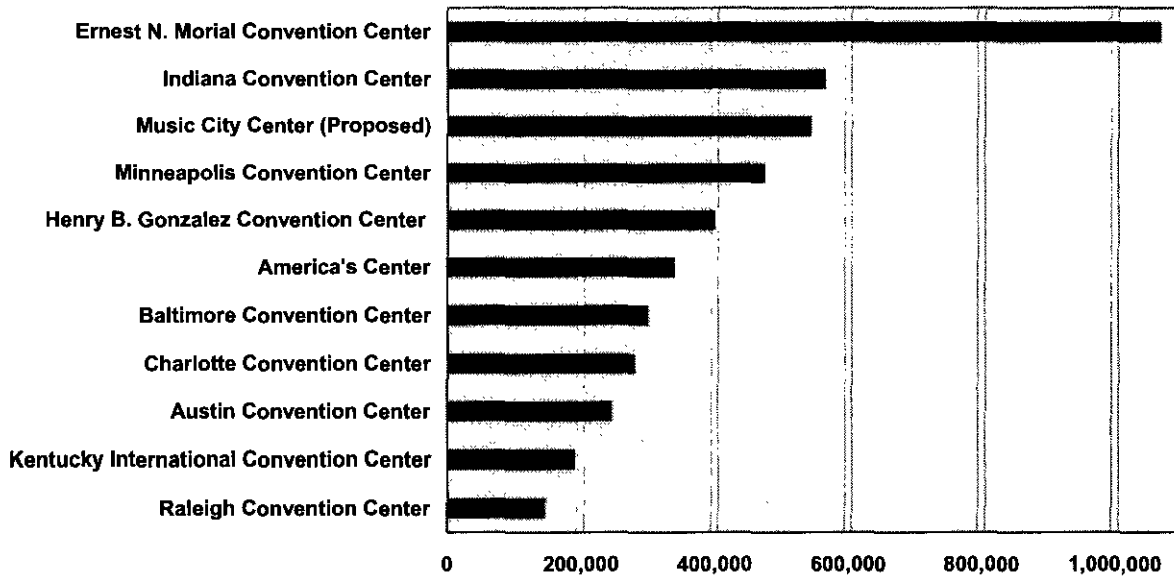
America's Center is located in downtown St. Louis, Missouri, adjacent to the Edward Jones Dome. The facility opened in 1977 as the Cervantes Convention Center. Adjacent to America's Center is the Renaissance St. Louis Grand and Suites Hotel with 1,083 guest rooms. It is approximately twelve miles from the St. Louis International Airport.

America's Center has five contiguous exhibit halls that total 340,000 square feet. It has a ballroom of 28,416 square feet, divisible into 10 sections. Eighty-three meeting rooms offer a total of 168,018 square feet of space. Additionally, America's Center has a theater of 1,411 seats.

Exhibition Space Assessment

The three primary types of spaces in a convention center are exhibition space, banquet space, and meeting room space. Exhibition space is critical for several types of events such as conventions, tradeshow, and consumer shows. The quantity of exhibition space available at convention centers generally determines the facility's capacity in terms of the number and size of exhibiting events it can accommodate. The quality of exhibition space in a venue often determines what types of groups will want to hold events there and what level rents they will be willing to pay. Figure 1 compares the exhibit space among the comparable venues.

Figure 1
Exhibition Space in Comparable Venues (In square feet)



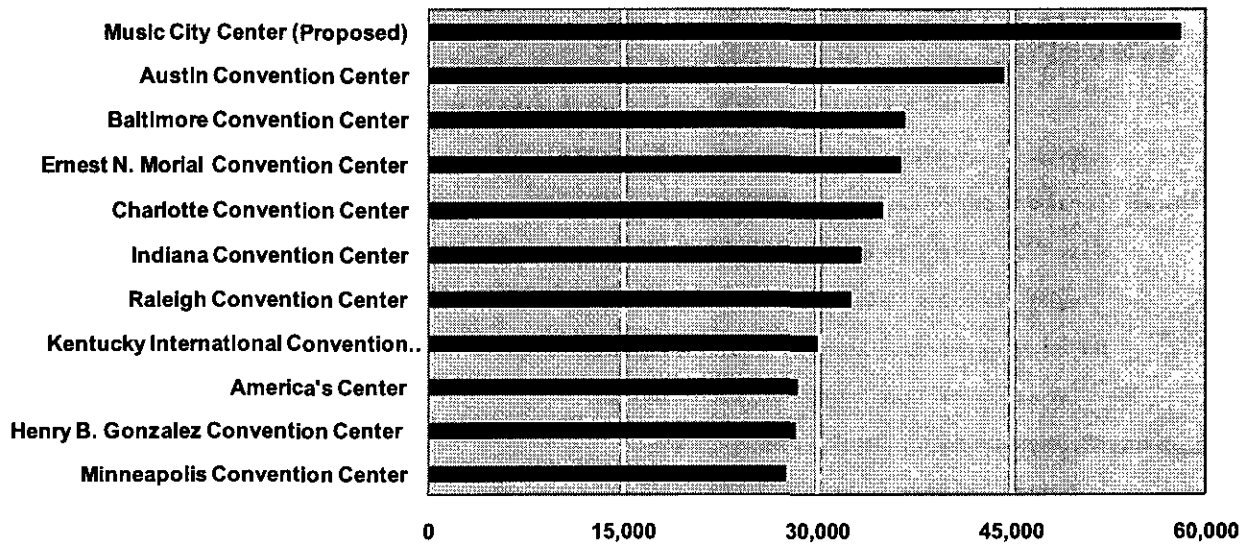
Source: Respective Facilities

The proposed Music City Center would offer the third greatest amount of exhibition space among all comparable venues. Raleigh, the smallest exhibit hall, offers 147,000 square feet while New Orleans, the largest, offers more than one million square feet of exhibit space.

Banquet Space Assessment

Banquet space has become increasingly important for convention centers during the past two decades, as facility operators have attempted to grow food service revenues at their facilities. In addition to banquets, several other types of events, such as conventions and tradeshow, typically have a dining component that uses banquet space. Figure 2 compares the venues on the amount of banquet space offered.

Figure 2
Banquet Space In Comparable Venues (square feet)



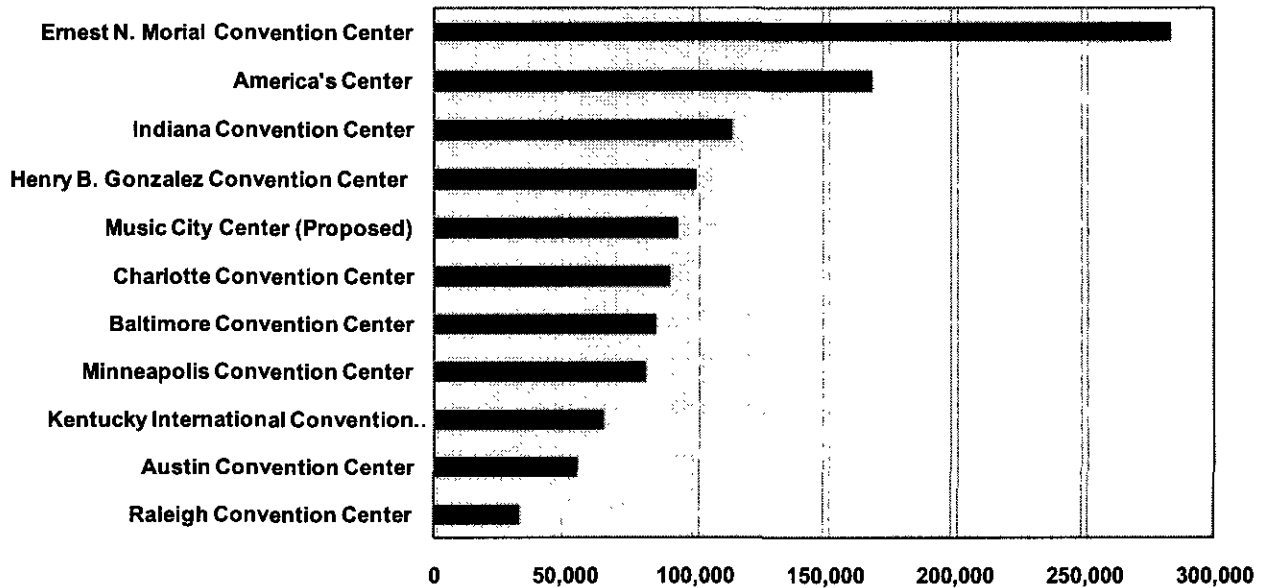
Source: Respective Facilities

The proposed Music City Center would offer, by far, the greatest amount of banquet space, with a 58,000 square foot grand ballroom.

Meeting/Breakout Spaces

Meeting rooms can accommodate sub-groups as they break out of larger events such as conventions and tradeshow. Additionally, these smaller rooms can accommodate self-contained meetings, training sessions, seminars, classes, and a variety of small meeting functions. A facility's meeting rooms are often its most frequently used function spaces. Generally, convention centers should offer meeting space that is proportionate to the amount of exhibition space available at the facility. However, the optimum amount of meeting space can vary depending on a facility's target market.

Figure 3
Meeting Space in Comparable Venues (square feet)



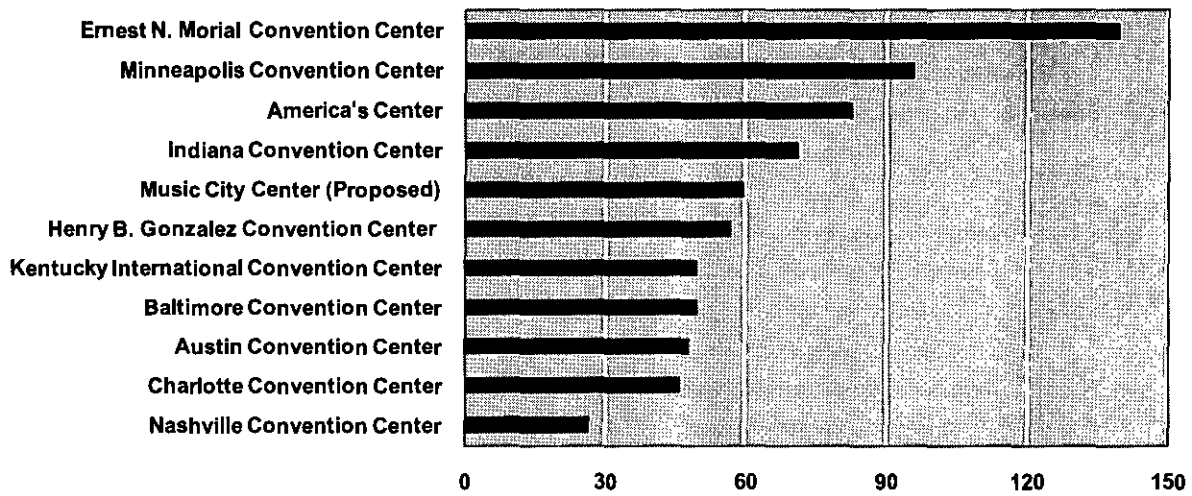
Source: Respective Facilities

The proposed Music City Center would offer a comparable amount of meeting space to many of the comparable venues. Only four venues would surpass the proposed Music City Center in total amount of meeting space.

