NEW ISSUE - Book-Entry-Only

Ratings: Moody's: "Aa1" (on Watchlist for possible downgrade)
S&P: "AA"
(See "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 Metropolitan Government, interest on the Series 2010A 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; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. In the further opinion of Bond Counsel, interest on the Series 2010B Bonds and interest on the Series 2010C 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$296,750,000
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2010A

$252,005,000
GENERAL OBLIGATION IMPROVEMENT BONDS FEDERALLY TAXABLE, SERIES 2010B (BUILD AMERICA BONDS – DIRECT PAYMENT)

$51,485,000
GENERAL OBLIGATION REFUNDING BONDS FEDERALLY TAXABLE, SERIES 2010C

Dated: Date of Delivery **Due: July 1, as shown on inside cover**

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its $296,750,000 General Obligation Improvement and Refunding Bonds, Series 2010A (the "Series 2010A Bonds"), its $252,005,000 General Obligation Improvement Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "Series 2010B Bonds") and its $51,485,000 General Obligation Refunding Bonds Federally Taxable, Series 2010C (the "Series 2010C Bonds"). The Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds are collectively referred to herein as the "Series 2010 Bonds". The Series 2010 Bonds are being issued pursuant to the provisions of Tennessee law described herein and pursuant to resolution of the Metropolitan County Council of the Metropolitan Government as further described herein.

The proceeds of the Series 2010A Bonds will be used to (i) retire a portion of the Metropolitan Government's currently outstanding General Obligation Commercial Paper Bond Anticipation Notes which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the "Series 2010A Commercial Paper Projects"), (ii) refund certain maturities of the Metropolitan Government's currently outstanding bonds, and (iii) pay certain costs of issuance of the Series 2010A Bonds. The proceeds of the Series 2010B Bonds will be used to (i) retire a portion of the Metropolitan Government's currently outstanding General Obligation Commercial Paper Bond Anticipation Notes which provided short-term temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the "Series 2010B Commercial Paper Projects"), (ii) finance the construction, acquisition, renovation and equipping of additional capital projects (the "Series 2010B Bond Projects" and, together with the Series 2010B Commercial Paper Projects, the "New Projects"), and (iii) pay capitalized interest on the Series 2010B Bonds during the construction of the New Projects and (iv) pay certain costs of issuance of the Series 2010B Bonds. The proceeds of the 2010C Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding bonds and (ii) pay certain costs of issuance of the Series 2010C Bonds. The bonds refunded by the Series 2010A Bonds and the Series 2010C Bonds are collectively referred to herein as the "Refunded Bonds."

The Series 2010B Bonds will be designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009, the interest on which bonds is included in gross income for Federal income tax purposes. See "TAX MATTERS" herein. The Metropolitan Government expects to receive cash payments from the United States Treasury equal to 35% of the interest payable on such Series 2010B Bonds. Bondholders will not be eligible to receive tax credits with respect to the Series 2010B Bonds.

The Series 2010 Bonds will be direct obligations of the Metropolitan Government for which its full faith and credit are pledged and shall be payable from ad valorem taxes to be levied on all taxable property within the Metropolitan Government without limitation as to rate or amount. The Series 2010B Bonds are additionally payable from, but not secured by, the cash payments to be received by the Metropolitan Government with respect to the Series 2010B Bonds from the United States Treasury pursuant to Sections 54AA and 6431 of the Internal Revenue Code of 1986, as amended. See "- SECURITY AND SOURCE OF PAYMENT" herein. The Metropolitan Government has never defaulted on its bonds or notes.

The Series 2010 Bonds will be fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, ("DTC") to which principal and premium, if any, and interest will be paid. Beneficial owners of the Series 2010 Bonds will not receive physical delivery of Series 2010 Bond certificates except as described herein.

The Series 2010 Bonds will be dated their date of delivery, will mature on July 1 in each of the years and in the principal amounts as specified on the inside cover and will bear interest from their date payable on July 1 and January 1 in each year beginning January 1, 2011, at the rates per annum specified on the inside cover. The Series 2010 Bonds are subject to optional, mandatory and extraordinary optional redemption as described herein.

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 Metropolitan Government. Certain legal matters will be passed on for the Metropolitan Government by the Metropolitan Director of Law and for the Underwriters by their counsel, Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee. The Series 2010 Bonds will be available for delivery through DTC on or about June 10, 2010.

GOLDMAN, SACHS & CO.

JEFFERIES & COMPANY **J.P. MORGAN** **MORGAN KEEGAN & COMPANY, INC.**

BofA MERRILL LYNCH **FIFTH THIRD SECURITIES** **LOOP CAPITAL MARKETS, LLC**

MESIROW FINANCIAL, INC. **MORGAN STANLEY**

This Official Statement is dated June 3, 2010

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$296,750,000
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2010A

Due July 1	Principal Amount	Interest Rate	Yield	Initial CUSIP No. [1]
2015	$ 4,230,000	3.00%	1.84%	592112DS2
2015	4,230,000	4.00%	1.84%	592112EE2
2015	4,240,000	5.00%	1.84%	592112EF9
2016	1,200,000	2.75%	2.21%	592112ER3
2016	4,145,000	3.00%	2.21%	592112DT0
2016	6,685,000	4.00%	2.21%	592112EG7
2016	23,705,000	5.00%	2.21%	592112EH5
2017	2,260,000	3.00%	2.49%	592112DU7
2017	11,550,000	4.00%	2.49%	592112EJ1
2017	22,895,000	5.00%	2.49%	592112EK8
2018	1,575,000	3.50%	2.68%	592112DV5
2018	14,200,000	4.00%	2.68%	592112EL6
2018	25,690,000	5.00%	2.68%	592112EM4
2019	1,730,000	3.50%	2.88%	592112DW3
2019	8,585,000	4.00%	2.88%	592112EN2
2019	20,225,000	5.00%	2.88%	592112EP7
2020	6,025,000	4.00%	3.04%	592112DX1
2020	12,975,000	5.00%	3.04%	592112EQ5
2021*	19,945,000	5.00%	3.18%	592112DY9
2022*	5,000,000	4.00%	3.44%	592112EX0
2022*	15,940,000	5.00%	3.30%	592112DZ6
2023*	15,560,000	4.00%	3.62%	592112EY8
2023*	6,350,000	5.00%	3.41%	592112EA0
2024*	22,955,000	5.00%	3.50%	592112EB8
2025*	5,000,000	4.00%	3.75%	592112ES1
2025*	19,105,000	5.00%	3.58%	592112EC6
2026	3,000,000	3.75%	4.00%	592112ET9
2026*	7,750,000	5.00%	3.65%	592112ED4