Divisibility of Meeting/Breakout Spaces

The divisibility of meeting and banquet space is especially important for venues that serve a broad range of event types that represent different space needs. Divisibility adds flexibility in the amount of space the facility can rent, thereby allowing it to best match rented space with customer needs. Divisibility and flexibility also allow venues to serve multiple events simultaneously, thereby maximizing facility utilization.

Figure 4
Number of Breakout Rooms in Comparable Venues



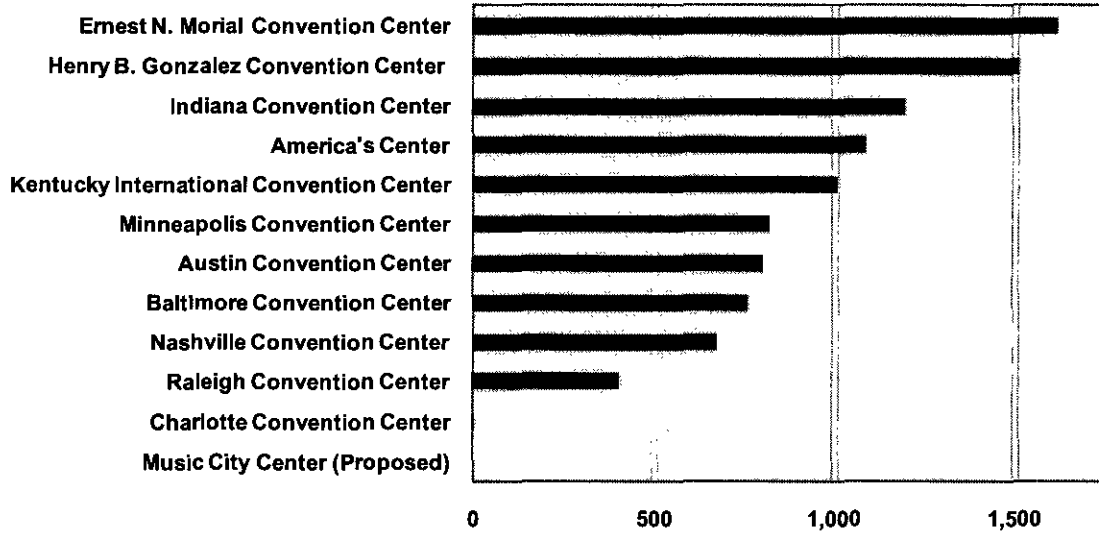
Source: Respective Facilities

The proposed Music City Center, with 60 meeting rooms, would fall towards the average number of meeting rooms offered by comparable venues. A majority of comparable venues offer between 40 and 60 meeting rooms.

Adjacent Hotel Capacity

The quality and proximity of hotel supply has increasingly become one of the more important selection factors for facility users in recent years. Generally, the number of rooms offered at one or more hotels that are adjacent or connected to the convention center is the key point of comparison.

Figure 5
Hotel Capacity Proximate to Comparable Venues



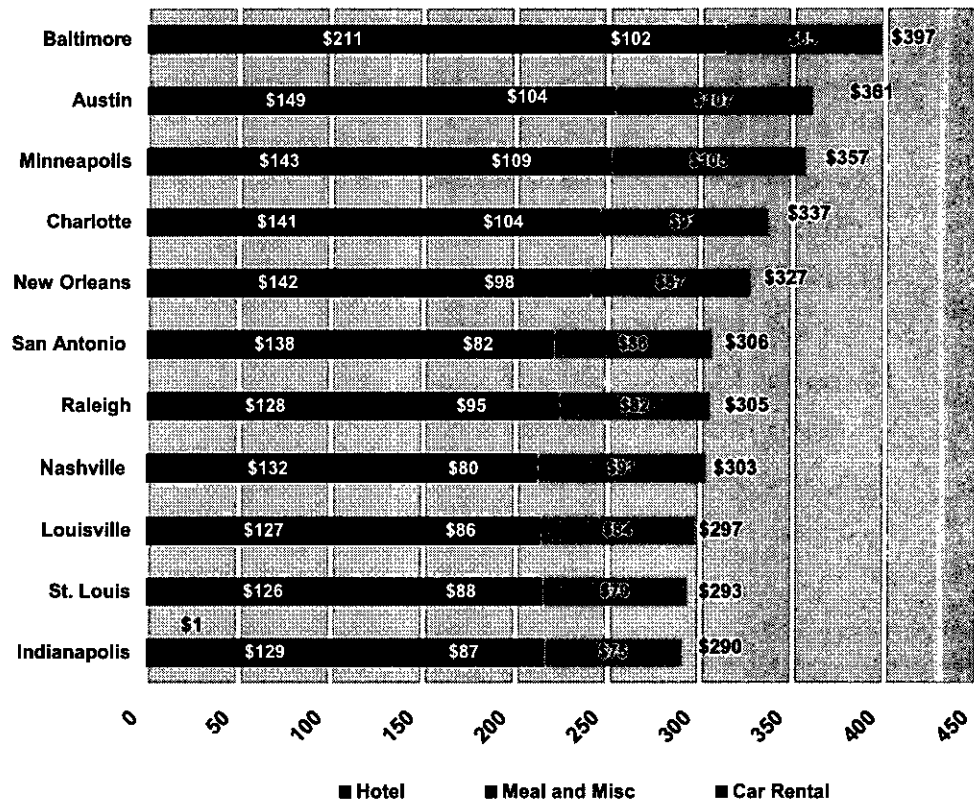
Source: Respective Facilities

Without an adjacent headquarters hotel, the proposed Music City Center would offer the fewest number of adjacent hotel rooms than all but the Charlotte Convention Center. Both the Indiana Convention Center and the Henry B. Gonzalez Convention Center have at least two connected or immediately adjacent large hotel properties.

Travel Costs

Travel costs associated with attending a convention center event can contribute to a facility's overall ability to attract delegates, exhibitors, and attendees. HVS evaluated the Corporate Index Travel's three travel expense categories that include costs associated with hotel accommodations, meals, and car rentals.

Figure 6
Comparison of Estimated Travel Costs



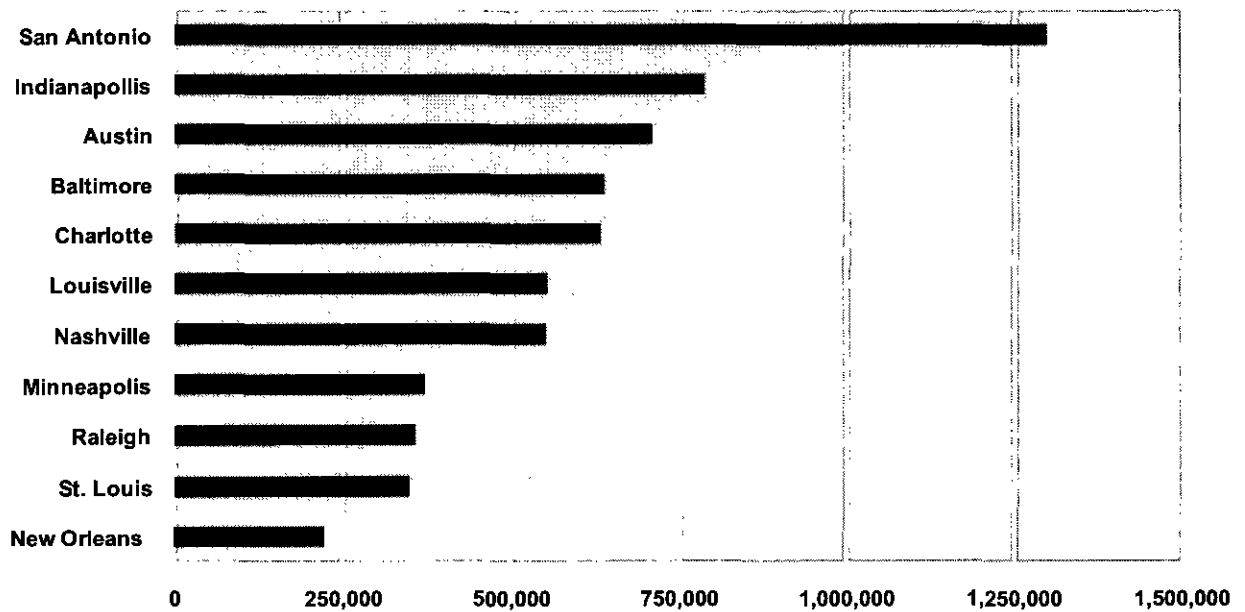
Source: Corporate Travel Index

Nashville has relatively low average travel costs in comparison to the locations of similar venues around the country. With an average total travel cost of \$303 per day, Nashville has the fourth lowest travel costs of all comparable venue locations.

Population Comparisons

Local area population data can provide evidence of a community’s overall economic size and ability to support public services and visitor amenities that are important for convention center users. Local area population data can also provide a basis for understanding demand potential for certain types of events such as locally-generated meetings, banquets, religious events, graduation ceremonies, and consumer shows.

Figure 7
Population In Comparable Cities



Source: US Census Bureau

With a 2006 estimate population of just over 550,000 people, Nashville ranks as the fifth largest city of the comparable markets.