$252,005,000
GENERAL OBLIGATION IMPROVEMENT BONDS FEDERALLY TAXABLE, SERIES 2010B
(BUILD AMERICA BONDS - DIRECT PAYMENT)
Term Bond

Due July 1	Principal Amount	Interest Rate	Yield	Initial CUSIP No. [1]
2034	$ 252,005,000	5.707%	5.707%	592112DR4

$51,485,000
GENERAL OBLIGATION REFUNDING BONDS FEDERALLY TAXABLE, SERIES 2010C

Due July 1	Principal Amount	Interest Rate	Yield	Initial CUSIP No. [1]
2013	$ 9,100,000	2.208%	2.208%	592112EU6
2014	29,735,000	2.880%	2.880%	592112EV4
2015	12,650,000	3.230%	3.230%	592112EW2

* Priced to July 1, 2020 par call date.

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard and Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services.

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 Underwriters or their respective consultants and attorneys. This Official Statement does not constitute an offer or solicitation in any jurisdiction which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the Metropolitan Government and other sources which are believed to be reliable, but is it not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the Underwriters.

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

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

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

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS INDENTIFIED 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 SERIES 2010 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE METROPOLITAN GOVERNMENT, THE 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.

THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE METROPOLITAN GOVERNMENT TO ADVISE IT WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE 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.

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.

For additional information regarding the following, please contact:

Metropolitan Government

Mr. Richard Riebeling
Director of Finance for the
Metropolitan Government
Metropolitan Courthouse
1 Public Square
Suite 106
Nashville, TN 37201
(615) 862-6151

Official Statement

Mr. Lannie Holland
Treasurer for the
Metropolitan Government
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Suite 110
Nashville, TN 37201
(615) 862-6112

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METROPOLITAN GOVERNMENT OFFICIALS, STAFF AND CONSULTANTS

Mayor and Metropolitan County Council

Karl F. 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

Sue B. Cain – Director of Law

Kim McDoniel – Assistant Director of Finance

Lannie Holland – Treasurer

Marilyn S. Swing – Metropolitan Clerk

Consultants and Advisors

Metropolitan Government Counsel .... Metropolitan Department of Law
Nashville, Tennessee

Bond Counsel .... Bass, Berry & Sims PLC
Nashville, Tennessee

Financial Advisor .... First Southwest Company
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

$296,750,000 GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2010A	$252,005,000 GENERAL OBLIGATION IMPROVEMENT BONDS FEDERALLY TAXABLE, SERIES 2010B (BUILD AMERICA BONDS – DIRECT PAYMENT)	$51,485,000 GENERAL OBLIGATION REFUNDING BONDS FEDERALLY TAXABLE, SERIES 2010C

INTRODUCTION

The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is issuing its $296,750,000 General Obligation Improvement and Refunding Bonds, Series 2010A (the "Series 2010A Bonds"), its $252,005,000 General Obligation Improvement Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "Series 2010B Bonds") and its $51,485,000 General Obligation Refunding Bonds Federally Taxable, Series 2010C (the "Series 2010C Bonds"). The Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds are collectively referred to herein as the "Series 2010 Bonds". The Series 2010 Bonds are issued pursuant to Chapter 21 of Title 9 of the Tennessee Code Annotated, as amended, the Charter of the Metropolitan Government (the "Charter"), and subject to the terms and conditions contained in the resolution authorizing the Series 2010 Bonds adopted by the Metropolitan Council on May 18, 2010 (the "Bond Resolution").

The proceeds of the Series 2010A Bonds will be used to (i) retire a portion of the Metropolitan Government's currently outstanding General Obligation Commercial Paper Bond Anticipation Notes (the "Series 2010A Commercial Paper") which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the "Series 2010A Commercial Paper Projects"), (ii) refund certain maturities of the Metropolitan Government's currently outstanding bonds, as further described under "PLAN OF FINANCE" herein, and (iii) pay certain costs of issuance of the Series 2010A Bonds.

The proceeds of the Series 2010B Bonds will be used to (i) retire a portion of the Metropolitan Government's currently outstanding General Obligation Commercial Paper Bond Anticipation Notes (the "Series 2010B Commercial Paper" and, together with the Series 2010A Commercial Paper, the "Commercial Paper") which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of various capital projects for the Metropolitan Government (the "Series 2010B Commercial Paper Projects"), (ii) finance the construction, acquisition, renovation and equipping of additional capital projects (the "Series 2010B Bond Projects" and, together with the Series 2010B Commercial Paper Projects, the "New Projects"), (iii) pay capitalized interest on the Series 2010B Bonds during the construction of the New Projects and (iv) pay certain costs of issuance of the Series 2010B Bonds.

The proceeds of the Series 2010C Bonds will be used to (i) refund certain maturities of the Metropolitan Government's currently outstanding bonds, as further described under "PLAN OF FINANCE" herein, and (ii) pay certain costs of issuance of the Series 2010C Bonds. The bonds being refunded by the Series 2010A Bonds and the Series 2010C Bonds are collectively referred to herein as the "Refunded Bonds."