Event Demand

HVS requested event demand from all ten comparable facilities and collected information from seven venues. HVS presents event demand by number of events and attendance at these events.

Table 1
Event Demand at Comparable Facilities

	Comp1 2008	Comp2 2009	Comp3 2009	Comp4 2008	Comp5 2008	Comp6 2007	Comp7 2009	Comp8 2008	Average of Comps
Number of Events									
Conventions & Tradeshows	106	27	54	28	53	51	41	54	52
Consumer Shows	0	20	13	11	20	35	8	23	19
Banquets	0	0	57	17	0	0	30	12	29
Meetings & Conferences	132	0	100	63	11	9	10	70	56
Assemblies	48	9	12	12	0	0	0	0	20
Concerts & Entertainment	51	0	0	0	0	0	0	0	51
Other	22	294	7	91	27	20	15	13	61
Total	377	350	243	225	111	115	104	172	212
Average Attendance									
Conventions & Tradeshows	2,679	4,199	1,112		7,073	3,088	4,145	4,931	3,890
Consumer Shows	0	7,597	10,651		9,740	9,705	37,625	5,172	13,415
Banquets	0	0	553		0	0	808	1,020	793
Meetings & Conferences	621	0	119		3,024	1,311	870	1,161	1,184
Assemblies	958	9,521	1,853		0	0	0	0	4,111
Concerts & Entertainment	2,608	0	0		0	0	0	0	2,608
Other	1,045	253	789		2,999	6,174	4,633	2,712	2,658
Overall Average	2,082	1,215	1,110	1,659	6,161	6,801	5,513	2,988	3,441
Total Attendance									
Conventions & Tradeshows	284,000	113,372	60,045		374,872	157,510	169,925	266,281	203,715
Consumer Shows	0	151,946	138,468		194,809	339,671	301,000	118,946	207,473
Banquets	0	0	31,504		0	0	24,225	12,240	22,656
Meetings & Conferences	82,000	0	11,850		33,261	11,795	8,700	81,237	38,141
Assemblies	46,000	85,692	22,235		0	0	0	0	51,309
Concerts & Entertainment	133,000	0	0		0	0	0	0	133,000
Other	23,000	74,412	5,525		80,984	123,475	69,500	35,260	58,879
Total	785,000	425,422	269,627	373,249	683,926	782,059	573,350	513,964	550,825

Source: HVS

Total events ranged from 104 to 377 at the comparable venues while attendance ranged from 373,240 to 785,000.

Appendix C: Tax Forms

Metropolitan Government of Nashville and Davidson County



**Hotel 6% Occupancy Tax
Ordinance 76-143**

Davidson County Clerk
523 Mainstream Drive
P.O. Box 196333
Nashville, TN 37219-6333

Account Number _____ Month _____, _____

Mailing name _____

Business name _____

Mailing address _____

Business address _____

City _____ St _____ Zip _____

City _____ St _____ Zip _____

Owners name _____

E-MAIL ADDRESS _____ # of rooms _____

Section 1 – Occupancy Tax

- 1. Gross Rental Receipts from Occupancy of Rooms.....\$ _____
 - 2. Less: Allowable Deductible and /or Excludable Receipts.....\$ _____
 - 3. Taxable Receipts (line 1 less line 2).....\$ _____
 - 4. Tax Due (6% of line 3).....\$ _____
 - 5. OPERATION COMPENSATION: Deduct 2% of line 4
(allowable only if return is filed and tax is paid by due date).....\$ _____
- COMPUTATION OF INTEREST AND PENALTY FOR DELINQUENT RETURN:**
- 6. Interest @ 8% per annum\$ _____
 - 7. Penalty @ 1% per month.....\$ _____
 - 8. Total Occupancy Tax Due (lines 4 less line 5 if NOT DELINQUENT; if delinquent add lines 4, 6 and 7).....\$ _____

Section 2 – City Tax

- 1. City Tax: Number of room rented per night _____ x \$2.50\$ _____

COMPUTATION OF INTEREST AND PENALTY FOR DELINQUENT RETURN:

Group A

Group B

\$2.00 Interest @ 8% per annum	\$ _____
\$2.00 Penalty @ 1% per month.....	\$ _____
Total of Group A.....	\$ _____

\$.50 Interest @ 8% per annum.....	\$ _____
\$.50 Penalty @ 1% per month.....	\$ _____
Total of Group B.....	\$ _____

- 4. Total city Tax Due (lines 1 if NOT DELINQUENT; if delinquent, add line 1 plus groups A and B).....\$ _____

PROCESSING FEE.....\$ **1.00**

TOTAL TAX DUE METROPOLITAN GOVERNMENT (Total of section 1 and 2 plus Processing fee).....\$ _____

RETURN AND REMITTANCE MUST BE IN THE OFFICE BELOW OR POSTMARKED BY THE CLOSE OF BUSINESS ON THE 20TH DAY OF THE MONTH FOLLOWING THE MONTH ON WHICH THIS REPORT IS SUBMITTED.

Make remittance payable to:
"DAVIDSON COUNTY CLERK"

Mail to: DAVIDSON COUNTY CLERK
ATTN: HOTEL TAX
P.O. BOX 196333
NASHVILLE, TN 37219-6333

Under the penalties for perjury prescribed by law, I swear (or affirm) that this return (including any related schedules, statements and/or other documents) is, to the best of my knowledge, a true, correct and complete return. Please make copy of this form for you records.

SIGNED _____ TITLE _____ DATE _____

Hotel/Motel Credit Card Form

I certify that this 6% occupancy return including any accompanying statements, has been examined by me and is to the best of my knowledge and belief, a true and complete return made in good faith for the tax period stated pursuant in the provisions of Chapter 704 of the Public Acts of 1976, implemented by Metropolitan Council Ordinance No. 76-143, provides the legal basis for the levy of the 6% occupancy tax. If prepared by anyone other than the taxpayer, this return is based upon all information of which I have any knowledge, under penalties provided by the "Return Preparer Act of 1969"

This return is for the tax period _____/_____ (mo/yr)	
Name of Hotel/Motel	
Hotel Reference/License Number	
Printed name of Hotel/Motel taxpayer	
Signature of Hotel/Motel taxpayer	
Date	
Printed name of preparer (if different from above)	
Signature of preparer	
Date	

Payment Information			
<i>Please circle one</i>		VISA	MASTERCARD
Card Number:		Exp. Date (mo/yr)	
Authorized Amount \$:		Billing Zip Code	
Name of Card			
Signature			

For assistance, please call the Davidson County Clerk's office at 615-862-6254, ext. 77158
(You are required to send in the Hotel/Motel Occupancy Tax Form with this payment)

Effective immediately a convenience fee of 2.35% of the total Hotel Tax will be assessed by the electronic processing company for credit/debit card payments received. No part of this fee goes to Metro Government.

INSTRUCTIONS

Legal Basis Of The Tax

Senate Bill No. 1964, Chapter 704 of the public Acts of 1976, implemented by Metropolitan Council Ordinance No. 76-143 provides the legal basis for the levy of the 6% occupancy tax.

Exemptions

The law provides for only two classes of exemptions. (1) A tenant who has occupied room space for thirty or more continuous days is not required to pay the tax after the thirtieth day (Residents who have already been in residency thirty days or more are exempt). (2) Local, state or federal governmental agencies, when paid by those agencies. These rules also apply to the **2.50 nightly city taxes**.

FORMS TO BE USED IN REPORTING TAX

Forms will be forwarded to you each month. Only these forms should be used in filing your return. Please do not use any other.

INTEREST AND PENALTIES

A return becomes delinquent when not paid by the 20th of the month following the month for which the report is submitted. The imposition of interest and penalties in the case of a delinquent return or in the case of willful failure or refusal to report is mandatory and there is no authority for the remission of interest and penalty. Penalties are also imposed for willful failure to collect the tax.

RECORDS

Records should be preserved for a period of three years at your principal place of business or at some other location convenient to the County Clerk or his representative and should be available at any time for inspection.

TAX TO BE SHOWN ON INVOICE

The tax should be shown always as a separate item on the invoice, or statement of charges, rendered to the tenant.

INSTRUCTIONS

Legal Basis Of The Tax

Senate Bill 1116 implemented by Metropolitan Council NO. BL 2007-1557.

Privilege Tax – Contract Vehicles Leaving the Airport

Such tax shall be imposed only upon contracted vehicles which charge customers a separate fee for transportation from the airport unless otherwise excluded. The tax shall be in the amount of Two Dollars (2.00) each time a contracted vehicle meeting the guidelines exits the airport while transporting customers from the airport located within the territory of the Metropolitan Government, but shall exclude non-commercial vehicles and equipment operated by the Metropolitan Transit Authority. The tax so imposed is a privilege tax upon the contracted vehicle exiting the airport and is to be collected and distributed provided in this article. This tax is due each time a contracted vehicle to which this section applies leaves the airport. The operator of the contracted vehicle shall be responsible for keeping accurate records to determine the amount of tax due and payable. Such information shall be transmitted daily by the operator of the contracted vehicle to a designated individual within the business organization which hired the operator of the contracted vehicle. The tax shall be remitted to the County Clerk's Office by a designated individual within such business organization not later than the 20th of each month. Taxes due and payable that are not remitted to the tax collection official on or before the due dates are delinquent. Willful refusal of a person to collect or remit the tax or willful refusal of an operator of a contracted vehicle to keep accurate records of the tax due and payable is a Class C misdemeanor.

FORMS TO BE USED IN REPORTING TAX

Forms will be forwarded to you each month. Only these forms should be used in filing your return. Please do not use any other.

INTEREST AND PENALTIES

A return becomes delinquent when not paid by the 20th of the month following the month for which the report is submitted. The imposition of interest and penalties in the case of a delinquent return or in the case of willful failure or refusal to report is mandatory and there is no authority for the remission of interest and penalty. Penalties are also imposed for willful failure to collect the tax.

RECORDS

Records should be preserved for a period of three years at your principal place of business or at some other location convenient to the County Clerk or his representative and should be available at any time for inspection.

TAX TO BE SHOWN ON INVOICE

The tax should be shown always as a separate item on the invoice, or statement of charges, rendered to the customer.