The Series 2010 Bonds shall be issued as fully registered bonds without coupons and shall be dated as of their date of delivery. The principal of and redemption premium, if any, on all Series 2010 Bonds shall be payable at the office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, the Registrar and Paying Agent (the "Registration Agent"), upon the presentation and surrender of Series 2010 Bonds as the same shall become due and payable.

The Series 2010 Bonds will bear interest at the rates specified on the inside cover page, payable semiannually on July 1 and January 1 in each year beginning January 1, 2011, and will be in denominations of $5,000 or any integral multiple thereof and will mature on July 1 in each of the years and in the amounts as specified on the inside cover page. Interest on the Series 2010 Bonds will be paid by draft or check mailed to the person in whose name the Bond is registered in the bond registration books kept by the Registration Agent as Bond Registrar as of the close of business on the fifteenth day of the calendar month next preceding any interest payment date.
As long as the Series 2010 Bonds are held by The Depository Trust Company, New York, New York, ("DTC") or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each interest payment date.

The 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 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, or as may otherwise be provided herein. 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.

All financial and other information presented in this Official Statement has been compiled from records of the Metropolitan Government, except for information expressly attributed to other sources. All quotations from, and summaries and explanations of, provisions of statutes contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Series 2010 Bonds and proceedings of the Metropolitan Government relating thereto are qualified in their entirety by reference to the forms of the Series 2010 Bonds and such proceedings. Recent historical information does not indicate future or continuing trends in the Metropolitan Government's financial position or other affairs, unless specifically stated.

An electronic link to the Metropolitan Government's comprehensive annual financial report for the fiscal year ended June 30, 2009 is incorporated herein in Appendix A.

Certain financial and demographic information of the Metropolitan Government is set forth in Appendix B. The forms of opinions of Bond Counsel are attached hereto as Appendix C and the form of Continuing Disclosure Agreement is attached as Appendix D.

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

THE SERIES 2010 BONDS

Description of the Bonds

The Series 2010 Bonds will be issued by the Metropolitan Government pursuant to its Charter, the laws of the State of Tennessee (the "State"), particularly Tennessee Code Annotated Sections 9-21-101 et. seq. (the "Local Government Public Obligations Law" or "LGPOL") and the Bond Resolution. Proceeds of the Series 2010 Bonds will be used as set forth hereinafter under "Purpose" and in "PLAN OF FINANCE".

In February 2009, as part of American Recovery and Reinvestment Act of 2009 ("ARRA"), Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (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.

The Series 2010B Bonds are designated as "Build America Bonds" for purposes of ARRA. The Metropolitan Government expects to receive a cash subsidy payment from the United States Treasury pursuant to ARRA equal to 35% of the interest payable on the Series 2010B Bonds on or about each interest payment date (a "Direct Payment"). The Direct Payments to the Metropolitan Government do not constitute full faith and credit guarantees of the Series 2010B Bonds by the United States, but are required to be paid by the Treasury under ARRA. The Direct Payments, if received by the Metropolitan Government, will be deposited directly with the Registration Agent to be applied to the payment of debt service on the Series 2010B Bonds. The Metropolitan Government is obligated to make all payments of principal and interest on the Series 2010B Bonds whether or not it receives the Direct Payments. To receive the Direct Payments, the Metropolitan Government must file a tax return with the Internal Revenue Service. No assurances can be given that the Metropolitan Government will receive the Direct Payments. The amount and receipt of any Direct Payment is subject to future changes in legislation or Treasury regulations, the Metropolitan Government's filing of the necessary tax return and any offset against certain amounts that may, for unrelated reasons, be owed by the Metropolitan Government to the federal government.

If the Metropolitan Government fails to file in a timely fashion the necessary tax return to receive a Direct Payment, it is possible that the Metropolitan Government will receive a Direct Payment after the interest payment date for which is needed. Direct Payments will only be paid if the Series 2010B Bonds are Build America Bonds.

For the Series 2010B Bonds to be and remain Build America Bonds, the Metropolitan Government must comply with certain covenants and establish certain facts and expectations with respect to the Series 2010B Bonds regarding the use and investment of proceeds thereof and the use of property financed thereby.

Holders of the Series 2010B Bonds will not be eligible to receive tax credits with respect to the Series 2010B Bonds. Because interest on Build America Bonds is taxable, interest on the Series 2010B Bonds will not be excluded from the gross income of the beneficial owners thereof for purposes of the federal income tax. Beneficial owners of the Series 2010B Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2010B Bonds in gross income for federal income tax purposes.

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 Metropolitan Government believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Metropolitan Government cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 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 Metropolitan Government as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The Metropolitan Government may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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 pursuant to the Bond Resolution will be given only to DTC.

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

Effect of Discontinuance of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Metropolitan Government, printed 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 Bond Resolution.

REDEMPTION PROVISIONS

Optional Redemption of the Series 2010A Bonds

The Series 2010A Bonds maturing July 1, 2021 and thereafter shall be subject to redemption prior to maturity at the option of the Metropolitan Government on July 1, 2020 and thereafter, as a whole or in part at any time, at a redemption price of par plus interest accrued to the redemption date.

Optional Redemption of the Series 2010B Bonds and the Series 2010C Bonds

The Series 2010B Bonds and the Series 2010C Bonds shall be subject to redemption prior to maturity at the option of the Metropolitan Government, in whole or in part, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Series 2010B Bonds and the Series 2010C Bonds to be redeemed; or

(ii) in the case of the Series 2010B Bonds, 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 semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus 25 basis points; or

(iii) in the case of the Series 2010C Bonds, the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2010C Bonds to be redeemed discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Official Statement) plus 15 basis points;

plus, in each case, accrued and unpaid interest on the Series 2010B Bonds and the Series 2010C Bonds being redeemed to the redemption date.