Metropolitan Government of Nashville and Davidson County



\$2.00 CONTRACTED VEHICLE TAX
Ordinance BL 2007-1557

Davidson County Clerk
 523 Mainstream Drive
 P.O. Box 196333
 Nashville, TN 37219-6333
 Tel. No. 615-862-6254
 ext. 77137

Month of _____, _____

 Mailing Name

 Mailing Address

 City St Zip Code

 Owner's Name

 Business Name

 Business Address

 City St Zip Code

 E-MAIL ADDRESS # of Vehicles

1. TOTAL NUMBER OF TRIPS EXITING AIRPORT _____ x 2.00\$ _____

COMPUTATION OF INTEREST AND PENALTY FOR DELINQUENT RETURN:

2. INTEREST @ 8% PER ANNUM\$ _____
 3. PENALTY @ 1% PER MONTH\$ _____
 4. TOTAL INTEREST & PENALTY (LINES 2 & 3).....\$ _____
 5. PROCESSING FEE\$ **1.00**
 6. TOTAL TAX DUE METROPOLITAN GOVERNMENT
 (TOTAL FROM LINE 1 PLUS 5 IF NOT DELINQUENT;
 IF DELINQUENT, LINES 1 PLUS 4 & 5).....\$ _____

RETURN AND REMITTANCE MUST BE IN THE OFFICE BELOW OR POSTMARKED BY THE CLOSE OF BUSINESS ON THE 20TH DAY OF THE MONTH FOLLOWING THE MONTH ON WHICH THIS REPORT IS SUBMITTED:

Make Remittance Payable To:
"DAVIDSON COUNTY CLERK"

Forward WITH Return To:
 DAVIDSON COUNTY CLERK
 ATTN: CONVENTION CENTER TAX
 523 MAINSTREAM DRIVE
 P.O. BOX 196333
 NASHVILLE, TN 37219-6333

Under the penalties for perjury prescribed by law, I swear (or affirm) that this return (including any related schedules, statements and/or other documents) is, to the best of my belief and knowledge, a true, correct and complete return.

Signed _____ Title _____ Date _____

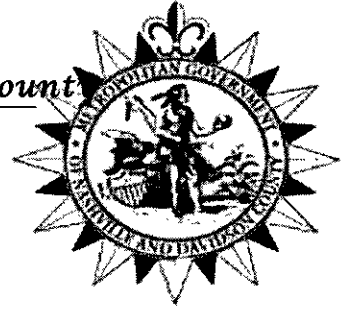
PLEASE MAKE COPY OF THIS FORM TO KEEP FOR YOUR RECORDS

Metropolitan Government of Nashville and Davidson County

**1% Rental Vehicle Surcharge
Ordinance BL-2007-1557**

Davidson County Clerk
523 Mainstream Drive
P.O. Box 196333
Nashville, TN 37219-6333

Tel. No. 615-862-6254
ext. 77131



Month of _____, _____

Mailing Name _____

Business Name _____

Mailing Address _____

Business Address _____

City _____ St _____ Zip Code _____

City _____ St _____ Zip Code _____

Owner's Name _____

E-MAIL ADDRESS _____ # of Vehicles Rented _____

- 1. Gross Rental Receipts from Vehicle Rentals.....\$ _____
- 2. Less: Allowable Deductible and /or Excludable Receipts\$ _____
- 3. Taxable Receipts (line 1 less line 2)\$ _____
- 4. Tax Due (1% of line 3).....\$ _____

COMPUTATION OF INTEREST AND PENALTY FOR DELINQUENT RETURN:

- 5. Interest @ 8% per annum\$ _____
- 6. Penalty @ 1% per month\$ _____
- 7. Total Interest and Penalty (add lines 5 & 6).....\$ _____
- 8. PROCESSING FEE.....\$ **1.00**
- 9. TOTAL TAX DUE METROPOLITAN GOVERNMENT
(Total from line 4 plus 8 if NOT DELINQUENT;
If delinquent, line 4 plus line 7 & 8).....\$ _____

RETURN AND REMITTANCE MUST BE IN THE OFFICE BELOW OR POSTMARKED BY THE CLOSE OF BUSINESS ON THE 20TH DAY OF THE MONTH FOLLOWING THE MONTH ON WHICH THIS REPORT IS SUBMITTED:

Make Remittance Payable To:
"DAVIDSON COUNTY CLERK"

Forward WITH Return To:
DAVIDSON COUNTY CLERK
ATTN: CONVENTION CENTER TAX
523 MAINSTREAM DRIVE
P.O. BOX 196333
NASHVILLE, TN 37219-6333

Under the penalties for perjury prescribed by law, I swear (or affirm) that this return (including any related schedules, statement and/or other document) is, to the best of my belief and knowledge, a true, correct and complete return.

Signed _____ Title _____ Date _____

PLEASE MAKE COPY OF THIS FORM FOR YOUR RECORDS

INSTRUCTIONS

Legal Basis Of The Tax

Senate Bill 1116 implemented by Metropolitan Council NO. BL 2007-1557.

Exemptions

Surcharge or tax will not apply to any automobile rented as a replacement vehicle, the cost of which is covered by insurance or by a business that rents a truck or trailer for the purpose of transporting goods, or by any individual or business that rents a vehicle as a replacement while the renters vehicle is being repaired, replaced or serviced; provided further, that the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice or signs a statement under penalty of perjury that the lease or rental of the vehicle is used as a replacement for a vehicle that is being repaired, replaced or serviced. The surcharge or tax shall not apply to any vehicle rental transaction in which an entity whose principal business activity is the sale or service of new and used motor vehicles is the renter. This tax do not apply to the rental of motor vehicles to a church, or the rental of motor vehicles to a nonprofit religious organization that has received a determination of exemption from the internal revenue service under 501(c)(3) of the Internal Revenue Code and is currently operating under it.

FORMS TO BE USED IN REPORTING TAX

Forms will be forwarded to you each month. Only these forms should be used in filing your return. Please do not use any other.

INTEREST AND PENALTIES

A return becomes delinquent when not paid by the 20th of the month following the month for which the report is submitted. The imposition of interest and penalties in the case of a delinquent return or in the case of willful failure or refusal to report is mandatory and there is no authority for the remission of interest and penalty. Penalties are also imposed for willful failure to collect the tax.

RECORDS

Records should be preserved for a period of three years at your principal place of business or at some other location convenient to the County Clerk or his representative and should be available at any time for inspection.

TAX TO BE SHOWN ON INVOICE

The tax should be shown always as a separate item on the invoice, or statement of charges, rendered to the customer.

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APPENDIX E

ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 2009, together with the independent auditors' report from KPMG LLP, are available through the website of the Metropolitan Government's Department of Finance at www.nashville.gov/finance/investor-relations/investor_relations.asp, and are hereby incorporated by reference as part of this Appendix E as if such Financial Statements were fully set forth herein. 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.

KPMG LLP, the Metropolitan Government's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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APPENDIX F

SUPPLEMENTAL INFORMATION REGARDING THE METROPOLITAN GOVERNMENT

General Fund History

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND (1)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2009	2008	2007	2006	2005
REVENUES:					
Property taxes	\$ 435,605,556	\$ 427,679,185	\$ 434,593,970	\$ 444,304,982	\$ 343,535,141
Local option sales tax	86,346,221	94,605,207	94,234,544	89,795,510	82,674,673
Other taxes, licenses and permits	98,494,812	107,221,918	100,085,098	99,976,969	83,687,713
Fines, forfeits and penalties	13,325,113	13,323,712	14,100,396	13,841,149	12,029,361
Revenue from use of money of property	1,053,155	2,351,064	2,770,783	1,317,882	1,014,952
Revenue from other governmental agencies	89,947,232	92,509,134	87,945,024	79,624,370	75,677,714
Commissions and fees	16,599,245	29,070,315	26,156,439	21,261,179	21,072,982
Charges for current services	29,213,374	29,704,119	27,264,419	23,794,003	24,790,131
Compensation for loss, sale or damage to property	314,660	377,878	611,348	634,143	550,470
Contributions and gifts	604,355	690,744	669,329	543,390	667,940
Miscellaneous	1,615,211	1,520,969	1,414,910	1,186,236	996,206
Total Revenues	773,118,934	799,054,245	789,846,260	776,279,813	646,697,283
EXPENDITURES					
General Government	26,623,136	24,331,909	23,583,082	21,470,893	21,673,982
Fiscal Administration	24,112,437	16,472,712	15,777,516	14,578,459	14,180,153
Administration of Justice	56,871,162	65,699,378	63,883,484	58,621,082	53,751,204
Law enforcement and care of prisoners	211,373,327	222,550,295	210,992,633	193,586,575	180,815,275
Fire prevention and control	107,034,837	119,648,604	112,717,674	100,684,959	95,045,746
Regulation and inspection	7,951,586	8,581,612	8,351,652	7,879,011	7,216,063
Conservation of natural resources	407,442	456,284	444,857	421,822	352,566
Public welfare	7,460,432	8,368,409	9,059,595	8,134,531	10,453,774
Public health and hospitals	83,419,885	85,557,855	85,715,255	129,089,250	58,920,291
Public library system	19,891,826	21,830,610	20,988,942	20,379,979	18,527,933
Public works, highway, and street	33,787,255	37,832,716	36,583,000	31,099,675	30,517,816
Recreational and cultural	35,539,361	38,852,055	36,748,546	32,931,787	31,203,549
Employee benefits	62,420,127	61,100,542	59,012,395	56,369,642	55,012,329
Miscellaneous	40,260,803	44,480,259	51,967,639	46,968,961	34,130,499
Total Expenditures	717,153,616	755,763,240	735,826,270	722,216,626	611,801,180
Excess (Deficiency) of revenues over expenditures	55,965,318	43,291,005	54,019,990	54,063,187	34,896,103
OTHER FINANCING SOURCES (USES)					
Transfers in	21,859,528	16,696,087	15,850,393	16,501,209	16,570,634
Transfers out	(61,216,302)	(57,455,113)	(56,218,467)	(60,907,145)	(50,375,689)
Total Other Financing Sources (Uses)	(39,356,774)	(40,759,026)	(40,368,074)	(44,405,936)	(33,805,055)
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,608,544	2,531,979	13,651,916	9,657,251	1,091,048
FUND BALANCE, beginning of year	63,117,973	60,585,994	46,934,078	37,276,827	36,185,779
FUND BALANCE, end of year	\$ 79,726,517	\$ 63,117,973	\$ 60,585,994	\$ 46,934,078	\$ 37,276,827

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

Statistical Demographic Information

Potential investors should refer to Section 2 of the HVS Market Study included in this Official Statement as Appendix D for statistical information regarding the Metropolitan Government, including:

- Population Growth
- Income Growth
- Historical Employment and Unemployment
- Employment by Industry
- Major Employers

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.

Investment and Job Creation

In the past two years, the Nashville Area Chamber of Commerce announced some 203 business relocations or expansions into the Nashville Metropolitan Statistical Area (the "MSA"), collectively bringing 16,911 new jobs to the Metro area. The capital investment for these projects totaled \$3.2 billion. 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 five years, many sizable headquarters have relocated to Nashville. Asurion, which provides enhanced services to the wireless telecommunications industry, relocated from Silicon Valley in May 2003, adding 600 jobs to Nashville's employment base. Aegis Sciences, a provider of scientific services and programs, relocated its headquarters to Nashville. Quanta is the world's largest manufacturer of notebook computers and brought 500 new jobs with their initial move. Louisiana-Pacific Corporation, which manufactures building products, relocated its headquarters to downtown Nashville after 30 years in Portland, OR. The move created 225-plus jobs. Clarcor, Inc., a manufacturer of filtration products with a market cap of \$1.1 billion, relocated its corporate headquarters to the Nashville area from Rockford, Ill, creating up to 75 executive positions. Actus Lend Lease moved its military housing operations company from Napa Valley to Nashville in January 2005. Great American Country also relocated in 2005, bringing their headquarters from Denver to Music Row. The Fraternal Order of Police constructed a new 20,000 square-foot facility in Nashville's Century City to house headquarter operations. Nissan North America relocated corporate operations to Middle Tennessee in June 2006, temporarily moving into downtown Nashville before settling into a new campus in Cool Springs in 2008. The Barbershop Harmony Society, founded in 1938, is the largest all-male singing organization with 30,000 members. The Society has renovated a 36,000 square foot building to house the nonprofit association's international headquarters.

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 2009-2010 school year, Nashville has

139 public schools, with over 77,400 students and over 5,700 teachers. In addition, there are 75 independent schools, which are attended by over 27,800 students from pre-kindergarten through 12th grade.

The Metropolitan Board of Education, consisting of 9 members, administers the school system. Davidson County 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 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.

Manufacturing

As of June 2008, an average of 73,700 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.

Currently, Nashville MSA's largest manufacturing employer is Nissan Motor Manufacturing Corp. U.S.A. in Smyrna, Electrolux Home Products in Springfield, Bridgestone-Firestone Inc. in La Vergne, and Tyson Foods Inc. in Goodlettsville.

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 retail sales of over \$27.0 billion. Major regional shopping centers register more than \$3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. Outside the Nashville downtown area there are five major shopping centers, four of which are enclosed malls, and 60 smaller shopping complexes.

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 Custom 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 to Nashville, approximately 32 miles, known as the Music City Star commenced transportation services in 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.

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:

- 900,000-square-foot terminal
- 45 gates and 15 commuter aircraft parking positions
- Up to 78 commuter aircraft parking positions on 4,500 acres
- Four runways
- Ranked sixth in the nation of airports its size in customer satisfaction in 2008 by J.D. Power and Associates
- Between 8.9 million and 9.9 million passengers a year
- \$1.18 billion in wages and more than 39,700 jobs annually
- 76,000-plus tons of cargo in 2008
- Serving 74 markets; 47 nonstop (11/09)
- 375 daily flights (11/09)

The Metropolitan Nashville 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.

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 trolley cars in the downtown area for shoppers, tourists and downtown workers.

Construction

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

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations		Other (1)		Total
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Permit Value
	1999	2,686	508,776,654	1,206	697,396,351	4,740	397,754,933	1,455	18,187,549
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778	1,272	11,960,044	1,322,948,024
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779	1,179	14,962,413	1,227,397,114
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860	1,433	20,029,867	1,076,007,515
2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647	1,222	20,013,372	1,193,138,429
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279	1,291	23,195,687	1,429,128,397
2005	3,794	747,525,151	865	428,627,829	4,431	462,950,966	1,434	24,073,860	1,663,177,806
2006	3,801	758,964,847	620	503,077,069	5,094	553,177,902	1,422	15,722,367	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	1,756,511,884
2008	4,361	412,842,242	489	408,945,106	3,597	460,743,268	858	21,723,839	1,304,254,455
2009	3,149	318,357,857	495	375,074,904	1,913	205,828,855	1730	14,464,364	913,725,980

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

Source: Metropolitan Government Department of Code Administration

Of the seven major areas of office development in Nashville, the Central Business District ("CBD") is by far the largest, with approximately 7 million square feet of leasable space. The CBD saw a year-to-date net absorption of 49,000 square feet of space as of the third quarter of 2007. Office vacancy in the CBD at the end of the third quarter of 2007 was 10.8%, about the same level as the previous year. The CBD has had new office construction recently. SunTrust Plaza, a new 338,000 square foot office building adjacent to the Ryman Auditorium, was 85% leased in December 2007. The Pinnacle at Symphony Place (29-stories, 530,000 square feet) opened in December 2009. The building is anchored by the Bass, Berry & Sims law firm and more than half is already leased.

Tourism

Tourism is a major industry in Nashville. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville in 2008 and they spent approximately \$3.9 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the city's success.

The Country Music Hall of Fame opened in downtown Nashville in May, 2001. The \$37 million facility is a striking architectural statement featuring music related icons both outside and inside the building. From a distance, the front façade of the building looks like a piano keyboard. The shape of the building is that of the musical notation

for a bass clef. The conservatory entrance is available for after-hour events and spaces of varying sizes offer attractive event spaces. The Hall of Fame features live entertainment daily with musical instruments demonstrations, songwriting sessions, and performances each day at lunch.

Each year, the Country Music Association coordinates 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 each year since then, with average estimates at 124,000 attendees annually. The last three years CBS or ABC has broadcast a two-hour show of highlights with Nashville featured as much as the music.

Opry Mills is 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a multi-theater complex, an IMAX theater and Gibson Guitars Bluegrass instrument factory where visitors can see luthiers hand-crafting mandolins. The mall hosts more than 12 million visits annually.

The downtown entertainment district features the Hard Rock Café, and the Wild Horse Saloon. The Ryman Auditorium (2,200 seats), the original and sometimes current home of the Grand Ole Opry, is known for outstanding acoustics. The Ryman has become a venue of choice by entertainers visiting Nashville and has twice been named Pollstar Magazines venue of the year for the United States. A three 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 feature "no-cover-charge" live bands performing 15 hours a day, 7 days a week. The close proximity of the Bridgestone Arena (20,000 seats) and the LP Stadium to this entertainment district assures good crowds on event days.

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 either at the Ryman Auditorium or in a 4,400 seat theater in the Gaylord Opryland complex a few miles from downtown. Each show features 10 to 20 acts or performers, is delightfully unrehearsed and draws fans from around the world.

The Bridgestone Arena opened in December 1996 and has hosted more than 12 million guests. It has become Nashville's No. 1 venue for large-scale musical productions. Seating capacity is approximately 20,000 for concerts, 19,395 for basketball and 17,113 for Nashville Predators games. The Arena is home of the Nashville Predators, the NHL's 27th franchise team with its first season beginning in October, 1998.

The Tennessee NFL Stadium, opened in 1999 and now named LP Field, is the home of the 1999 AFC Champion and 2002 and 2008 AFC South Division Champion Tennessee Titans, as well as the 1999 OVC Champion Tennessee State University Tigers. Now in its eleventh year of operation, 100% of Titans season ticket packages are sold, and the Titans have played every game since the facility opened in front of a sell-out crowd. The Stadium seats slightly fewer than 69,000 fans.

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 Tennessee Performing Arts Center, a State facility in Downtown Nashville, contains a 2,442-seat concert hall, a 1,054 seat theater and a 300 seat flexible theater.

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

The Parthenon is a full-scale replica of the original 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.

Medical and Cultural Facilities

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

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

A new downtown main library, with over 280,000 square feet, opened in the spring of 2001. With the downtown public library, its 20 community branches, the Vanderbilt University Library, and the libraries of other schools, Nashville offers a wide range of books and other materials for instruction, research and innovation.

The Schermerhorn Symphony Center, named in honor of the late Maestro Kenneth Schermerhorn who led the Nashville Symphony for 22 years, opened in September 2006. Home to the critically acclaimed Nashville Symphony, the Schermerhorn Symphony Center plays host to more than 100 classical, pops, and special concert events each season. In addition, the Nashville Symphony presents recitals, choral concerts, cabaret, jazz, and world music events. With the Schermerhorn Symphony Center's debut, the Tennessee Performing Arts Center is now able to feature a multitude of additional cultural events each year.

The Frist Center for the Visual Arts opened in the spring of 2001 in Nashville's historic downtown post office building. A public-private partnership between the Metropolitan Government, the Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the 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 intend to build a permanent art collection but will instead place special emphasis on education, arts-related programs for the school children of Nashville, and community outreach. The Center will give Nashville the ability to host significant art shows that have not exhibited here in the past.

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APPENDIX G

FORMS OF BOND COUNSEL OPINIONS

(Form of Opinion of Bond Counsel – Series 2010A Tax-Exempt Bonds)

Bass, Berry & Sims PLC

150 3rd Avenue South, Suite 2800

Nashville, Tennessee 37201

(Dated Closing Date)

We have acted as bond counsel in connection with the issuance by The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer") of \$51,730,000 in aggregate principal of its Tourism Tax Revenue Bonds, Series 2010A-1, dated the date hereof (the "Bonds"). The Bonds are issued pursuant to an Indenture of Trust, dated as of April 1, 2010 (the "Indenture"), between the Issuer and U.S. Bank National Association, Nashville, Tennessee, as trustee (the "Trustee").

The Issuer, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") and The Metropolitan Development and Housing Agency of the Metropolitan Government are party to an Intergovernmental Project Agreement dated as of February 1, 2010 (the "Intergovernmental Agreement"), pursuant to which the Metropolitan Government has, among other things, agreed to make available to the Trustee the Tourism Tax Revenues (as defined in the Indenture).