Extraordinary Optional Redemption of the Series 2010B Bonds

The Series 2010B Bonds are subject to extraordinary optional redemption prior to maturity, at the option of the Metropolitan Government, upon the occurrence of an Extraordinary Event (defined below), in whole or in part, at the "Extraordinary Make Whole Redemption Price." The Extraordinary Make Whole Redemption Price is equal to the greater of:

(a) the issue price of the Series 2010B Bonds (but not less than 100%) to be redeemed; or

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2010B Bonds to be redeemed discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis (assuming a 360-day year containing twelve 30-day months) at the Treasury Rate (defined below) plus 100 basis points;

plus in each case accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

An "Extraordinary Event" shall have occurred if the Metropolitan Government determines that a material adverse change has occurred to Section 54AA or 6431 of the Code with respect to the Series 2010 Bonds or there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections or any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of an act or omission by the Metropolitan Government to satisfy the requirements to receive the Direct Payments from the United States Treasury, pursuant to which the Metropolitan Government's Direct Payments from the United States Treasury are reduced or eliminated

"Treasury Rate" means, with respect to any redemption date for a particular Federally Taxable Build America Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

For the purposes of determining the Treasury Rate, the following definitions shall apply:

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2010B Bond or Series 2010C Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has or have an actual or interpolated maturity comparable to the remaining life of the applicable Series 2010B Bonds or Series 2010C Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the applicable Series 2010B Bonds or Series 2010C Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2010B Bond or Series 2010C Bond, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Metropolitan Government.

"Reference Treasury Dealer" means three firms, specified by the Metropolitan Government from time to time, that are primary U.S. Government securities dealers in City of New York, New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Metropolitan Government shall substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2010B Bond or Series 2010C Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Selection of Bonds for Redemption

If less than all of the Series 2010 Bonds are to be redeemed, the Registration Agent, upon written instruction from the Metropolitan Government shall select the Series 2010 Bonds for redemption from such maturity dates and in such amounts as are selected by the Metropolitan Government, and (a) with respect to a redemption of the Series 2010A Bonds, select the Series 2010A Bonds from within such selected maturities by lot within each such maturity in such manner as the Registration Agent shall determine; and (b) with respect to a redemption of the Series 2010B or Series 2010C Bonds, select the Series 2010B or Series 2010C Bonds within such selected maturities on a pro rata pass through distribution of principal basis in accordance with DTC procedures; provided that so long as the Series 2010B Bonds or Series 2010C Bonds are held in book-entry form, the selection for redemption of such Series 2010B Bonds or Series 2010C Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass through distribution of principal basis, the Series 2010B Bonds or Series 2010C Bonds will be selected for redemption, in accordance with DTC procedures, by lot. In any event, the portion of any Series 2010 Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

It is the Metropolitan Government's intent that redemption allocations made by DTC with respect to the Series 2010B and Series 2010C Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Metropolitan Government nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Series 2010B or Series 2010C Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of such Series 2010B or Series 2010C Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2010B or Series 2010C Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Mandatory Redemption

The Series 2010B Bonds maturing on July 1, 2034 are subject to scheduled mandatory redemption prior to maturity in part (as selected by DTC or its successor) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below (the July 1, 2034 date being a maturity date rather than a redemption date):

Redemption Date (July 1)	Principal Amount
2026	$ 14,235,000
2027	25,985,000
2028	26,975,000
2029	28,000,000
2030	29,065,000
2031	30,170,000
2032	31,320,000
2033	32,510,000
2034 (maturity date)	33,745,000

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Metropolitan Government, may (i) deliver to the Registration Agent for cancellation the Series 2010 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2010 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2010 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Metropolitan Government on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2010 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Metropolitan Government shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of Redemption

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Metropolitan Government not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2010 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2010 Bonds for which proper notice was given. If at the time of the giving of the notice of optional or mandatory redemption there shall not be on deposit with the Registration Agent moneys sufficient to redeem all the Series 2010 Bonds of a series called for redemption, the notice of redemption shall state that the redemption of such Series 2010 Bonds of such series is conditional upon and subject to deposit of moneys with the Registration Agent 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. The Registration Agent shall mail said notices, in the case of Series 2010 Bonds with mandatory redemption requirements, as and when provided herein and in the Series 2010 Bonds, and, in the case of optional redemption, as and when directed by the Metropolitan Government pursuant to written instructions from an Authorized Officer of the Metropolitan Government given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent).

SECURITY AND SOURCE OF PAYMENT

The Series 2010 Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Metropolitan Government. For the prompt payment of principal of and interest on the Series 2010 Bonds, the full faith and credit of the Metropolitan Government are irrevocably pledged. The Series 2010B Bonds are additionally payable from, but not secured by, Direct Payments received by the Metropolitan Government with respect to the Series 2010B Bonds from the United States Treasury.

Under State law, the Metropolitan Government's legislative body is authorized to levy a tax on all taxable property within the Metropolitan Government, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Series 2010 Bonds are issued, reference is hereby made to the Bond Resolution.

By referendum passed on November 7, 2006, voters in the Metropolitan Government amended the Charter to require that all future increases of the maximum ad valorem (real property) tax rate of $4.69 per one hundred dollars of assessed property value be first approved by voter referendum prior to implementation by the Metropolitan Government. The current tax rate is $4.13. Assuming the issuance of the Series 2010 Bonds, approximately $1.09 of the total tax rate would be necessary to provide for the payment of the maximum annual debt service on general obligation bonded indebtedness. The Charter amendment does not purport to specifically limit that portion of the tax rate allocable to the payment of debt service. After issuance of the Series 2010 Bonds, it is the opinion of the Metropolitan Government that it will not need to seek an increase in the current tax rate in order to service the debt on its general obligation bond indebtedness.

The LGPOL (pursuant to which the Series 2010 Bonds are issued) dictates the levy of a tax sufficient to pay debt service of any general obligation bonds issued thereunder, without regard to any other State or local laws to the contrary. Bond Counsel will opine that the pledge of the Metropolitan Government's unlimited taxing power is valid, binding and enforceable against it, and that there is no limitation on the Metropolitan Government's ability to impose sufficient taxes to fund debt service on the Series 2010 Bonds. (See Appendix C – Forms of Opinions of Bond Counsel.)

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

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

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PLAN OF FINANCE

Series 2010A Bonds

The proceeds of the Series 2010A Bonds will be used to (i) retire the Series 2010A Commercial Paper which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of the Series 2010A Commercial Paper Projects, (ii) refund certain maturities of the Metropolitan Government's currently outstanding bonds, (iii) pay capitalized interest on the Series 2010A Bonds during the remaining construction of the Series 2010A Commercial Paper Projects and up to six months thereafter and (iv) pay certain costs of issuance of the Series 2010A Bonds.

Series 2010B Bonds

The proceeds of the Series 2010B Bonds will be used to (i) retire the Series 2010B Commercial Paper which provided short-term, temporary financing for the construction, acquisition, renovation and equipping of the Series 2010B Commercial Paper Projects, (ii) finance the construction, acquisition, renovation and equipping of the Series 2010B Bond Projects, (iii) pay capitalized interest on the Series 2010B Bonds during the construction of the New Projects and (iv) pay certain costs of issuance of the Series 2010B Bonds.

Series 2010C Bonds

The proceeds of the Series 2010C Bonds will be used to (i) refund certain maturities of the Metropolitan Government’s currently outstanding bonds and (ii) pay certain costs of issuance of the Series 2010C Bonds. A portion of the proceeds of the Series 2010C Bonds will be deposited in the Escrow Fund, as described above under the caption “Series 2010A Bonds” above and applied to the payment or redemption (as applicable) of these maturities of the outstanding bonds.

REFUNDED BONDS

2008 TMBF Loan Bonds Refunded

Maturity Date (May 25)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	2,200,000	variable	08/05/2010	100.00

Series 2008 Bonds Refunded

Maturity Date (January 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	1,000,000	4.000		
2012	1,250,000	4.000		
2013	1,500,000	4.500		

Series 2007A Bonds Refunded

Maturity Date (May 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	470,000	4.000		
2012	775,000	5.000		
2013	815,000	5.000		

Series 2006B Bonds Refunded

Maturity Date (August 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	7,190,000	5.000		
2011	7,555,000	5.000		
2012	7,945,000	5.000		

Series 2005C Bonds Refunded

Maturity Date (February 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	7,855,000	5.000		
2012	8,245,000	5.000		
2013	8,660,000	5.000		

Series 2005B Bonds Refunded

Maturity Date (January 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	4,635,000	5.000		
2012	11,710,000	5.000		
2013	5,355,000	5.000		

Series 2005A Bonds Refunded

Maturity Date (January 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	5,745,000	5.000		
2012	6,035,000	5.000		
2013	2,770,000	5.000		

Series 2004PI Bonds Refunded

Maturity Date (November 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	5,300,000	5.000		

Series 2004 Bonds Refunded

Maturity Date (June 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	2,820,000	5.000		
2012	2,960,000	5.250		
2013	3,115,000	5.250		

Series 2003 Bonds Refunded

Maturity Date (April 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2011	5,270,000	5.000		
2012	4,810,000	5.000		
2013	5,050,000	5.000	04/01/2012	100.00

Series 2002B Bonds Refunded

Maturity Date (July 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	755,000	5.900		

Series 2002A Bonds Refunded

Maturity Date (July 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	2,590,000	4.250		
2011	2,700,000	4.250		

Series 2002 Bonds Refunded

Maturity Date (November 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	320,000	3.500		

Series 2001B Bonds Refunded

Maturity Date (October 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	7,755,000	5.000		
2011	9,035,000	5.000		

Series 2001A Bonds Refunded

Maturity Date (October 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	21,080,000	5.000		
2011	17,700,000	5.000		
2019	670,000	5.000	10/15/2011	100.00
2020	705,000	5.000	10/15/2011	100.00

Series 1999 Bonds Refunded

Maturity Date (November 15)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	6,725,000	5.000	07/12/2010	100.50

Series 1996 Bonds Refunded

Maturity Date (December 1)	Amount	Interest Rate	Redemption Date	Redemption Price
2010	4,005,000	6.000		

A portion of the proceeds of the sale of the Series 2010A Bonds and the Series 2010C Bonds will be deposited in an escrow fund (the "Escrow Fund") to be created pursuant to an escrow agreement to be dated as of the date of the Series 2010 Bonds (the "Escrow Agreement"), between the Metropolitan Government and Deutsche Bank National Trust Company, Olive Branch, Mississippi as escrow agent thereunder (the "Escrow Agent") to be used, together with the earnings thereon, to pay in full and retire the Refunded Bonds. The Refunded Bonds will be paid in full on their maturity date or, if earlier, the first optional redemption date for each series of the Refunded Bonds, as listed above. The Escrow Agent shall invest monies on deposit in the Escrow Fund in direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations which at the time of the purchase thereof are permitted investments under Tennessee law which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof (the "Escrowed Securities"). The principal and interest on the Escrowed Securities will be verified by Grant Thornton LLP, Minneapolis, Minnesota (see "VERIFICATION OF DEFEASANCE" herein) to be sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds.

Neither principal of, redemption premium, if any, nor the interest on the Escrowed Securities will be available for the payment of the Series 2010 Bonds. Upon deposit of the Escrowed Securities and moneys in the Escrow Fund and in compliance with provisions of the resolutions pursuant to which the Refunded Bonds were issued, the Refunded Bonds will be deemed paid and all covenants, agreements and obligations of the Metropolitan Government to the holders of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied.

SOURCES AND USES OF FUNDS

The table below sets forth the sources and uses of funds in connection with the issuance of the Series 2010 Bonds.