The Issuer has authorized the issuance and sale of the Bonds and the execution and delivery of the Indenture and the Intergovernmental Agreement pursuant to a resolution of the Board of Directors of the Issuer adopted on January 7, 2010 (the "Issuer Resolution"). The Metropolitan Government authorized the execution and delivery of the Intergovernmental Agreement pursuant to Resolution RS2010-1088 of the Metropolitan Council of the Metropolitan Government, adopted on January 19, 2010 (the "Metro Resolution").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation. Reference is hereby made to the opinions of even date of the counsel to the Issuer and the Metropolitan Government, with respect, among other matters, to the corporate existence of the Issuer and the Metropolitan Government; to the proceedings of the Issuer relating to the authorization, execution and delivery of the Bonds and the Indenture; and to the proceedings of the Metropolitan Government and the Issuer relating to the approval of the issuance of the Bonds and the authorization, execution and delivery of the Indenture and Intergovernmental Agreement.

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture.

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

1. The Issuer is duly created and validly existing as a public nonprofit corporation and public instrumentality of the Metropolitan Government, organized and existing under the laws of the State of Tennessee, with the corporate power to enter into and perform under the Indenture and the Intergovernmental Agreement and to issue the Bonds.
2. The Issuer Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is effective to authorize the issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture and the Intergovernmental Agreement.
3. The Metro Resolution has been duly and lawfully adopted by the Metropolitan Government, is in full force and effect and is effective to approve the execution and delivery by the Metropolitan Government of the Intergovernmental Agreement.
4. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms. The Indenture is effective to assign in trust to the Trustee all of Issuer's right, title and interest in and to the Trust Estate (as defined in the Indenture). The Indenture creates a valid, perfected pledge and lien for the benefit of the Trustee on the Trust Estate (as defined in the Indenture), on a parity and equality of lien with holders of the Issuer's outstanding Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment) (the "2010A Taxable Bonds").

5. The Intergovernmental Agreement has been duly authorized, executed and delivered by the Metropolitan Government and constitutes a valid and binding obligation of the Metropolitan Government enforceable against the Metropolitan Government in accordance with its terms.

6. The Bonds have been duly and validly authorized, executed and issued in accordance with the Constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer payable solely from the Trust Estate, on a parity and equality of lien with the 2010A Taxable Bonds.

7. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) 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. The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies 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. The Issuer has covenanted to comply with all such requirements. 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.

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Issuer 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. Further, we express no opinion regarding the tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BASS, BERRY & SIMS PLC

(Form of Opinion of Bond Counsel – Series 2010A Taxable Bonds)

Bass, Berry & Sims PLC

150 3rd Avenue South, Suite 2800

Nashville, Tennessee 37201

(Dated Closing Date)

We have acted as bond counsel in connection with the issuance by The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer") of \$152,395,000 in aggregate principal of its Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment), dated the date hereof (the "Bonds"). The Bonds are issued pursuant to an Indenture of Trust, dated as of April 1, 2010 (the "Indenture"), between the Issuer and U.S. Bank National Association, Nashville, Tennessee, as trustee (the "Trustee").

The Issuer, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") and The Metropolitan Development and Housing Agency of the Metropolitan Government are party to an Intergovernmental Project Agreement dated as of February 1, 2010 (the "Intergovernmental Agreement"), pursuant to which the Metropolitan Government has, among other things, agreed to make available to the Trustee the Tourism Tax Revenues (as defined in the Indenture).

The Issuer has authorized the issuance and sale of the Bonds and the execution and delivery of the Indenture and the Intergovernmental Agreement pursuant to a resolution of the Board of Directors of the Issuer adopted on January 7, 2010 (the "Issuer Resolution"). The Metropolitan Government authorized the execution and delivery of the Intergovernmental Agreement pursuant to Resolution RS2010-1088 of the Metropolitan Council of the Metropolitan Government, adopted on January 19, 2010 (the "Metro Resolution").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation. Reference is hereby made to the opinions of even date of the counsel to the Issuer and the Metropolitan Government, with respect, among other matters, to the corporate existence of the Issuer and the Metropolitan Government; to the proceedings of the Issuer relating to the authorization, execution and delivery of the Bonds and the Indenture; and to the proceedings of the Metropolitan Government and the Issuer relating to the approval of the issuance of the Bonds and the authorization, execution and delivery of the Indenture and Intergovernmental Agreement.

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture.

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

1. The Issuer is duly created and validly existing as a public nonprofit corporation and public instrumentality of the Metropolitan Government, organized and existing under the laws of the State of Tennessee, with the corporate power to enter into and perform under the Indenture and the Intergovernmental Agreement and to issue the Bonds.
2. The Issuer Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is effective to authorize the issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture and the Intergovernmental Agreement.
3. The Metro Resolution has been duly and lawfully adopted by the Metropolitan Government, is in full force and effect and is effective to approve the execution and delivery by the Metropolitan Government of the Intergovernmental Agreement.
4. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms. The Indenture is effective to assign in trust to the Trustee all of Issuer's right, title and interest in and to the Trust Estate (as defined in the Indenture). The Indenture creates a valid, perfected pledge and lien for the benefit of the Trustee on the Trust Estate (as defined in the Indenture), on a parity and equality of lien with holders of the Issuer's outstanding Tourism Tax Revenue Bonds, Series 2010A-1 (the "2010A Tax-Exempt Bonds")
5. The Intergovernmental Agreement has been duly authorized, executed and delivered by the Metropolitan Government and constitutes a valid and binding obligation of the Metropolitan Government enforceable against the Metropolitan Government in accordance with its terms.

6. The Bonds have been duly and validly authorized, executed and issued in accordance with the Constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer payable solely from the Trust Estate, on a parity and equality of lien with the 2010A Tax-Exempt Bonds.

7. Interest on the Bonds is includible in gross income for federal income tax purposes. Except as set forth in this Paragraph 7, we express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Issuer's 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 expressly state no opinion herein with respect to the proper federal tax treatment of any payment made with respect to the Bonds. The purchasers of the Bonds should consult their own tax advisors as to the tax treatment which may be anticipated to result from the purchase, ownership or disposition of the Bonds or the receipt of payments on the Bonds before determining whether to purchase the Bonds.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BASS, BERRY & SIMS PLC

The foregoing opinion was written to support the promotion or marketing of the Bonds and was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice with respect to the Bonds based on its particular circumstances from an independent tax advisor.

(Form of Opinion of Bond Counsel – Series 2010B Bonds)

Bass, Berry & Sims PLC

150 3rd Avenue South, Suite 2800

Nashville, Tennessee 37201

(Dated Closing Date)

We have acted as bond counsel in connection with the issuance by The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the "Issuer") of \$419,090,000 in aggregate principal of its Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment), dated the date hereof (the "Bonds"). The Bonds are issued pursuant to an Indenture of Trust, dated as of April 1, 2010 (the "Indenture"), between the Issuer and U.S. Bank National Association, Nashville, Tennessee, as trustee (the "Trustee").

The Issuer, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") and The Metropolitan Development and Housing Agency of the Metropolitan Government are party to an Intergovernmental Project Agreement dated as of February 1, 2010 (the "Intergovernmental Agreement"), pursuant to which the Metropolitan Government has, among other things, (i) agreed to make available to the Trustee the Tourism Tax Revenues, subject to the prior application of the Tourism Tax Revenues, pursuant to that certain Indenture of Trust also dated as of April 1, 2010, between the Issuer and the Trustee (the "2010A Indenture"), to the payment of the Issuer's outstanding Tourism Tax Revenue Bonds, Series 2010A-1 and Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment) (collectively, the "Series 2010A Bonds"), also dated the date hereof; and (ii) pledged the Non-Tax Revenues to the payment of the Bonds in the event of a deficiency of funds under the Indenture.

The Issuer has authorized the issuance and sale of the Bonds and the execution and delivery of the Indenture and the Intergovernmental Agreement pursuant to a resolution of the Board of Directors of the Issuer adopted on January 7, 2010 (the "Issuer Resolution"). The Metropolitan Government authorized the execution and delivery of the Intergovernmental Agreement pursuant to Resolution RS2010-1088 of the Metropolitan Council of the Metropolitan Government, adopted on January 19, 2010 (the "Metro Resolution").

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation. Reference is hereby made to the opinions of even date of the counsel to the Issuer and the Metropolitan Government, with respect, among other matters, to the corporate existence of the Issuer and the Metropolitan Government; to the proceedings of the Issuer relating to the authorization, execution and delivery of the Bonds and the Indenture; and to the proceedings of the Metropolitan Government and the Issuer relating to the approval of the issuance of the Bonds and the authorization, execution and delivery of the Indenture and Intergovernmental Agreement.

All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture.

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

1. The Issuer is duly created and validly existing as a public nonprofit corporation and public instrumentality of the Metropolitan Government, organized and existing under the laws of the State of Tennessee, with the corporate power to enter into and perform under the Indenture and the Intergovernmental Agreement and to issue the Bonds.

2. The Issuer Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is effective to authorize the issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture and the Intergovernmental Agreement.

3. The Metro Resolution has been duly and lawfully adopted by the Metropolitan Government, is in full force and effect and is effective to approve the execution and delivery by the Metropolitan Government of the Intergovernmental Agreement.

4. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms. The Indenture is effective to assign in trust to the Trustee all right, title and interest of the Issuer in and to the Trust Estate (as defined in the Indenture). The Indenture creates a valid, perfected pledge and lien for the benefit of the Trustee on the Trust Estate (as defined in the Indenture).

5. The Intergovernmental Agreement has been duly authorized, executed and delivered by the Metropolitan Government and constitutes a valid and binding obligation of the Metropolitan Government enforceable against the Metropolitan Government in accordance with its terms. The Indenture and the Intergovernmental Agreement create a valid, perfected pledge and lien for the benefit of the Trustee on the Non-Tax Revenues (as defined in the Indenture).

6. The Bonds have been duly and validly authorized, executed and issued in accordance with the Constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer payable solely from the Trust Estate (as defined in the Indenture).