	Series 2010A	Series 2010B	Series 2010C	Total
SOURCES				
Par Amount	$296,750,000.00	$252,005,000.00	$51,485,000.00	$600,240,000.00
Original Issue Premium	36,647,885.30	-	-	36,647,885.30
Original Issue Discount	(88,320.00)			(88,320.00)
Total Sources	$333,309,565.30	$252,005,000.00	$51,485,000.00	$636,799,565.30
USES				
Retirement of Commercial Paper	175,002,527.81	100,000,000.00	-	275,002,527.81
Deposit to Escrow Fund	156,250,940.21	-	51,184,192.91	207,435,133.12
Costs of Issuance*	2,056,097.28	2,002,557.51	300,807.09	4,359,461.88
Deposit to 2010 Construction Fund**	-	150,002,442.49	-	150,002,442.49
Total Uses	$333,309,565.30	$252,005,000.00	$51,485,000.00	$636,799,565.30

* Includes underwriters' discount, legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Series 2010 Bonds.

** Includes capitalized interest.

CURRENT FINANCIAL CONSIDERATIONS

During the first ten months of Fiscal Year 2010, while the Metropolitan Government continued to experience declines in certain revenues—principally local sales tax collections, much of the loss was offset by an increase of approximately $22 million in property tax collections over projections for the year. When combined with budgeted expense savings, it is expected that revenues and expenditures for Fiscal Year 2010 should result in little, if any, impact to the Metropolitan Government's fund balance.

On April 29, 2010, the Mayor presented the proposed operating budget for Fiscal Year 2011 to the Metropolitan Council. The proposed budget of $1.524 billion reflects an $18 million decrease (1.2%) from the Fiscal Year 2010 adopted budget. The proposed budget includes approximately $8 million in reductions to the various departmental budgets. The proposed budget also includes additional funding for public education ($25 million), employee benefits ($28 million), and contractual and other obligations ($20 million). In addition, the budget anticipates reducing debt service payments for the next two fiscal years through the sale of the Series 2010A Bonds and Series 2010C Bonds.

During early May 2010, the metropolitan area experienced record rainfalls that caused major flooding issues in many areas of Davidson County. On May 4, 2010, President Obama declared several counties in Tennessee, including Davidson, a major disaster area, thus making the area eligible for Federal aid. The Metropolitan Government currently estimates that total property damages may reach approximately $2 billion throughout Davidson County, including significant damages to two of the Metropolitan Government's largest taxpayers, Gaylord Entertainment Facilities, (which include the Grand Ole Opry and Opryland Hotel) and Opry Mills (a large retail, shopping and entertainment venue). The flooding also impacted Metropolitan Government-owned facilities, causing estimated damages of $20 million to government-owned buildings, $20 million to roads and bridges and $10 million for debris removal and cleanup.

The Metropolitan Government also currently estimates as much as $200 million in damages to the Metropolitan Government's water/sewer system, the repairs to which will be funded from water/sewer system funds or borrowings and not general obligation bonds or general funds of the Metropolitan Government.

While no tax revenue projection analyses have been completed at this time, the Metropolitan Government currently estimates that it will lose approximately $4 million in hotel/motel tax collections over the next 6 months. Further, Tennessee state law allows for proration of assessed property values when damage from an event such as the flood is equal to 50% or more of the property's current assessed value or renders the structure unfit for use or occupancy. While exact estimates have yet to be completed, the Metropolitan Government could lose as much as $20 million in property tax revenue due to this law.

To aid in its recovery, the Metropolitan Government has $100 million in flood insurance that can be applied to buildings and equipment damaged in the flood. However, there are some amount limitations in certain areas of the City and it is not known if insurance will fully cover these costs. Also, FEMA is expected to reimburse the Metropolitan Government 75% of the remaining replacement/repair costs including those items not covered by flood insurance. Historically, the State of Tennessee has provided one-half of the local government's obligation under the FEMA aid. Any amounts left to the Metropolitan Government are expected to be paid from its building and equipment reserve fund which is established in the Metropolitan Charter as being 4% of the amount of the approved total in the General Fund Operating Fund. That fund currently has a balance of $14 million and will be increased by $23 million when the Fiscal Year 2011 budget is finalized.

SUMMARY OF GENERAL FUND, FISCAL YEARS 2005-2009
(in thousands of dollars)

	2009	2008	2007	2006	2005
Beginning Fund Balance	$63,118	$60,586	$46,934	$37,277	$36,186
Revenues	773,119	799,054	789,846	776,280	646,697
Expenditures	(717,153)	(755,763)	(735,826)	(722,217)	(611,801)
Other Financing Sources (Uses)	(39,357)	(40,759)	(40,368)	(44,406)	(33,805)
Ending Fund Balance	79,727	63,118	$60,586	$46,934	$37,277
Unreserved Fund Balance	$47,338	$33,482	$39,344	$43,460	$35,269

Source: Metropolitan Government Department of Finance

ANTICIPATED FUTURE BORROWING PLANS

In addition to the Metropolitan Government's outstanding bonds and the Series 2010 Bonds described in the Official Statement, the Metropolitan Government will have approximately $180 million remaining in its current bond authorization but does not plan to issue additional long-term general obligation debt during the current fiscal year or the fiscal year ending June 30, 2011.

The Metropolitan Government finances many authorized capital projects with its Commercial Paper program and ultimately through long-term general obligation debt. After issuance of the Series 2010 Bonds, the Metropolitan Government will have approximately $25 million outstanding in Commercial Paper and authority to issue up to $375 million in additional Commercial Paper.

As described above under "CURRENT FINANCIAL CONSIDERATIONS", the Metropolitan Government experienced significant property damage as a result of major flooding in early May, 2010. It is not possible at this time to anticipate the amount of funding, if any, that may be required because of this force majeure event.

INVESTMENT CONSIDERATIONS

General

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Metropolitan Government to pay principal of, premium if any, 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.