7. Interest on the Bonds is includible in gross income for federal income tax purposes. Except as set forth in this Paragraph 7, we express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Issuer's 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 expressly state no opinion herein with respect to the proper federal tax treatment of any payment made with respect to the Bonds. The purchasers of the Bonds should consult their own tax advisors as to the tax treatment which may be anticipated to result from the purchase, ownership or disposition of the Bonds or the receipt of payments on the Bonds before determining whether to purchase the Bonds.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BASS, BERRY & SIMS PLC

The foregoing opinion was written to support the promotion or marketing of the Bonds and was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice with respect to the Bonds based on its particular circumstances from an independent tax advisor.

APPENDIX H
FORM OF CONTINUING DISCLOSURE AGREEMENT

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**THE CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

\$51,730,000

Tourism Tax Revenue Bonds, Series 2010A-1

\$152,395,000

Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2
(Build America Bonds – Direct Payment)

and

\$419,090,000

Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B
(Build America Bonds – Direct Payment)

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is made as of _____, 2010, by and among **THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY** (the “Issuer”), a Tennessee nonprofit public corporation and instrumentality of The Metropolitan Government of Nashville and Davidson County, **THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY** (the “Metropolitan Government”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Trustee (the “Trustee”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Dissemination Agent. The Issuer, the Metropolitan Government, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Issuer and the Metropolitan Government for the benefit of the Holders and Beneficial Owners of the Series 2010 Bonds and to assist the Underwriters in complying with the Rule.

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

“**Accounting Standards**” shall mean generally accepted accounting principles promulgated by the Governmental Accounting Standards Board as in effect from time to time.

“**Beneficial Owner**” shall mean any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2010 Bonds (including Persons holding Series 2010 Bonds through nominees, depositories or other intermediaries).

“**Dissemination Agent**” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” shall mean MSRB’s Electronic Municipal Market Access System on the MSRB Website.

“**Holder**” shall mean the Person in whose name any Series 2010 Bond shall be registered.

“**Indenture**” shall mean, collectively, the Series 2010A Indenture and the Series 2010B Indenture.

“**Independent Accountant**” shall mean any firm of certified public accountants appointed by the Issuer or the Metropolitan Government that is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issuer Annual Report” shall mean the information summarized in Section 5 hereof.

“Issuer Disclosure Representative” shall mean the Chair of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Issuer Listed Events” shall mean any of the events listed in Section 6(a)(i)-(xi) hereof.

“Metropolitan Government Annual Report” shall mean the information summarized in Section 8 hereof.

“Metropolitan Government Disclosure Representative” shall mean the Director of Finance of the Metropolitan Government or his or her designee, or such other officer or employee as the Metropolitan Government shall designate in writing to the Dissemination Agent from time to time.

“Metropolitan Government Listed Events” shall mean any of the events listed in Section 9(a)(i)-(xi) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA.

“MSRB Website” shall mean www.emma.msrb.org.

“Official Statement” shall mean the Official Statement, dated _____, 2010, relating to the Series 2010 Bonds.

“Required Electronic Format” shall mean the electronic format then prescribed by the MSRB pursuant to the Rule.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“Series 2010 Bonds” shall mean the Series 2010A Bonds and the Series 2010B Bonds, collectively.

“Series 2010A Bonds” shall mean the Issuer’s \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1, and the Issuer’s \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment).

“Series 2010A Indenture” shall mean the Indenture of Trust, dated as of April 1, 2010, by and between the Issuer and the Trustee, pursuant to which the Issuer has issued the Series 2010A Bonds.

“Series 2010B Bonds” shall mean the Issuer’s \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment).

“Series 2010B Indenture” shall mean the Indenture of Trust, dated as of April 1, 2010, by and between the Issuer and the Trustee, pursuant to which the Issuer has issued the Series 2010B Bonds.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a State information depository for the purposes of the Rule. As of the date of this Agreement, there is no State Repository.

“Underwriter” shall mean any of the original underwriters of the Series 2010 Bonds required to comply with the Rule in connection with the offering of the Series 2010 Bonds.

SECTION 3. General. Nothing in this Agreement shall prevent the Issuer or the Metropolitan Government from disseminating any information in addition to that required by this Agreement. If the Issuer or the Metropolitan Government disseminates any such additional information, neither the Issuer nor the Metropolitan Government, respectively, shall have any obligation to update such information or include it in any further materials disseminated. All expenses and any other costs incurred by the Issuer, the Metropolitan Government, the Trustee or the Dissemination Agent in complying with this Agreement shall be paid by the Issuer.

SECTION 4. Issuer Undertaking.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of each fiscal year of the Issuer (commencing with the Issuer Annual Report for its 2010 fiscal year ending June 30, 2010 (which Issuer Annual Report is due not later than March 31, 2011)), provide to the MSRB an Issuer Annual Report which is consistent with the requirements of Section 5 hereof. The Issuer Annual Report must be submitted in the Required Electronic Format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 5 hereof. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for an Issuer Listed Event under Section 6(a) hereof. The Issuer Annual Report shall identify the Series 2010 Bonds by name and CUSIP number.

(b) In the event the Issuer elects to comply with the undertaking of the Issuer set forth in Section 4(a) hereof through the Dissemination Agent, the Issuer shall, not later than 15 Business Days prior to the date on which the Issuer Annual Report is due to be filed, provide the Issuer Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If, by such date prior to the date on which the Issuer Annual Report is to be filed, the Trustee has not received a copy of such Issuer Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent (if other than the Trustee) to confirm that the Issuer has complied or will comply directly with the undertaking of the Issuer set forth in Section 4(a) hereof. The Dissemination Agent and the Trustee may conclusively rely upon receipt of an Issuer Annual Report as a certification by the Issuer that such Annual Report constitutes the Issuer Annual Report required to be filed by the Issuer hereunder. The Trustee and the Dissemination Agent shall have no duty or obligation to review such Issuer Annual Report. If the Trustee is unable to verify that the applicable Issuer Annual Report has been filed with the MSRB by the date required in Section 4(a) hereof, the Trustee shall, in a timely manner, send a notice to the MSRB and any State Repository in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall, upon verification of the filing of an Issuer Annual Report filed by the Dissemination Agent on behalf of the Issuer, file a report with the Issuer and the Trustee certifying that such Issuer Annual Report has been filed with the MSRB pursuant to this Agreement and stating the date of such filing.

SECTION 5. Content of Issuer Annual Report. The Issuer Annual Report shall contain the following:

(a) Audited financial statements of the Issuer for its preceding fiscal year, prepared by an Independent Accountant in accordance with the Accounting Standards (or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation). If the Issuer's audited financial statements are not available by the time the Issuer Annual Report is required to be provided to the MSRB pursuant to Section 4(a) hereof, the Issuer Annual Report shall contain unaudited financial statements in the format required by the Accounting Standards for audited financial statements as far as reasonably practicable, and the audited financial statements shall be provided to the MSRB in the same manner as the Issuer Annual Report when they become available; and

(b) To the extent not included in the audited financial statements of the Issuer, the Issuer Annual Report shall also include financial information and operating data with respect to the Convention Center Project containing essentially the same type of information as specified and included in the sections of the Official Statement captioned as follows:

(i) "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010A BONDS – Historical and Projected Series 2010A Debt Service Coverage";

(ii) "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010B BONDS – Projected Series 2010B Debt Service Coverage"; and

(iii) "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010B BONDS – Non-Tax Revenues";

provided, however, that the financial information and operating data provided pursuant to this Section 5(b) shall include only actual revenues and results of operations and the Issuer shall not be required to provide updated forecasts or projections applicable to future periods. Historical financial and operating data of the type of information specified above will include information for the preceding five fiscal years of the Convention Center Project (or, until the Convention Center Project has been in operation for five complete fiscal years, from the opening date of the Convention Center Project). Any or all of the items listed above in this Section 5 may be set forth in one or a set of documents or may be included by specific reference to other documents that have been made available to the public on the MSRB Website or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

SECTION 6. Reporting of Issuer Listed Events.

(a) Pursuant to the provisions of this Section 6, the Issuer shall give, or cause to be given, notice to the MSRB, in a timely manner in the Required Electronic Format, of any of the following events with respect to the Series 2010 Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the Series 2010 Bonds or affecting the tax-exempt status of the Issuer's \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1;
- (vii) modifications to rights of Holders or Beneficial Owners of the Series 2010 Bonds;
- (viii) Series 2010 Bond calls;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series 2010 Bonds; and
- (xi) rating changes.

(b) The Trustee shall, within one Business Day (or as soon as reasonably practicable thereafter) of obtaining actual knowledge of the occurrence of any of the Issuer Listed Events, contact the Issuer Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 6(f) hereof. For purposes of this Section 6(b), "actual knowledge" of the occurrence of such Issuer Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Trustee shall have no responsibility to determine the materiality of any of the Issuer Listed Events.

(c) Whenever the Issuer obtains knowledge of the occurrence of an Issuer Listed Event, whether because of a notice from the Trustee pursuant to Section 6(b) hereof or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of an Issuer Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 6(f) hereof.

(e) If, in response to a request under Section 6(b) hereof, the Issuer determines that the Issuer Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of an Issuer Listed Event, the Dissemination Agent shall file a written notice of such occurrence with the MSRB in the Required Electronic Format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Metropolitan Government Undertaking.

(a) The Metropolitan Government shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of each fiscal year of the Metropolitan Government (commencing with the Metropolitan Government Annual Report for its 2010 fiscal year ending June 30, 2010 (which Metropolitan Government Annual Report is due not later than March 31, 2011)), provide to the MSRB a Metropolitan Government Annual Report which is consistent with the requirements of Section 8 hereof. The Metropolitan Government Annual Report must be submitted in the Required Electronic Format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 8 hereof. If the Metropolitan Government's fiscal year changes, it shall give notice of such change in the same manner as for a Metropolitan Government Listed Event under Section 9(a) hereof. The Metropolitan Government Annual Report shall identify the Series 2010 Bonds by name and CUSIP number.