Considerations Relating to Build America Bonds

The Metropolitan Government intends to issue the Series 2010B Bonds as "Build America Bonds" pursuant to ARRA and to elect to receive a Direct Payment from United States Treasury. In order to receive the subsidy, the Metropolitan Government is required to make certain filings with the Internal Revenue Service and to comply with certain covenants. If the Metropolitan Government fails to make the required filings, it will not be eligible to receive the Direct Payments. Additionally, the proceeds of Build America Bonds have a number of limitations on their use. If the Metropolitan Government were to use the proceeds of the Series 2010B Bonds for expenditures other than capital expenditures or costs of issuance in excess of the permitted amount, the Series 2010B Bonds would not be eligible for the Direct Payments.

Ratings

There is no assurance that the ratings assigned to the Series 2010 Bonds at the time of issuance (see "RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2010 Bonds.

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.

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
LONG-TERM GENERAL OBLIGATION DEBT SERVICE SCHEDULE

12 Month Period	Existing Debt Service		Refunded Debt Service		Series 2010 Debt Service		Total
Ending	Principal	Interest	Principal	Interest	Principal	Interest*	Debt Service
6/30/11	85,715,000	75,740,073	(85,715,000)	(8,222,298)	-	16,521,190	84,038,965
6/30/12	80,795,000	71,895,769	(72,775,000)	(4,528,313)	-	29,590,191	104,977,648
6/30/13	81,685,000	67,930,615	(35,210,000)	(1,630,913)	-	29,590,191	142,364,894
6/30/14	82,370,000	63,947,494	-	(68,750)	9,100,000	29,489,727	184,838,471
6/30/15	83,375,000	59,834,496	-	(68,750)	29,735,000	28,961,079	201,836,826
6/30/16	90,960,000	55,740,043	-	(68,750)	25,350,000	28,074,548	200,055,840
6/30/17	88,165,000	51,285,743	-	(68,750)	35,735,000	26,811,200	201,928,193
6/30/18	92,695,000	47,429,188	-	(68,750)	36,705,000	25,168,925	201,929,363
6/30/19	94,280,000	42,868,051	-	(68,750)	41,465,000	23,377,838	201,922,139
6/30/20	87,015,000	38,103,159	(670,000)	(52,000)	30,540,000	21,716,425	176,652,584
6/30/21	94,615,000	33,655,129	(705,000)	(17,625)	19,000,000	20,563,950	167,111,454
6/30/22	99,445,000	28,948,828	-	-	19,945,000	19,620,450	167,959,278
6/30/23	104,460,000	23,965,005	-	-	20,940,000	18,623,325	167,988,330
6/30/24	108,340,000	18,738,246	-	-	21,910,000	17,654,875	166,643,122
6/30/25	99,760,000	13,338,316	-	-	22,955,000	16,611,050	152,664,367
6/30/26	75,000,000	8,594,093	-	-	24,105,000	15,459,550	123,158,643
6/30/27	56,290,000	4,979,366	-	-	24,985,000	14,225,730	100,480,095
6/30/28	42,840,000	2,600,100	-	-	25,985,000	12,828,052	84,253,152
6/30/29	4,980,000	458,100	-	-	26,975,000	11,316,838	43,729,938
6/30/30	5,200,000	234,000	-	-	28,000,000	9,748,127	43,182,127
6/30/31	-	-	-	-	29,065,000	8,119,777	37,184,777
6/30/32	-	-	-	-	30,170,000	6,429,506	36,599,506
6/30/33	-	-	-	-	31,320,000	4,674,889	35,994,889
6/30/34	-	-	-	-	32,510,000	2,853,500	35,363,500
6/30/35	-	-	-	-	33,745,000	962,914	34,707,914
	1,557,985,000	710,285,811	(195,075,000)	(14,863,648)	600,240,000	438,993,851	3,097,566,014

* Does not include the effect of the 35% Direct Payment subsidy on the Series 2010B Bonds or capitalized interest.

LITIGATION

At the time of original delivery of the Series 2010 Bonds, there will also be furnished to the Underwriters a certificate of certain officers of the Metropolitan Government stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Series 2010 Bonds or the power of the Metropolitan Government to levy and collect ad valorem taxes to pay them.

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

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2010 Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose approving opinions in substantially the forms attached hereto as Appendix C will be delivered with 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" (excluding financial and statistical data as to which no opinion is expressed), "TAX MATTERS," and APPENDIX C – FORMS OF OPINIONS OF BOND COUNSEL, which have been reviewed by Bond Counsel, Bond Counsel has not undertaken any responsibility for any of the information contained in this Official Statement. Certain legal matters with respect to the Metropolitan Government will be passed upon by Sue B. Cain, Director of Law. Certain legal matters will be passed upon for the Underwriters by their counsel Charles E. Carpenter, A Professional Corporation, Nashville, Tennessee.

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 opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

CONTINUING DISCLOSURE

In connection with the issuance of the Series 2010 Bonds and to assist the Underwriters in complying with Rule 15c2-12 (the "Rule") promulgated by the SEC under the Securities Exchange Act of 1934, as amended, the Metropolitan Government has executed the Continuing Disclosure Agreement. The Metropolitan Government has covenanted for the benefit of the holders of the Series 2010 Bonds that, consistent with the Rule, it will provide: annual financial information for the Metropolitan Government, including audited financial statements of the Metropolitan Government for each fiscal year ending on and after June 30, 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 D hereto.

The Metropolitan Government has 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 Metropolitan Government has been in compliance with its undertakings under the Rule during the last five years.

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

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2010A Bonds, which may hereafter be described as the "Tax-Exempt Bonds". Bond Counsel is of the opinion that, under existing law, relying on certain statements by the Metropolitan Government and assuming compliance by the Metropolitan Government with certain covenants, 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; but
- however, taken into account in determining the adjusted current earnings of certain corporations for purposes of the federal corporate alternative minimum tax.