(b) In the event the Metropolitan Government elects to comply with the undertaking of the Metropolitan Government set forth in Section 7(a) hereof through the Dissemination Agent, the Metropolitan Government shall, not later than 15 Business Days prior to the date on which the Metropolitan Government Annual Report is due to be filed, provide the Metropolitan Government Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If, by such date prior to the date on which the Metropolitan Government Annual Report is to be filed, the Trustee has not received a copy of such Metropolitan Government Annual Report, the Trustee shall contact the Metropolitan Government and the Dissemination Agent (if other than the Trustee) to confirm that the Metropolitan Government has complied or will comply directly with the undertaking of the Metropolitan Government set forth in Section 7(a) hereof. The Dissemination Agent and the Trustee may conclusively rely upon receipt of a Metropolitan Government Annual Report as a certification by the Metropolitan Government that such Annual Report constitutes the Metropolitan Government Annual Report required to be filed by the Metropolitan Government hereunder. The Trustee and the Dissemination Agent shall have no duty or obligation to review such Metropolitan Government Annual Report. If the Trustee is unable to verify that the applicable Metropolitan Government Annual Report has been filed with the MSRB by the date required in Section 7(a) hereof, the Trustee shall, in a timely manner, send a notice to the MSRB and any State Repository in substantially the form attached as Exhibit B hereto.

(c) The Dissemination Agent shall, upon verification of the filing of a Metropolitan Government Annual Report filed by the Dissemination Agent on behalf of the Metropolitan Government, file a report with the Metropolitan Government and the Trustee certifying that such Metropolitan Government Annual Report has been filed with the MSRB pursuant to this Agreement and stating the date of such filing.

SECTION 8. Content of Metropolitan Government Annual Report. The Metropolitan Government Annual Report shall contain the following:

(a) Audited financial statements of the Metropolitan Government for its preceding fiscal year, prepared by an Independent Accountant in accordance with the Accounting Standards (or such other accounting principles as the Metropolitan Government may be required to employ from time to time pursuant to State law or regulation). If the Metropolitan Government's audited financial statements are not available by the time the Metropolitan Government Annual Report is required to be provided to the MSRB pursuant to Section 7(a) hereof, the Metropolitan Government Annual Report shall contain unaudited financial statements in a format similar to the financial statements available at the electronic link provided in "APPENDIX E" to the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Metropolitan Government Annual Report when they become available; and

(b) To the extent not included in the audited financial statements of the Metropolitan Government, the Metropolitan Government Annual Report shall also include the following:

(i) quantitative financial information and operating data with respect to the Metropolitan Government of the general type available at the electronic link provided in "APPENDIX E" to the Official Statement; and

(ii) updated financial and operating information set forth in the tables and text in the sections of and appendices to the Official Statement captioned as follows:

(A) "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS – SECURITY FOR SERIES 2010B BONDS – Non-Tax Revenues"; and

(B) "APPENDIX F – SUPPLEMENTAL INFORMATION REGARDING THE METROPOLITAN GOVERNMENT."

Historical financial and operating data of the type of information specified above will include information for the preceding five fiscal years of the Metropolitan Government. Any or all of the items listed above in this Section 8 may be set forth in one or a set of documents or may be included by specific reference to other documents that have been made available to the public on the MSRB Website or filed with the SEC. The Metropolitan Government shall clearly identify each such other document so included by reference.

SECTION 9. Reporting of Metropolitan Government Listed Events.

(a) Pursuant to the provisions of this Section 9, the Metropolitan Government shall give, or cause to be given, notice to the MSRB, in a timely manner in the Required Electronic Format, of any of the following events with respect to the Series 2010 Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the Series 2010 Bonds or affecting the tax-exempt status of the Issuer's \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1;
- (vii) modifications to rights of holders of the Series 2010 Bonds;
- (viii) Series 2010 Bond calls;

- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series 2010 Bonds; and
- (xi) rating changes.

(b) The Trustee shall, within one Business Day (or as soon as reasonably practicable thereafter) of obtaining actual knowledge of the occurrence of any of the Metropolitan Government Listed Events, contact the Metropolitan Government Disclosure Representative, inform such person of the event, and request that the Metropolitan Government promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 9(f) hereof. For purposes of this Section 9(b), “actual knowledge” of the occurrence of such Metropolitan Government Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Trustee shall have no responsibility to determine the materiality of any of the Metropolitan Government Listed Events.

(c) Whenever the Metropolitan Government obtains knowledge of the occurrence of a Metropolitan Government Listed Event, whether because of a notice from the Trustee pursuant to Section 9(b) hereof or otherwise, the Metropolitan Government shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Metropolitan Government determines that knowledge of the occurrence of a Metropolitan Government Listed Event would be material under applicable federal securities laws, the Metropolitan Government shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 9(f) hereof.

(e) If, in response to a request under Section 9(b) hereof, the Metropolitan Government determines that the Metropolitan Government Listed Event would not be material under applicable federal securities laws, the Metropolitan Government shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(f) If the Dissemination Agent has been instructed by the Metropolitan Government to report the occurrence of a Metropolitan Government Listed Event, the Dissemination Agent shall file a written notice of such occurrence with the MSRB in the Required Electronic Format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 10. Annual Financial Information; Accompanying Information. The contents, presentation and format of the financial statements in the Issuer Annual Report and the Metropolitan Government Annual Report may be modified from time to time as determined in the judgment of the Issuer and the Metropolitan Government, as applicable, to conform to changes in the Rule or to disclosure principles or practices and legal requirements followed by or applicable to the Issuer or the Metropolitan Government; provided, however, that such modifications shall comply with the requirements of the Rule. All documents required to be provided to the MSRB hereunder shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Remedies. This Agreement is enforceable in accordance with its terms by any Holder or Beneficial Owner, either directly or as a third party beneficiary. Any Holder or Beneficial Owner shall have the right, for the equal benefit and protection of all Holders and Beneficial Owners, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Issuer, the Metropolitan Government or any of the officers, agents and employees of the Issuer and the Metropolitan Government, and to compel the Issuer and the Metropolitan Government or any such officers, agents, or employees to perform and carry out their duties under their respective undertakings; provided, however, that such rights shall be limited to an action to compel specific enforcement of the obligations of the Issuer and the Metropolitan Government hereunder and shall not include any right to monetary damages. The Dissemination Agent and the Trustee shall not be obligated or liable to any Holder or Beneficial Owner of the Series 2010 Bonds or other party with respect to any aspect of the implementation, operation or enforcement of any undertaking set forth herein. If the Dissemination Agent or the Trustee is made a

party to any litigation or legal action involving any undertaking, the Issuer shall pay the legal fees and related costs and expenses of the Dissemination Agreement and the Trustee in connection with such litigation or legal action.

SECTION 12. Amendments. This Agreement may be amended only as permitted by, and in accordance with, the Rule.

SECTION 13. Dissemination Agent. The Issuer hereby appoints U.S. Bank National Association as the initial Dissemination Agent. The Issuer may, from time to time, appoint or engage a different Dissemination Agent to assist the Issuer and the Metropolitan Government in carrying out their respective obligations under this Agreement, and may discharge any such Dissemination Agent. The Dissemination Agent may resign by providing 30 days written notice to the Issuer, the Metropolitan Government and the Trustee. The Dissemination Agent shall have no duty to prepare any report, nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer or the Metropolitan Government in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer or the Metropolitan Government pursuant to this Agreement. In the event that there is no separate Dissemination Agent then acting under this Agreement, the Trustee shall assume and perform all of the duties and obligations assigned to the Dissemination Agent hereunder and shall serve as Dissemination Agent.

SECTION 14. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article X of the Indenture is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Indenture, and the Trustee and Dissemination Agent shall be entitled to the protections and limitations from liability afforded the Trustee thereunder. The Dissemination Agent (if other than the Trustee, or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Agreement. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section 14 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2010 Bonds.

SECTION 15. Notices. Any notices or communications to or among any of the parties to this Agreement shall be in writing and sent as follows:

Issuer: The Convention Center Authority of the Metropolitan Government of
Nashville and Davidson County

Attention: _____
Facsimile: _____

Trustee: U.S. Bank National Association, Trustee
Corporate Trust Services
150 Fourth Avenue North, 2nd Floor
Nashville, Tennessee 37219

Attention: _____
Facsimile: _____

Dissemination Agent: U.S. Bank National Association, Trustee
Corporate Trust Services
150 Fourth Avenue North, 2nd Floor
Nashville, Tennessee 37219

Attention: _____
Facsimile: _____

**Metropolitan
Government:**

The Metropolitan Government of Nashville
and Davidson County

Attention: _____
Facsimile: _____

Any Person may, by written notice to the other Persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 16. Parties in Interest; Governing Law. This Agreement is executed and delivered for the sole benefit of the Holders and Beneficial Owners of the Series 2010 Bonds, the Issuer, the Metropolitan Government and the Underwriters, and shall be governed by the laws of the State of Tennessee.

SECTION 17. Termination. The undertakings of the Issuer and the Metropolitan Government hereunder shall terminate on the earlier of (a) such date that the Rule, or the provisions thereof, are no longer effective, or (b) the date upon which there are no Outstanding Series 2010 Bonds.

SECTION 18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Issuer, the Metropolitan Government, the Trustee and the Dissemination Agent each have caused this Agreement to be executed by their respective officers, duly authorized, all as of the date first above written.

**THE CONVENTION CENTER AUTHORITY OF THE
METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY**

By: _____
Title: _____

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

By: _____
Title: _____

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Title: _____

**U.S. BANK NATIONAL ASSOCIATION, AS
DISSEMINATION AGENT**

By: _____
Title: _____

EXHIBIT A

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County

Name of Bonds: The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1; \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment); and \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment)

Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN that The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (the “Issuer”) has not provided an annual report with respect to the above-named Bonds with the Municipal Securities Rulemaking Board as required by the Continuing Disclosure Agreement, dated as of _____, as amended or modified, to which the Issuer is a party, relating to the above-named Bonds. The Issuer has advised the undersigned that the Issuer anticipates that its annual report will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By [to be signed only if filed]

EXHIBIT B

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: The Metropolitan Government of Nashville and Davidson County

Name of Bonds: The Convention Center Authority of the Metropolitan Government of Nashville and Davidson County \$51,730,000 Tourism Tax Revenue Bonds, Series 2010A-1; \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds – Direct Payment); and \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment)

Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN that The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") has not provided an annual report with respect to the above-named Bonds with the Municipal Securities Rulemaking Board as required by the Continuing Disclosure Agreement, dated as of _____, as amended or modified, to which the Metropolitan Government is a party, relating to the above-named Bonds. The Metropolitan Government has advised the undersigned that the Metropolitan Government anticipates that its annual report will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By [to be signed only if filed]