The Code imposes requirements on the Tax-Exempt Bonds that the Metropolitan Government 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 Metropolitan Government 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 Metropolitan Government has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the 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 Series 2010B Bonds and the Series 2010C Bonds, which may hereafter be described as 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 Registration Agent or other payor with its taxpayer identification number; (b) furnishes the Registration Agent 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 Registration Agent 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 Metropolitan Government (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.

VERIFICATION OF DEFEASANCE

Grant Thornton LLP, Minneapolis, Minnesota, a firm of independent public accountants will deliver to the Metropolitan Government, on or before the settlement date of the Series 2010 Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Metropolitan Government and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the securities in the Escrow Fund to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2010A Bonds are not “arbitrage bonds” under the Code and the regulations promulgated thereunder.

The examination performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the Metropolitan Government and its representatives. The Grant

Thornton LLP report of its examination will state that Grant Thornton LLP has no obligation to update such report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

RATINGS

Moody's Investors Service. Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. have assigned ratings of "Aa1" on Watchlist for possible downgrade and "AA", respectively, to the Series 2010 Bonds. The ratings reflect only the respective views of such organizations and the Metropolitan Government makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Moody's Investors Services, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041. The Metropolitan Government furnished to each rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Metropolitan Government as well as outstanding debt of the Metropolitan Government. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 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 Metropolitan Government at an aggregate purchase price to be paid by the Underwriters (a) for the Series 2010A Bonds of $331,631,876.73 (representing the principal amount of the Series 2010A Bonds plus a net original issue premium of $36,559,565.30, less an Underwriters' discount of $1,677,688.57), (b) for the Series 2010B Bonds of $250,280,708.59 (representing the principal amount of the Series 2010B Bonds less an Underwriters' discount of $1,724,291.41) and (c) for the Series 2010C Bonds of $51,261,437.16 (representing the principal amount of the Series 2010C Bonds less an Underwriters' discount of $223,562.84). The Bond Purchase Agreement between the Metropolitan Government and the Underwriters provides, with respect to the Series 2010 Bonds, that all of the Series 2010 Bonds will be purchased by the Underwriters, if any of the Series 2010 Bonds of such issue are purchased.

The Series 2010 Bonds will be offered at the respective initial public offering prices or yields shown on the inside cover page of this Official Statement. The Underwriters may offer and sell the Series 2010 Bonds to certain dealers (including dealers depositing the Series 2010 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. Following the initial public offering, the initial public offering prices may be changed from time to time by the Underwriters in their discretion.

J.P. Morgan Securities Inc. ("JPMSI"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS & Co.") for the retail distribution of certain securities offerings, including the Series 2010 Bonds, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS & Co. will purchase Series 2010 Bonds from JPMSI at the original issue price less a negotiated portion of the selling concession applicable to any Series 2010 Bonds that such firm sells.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Metropolitan Government 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 Metropolitan Government for the investment of bond proceeds or other funds of the Metropolitan Government upon the request of the Metropolitan Government.

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

INDEPENDENT AUDITORS

An electronic link to the Metropolitan Government's comprehensive annual financial statements as of the fiscal year ended June 30, 2009 is included in Appendix A, and such financial statements have been audited by KPMG LLP, independent auditors, as stated in its report.

KPMG LLP, the Metropolitan Government's current 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

FORWARD-LOOKING STATEMENTS

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

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

In considering the matters set forth in this Official Statement, prospective investors should carefully review all information included herein (particularly the information under the captions "INVESTMENT CONSIDERATIONS" and "FORWARD LOOKING STATEMENTS”) to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the Series 2010 Bonds.

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MISCELLANEOUS INFORMATION

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

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

/s/ Karl F. Dean
Metropolitan Mayor

/s/ Richard M. Riebeling
Director of Finance

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APPENDIX A

ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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General Purpose Financial Statements

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the fiscal year ending June 30, 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.asp and are hereby incorporated by reference as part of this Appendix A. To the extent there are any differences between the electronically posted financial statements of the Metropolitan Government and the printed financial statements of the Metropolitan Government, the printed version shall control.

KPMG LLP, the Metropolitan Government's current 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 B

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

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FINANCIAL INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT

The Metropolitan Government

Organization

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

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

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

Fiscal Year

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

Budgeting Procedures

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

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

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

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

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

The following information identifies capital projects in the 2009-2010 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan County Council for fiscal year 2009-2010 and the following five fiscal years. See "CURRENT FINANCIAL CONSIDERATIONS" for additional information regarding future funding of capital projects.

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Capital Improvements Budget by Department

Departments	2009-10	% of '09-'10 Total	2010-11	2011-12	2012-13	2013-14	2014-15	Total	% of '10-'15 Total
Bordeaux Long Term Care	$1,150,100	0.050%	$1,563,800	$975,800	$1,012,800	$1,225,100		$ 5,927,600	0.128%
Circuit Court Clerk	2,250,000	0.098%						2,250,000	0.049%
Convention Center	704,100,000	30.769%						704,100,000	15.187%
District Energy System - USD	6,410,000	0.280%	2,850,000	7,350,000	2,350,000	2,350,000		21,310,000	0.460%
Emergency Communication Ctr	4,050,000	0.177%						4,050,000	0.087%
Election Commission	80,000	0.003%						80,000	0.002%
Farmer's Market	536,000	0.023%						536,000	0.012%
Finance	66,735,000	2.916%	2,250,000	2,000,000	2,000,000	2,000,000		74,985,000	1.617%
Fire Department - GSD	32,575,000	1.424%	6,066,250	1,445,350				40,086,600	0.865%
Fire Department - USD	2,120,000	0.093%						2,120,000	0.046%
General Hospital	6,331,100	0.277%	1,084,900	708,300				8,124,300	0.175%
General Services	140,704,200	6.149%	8,200,000	5,100,000				154,004,200	3.322%
General Sessions Court	920,000	0.040%						920,000	0.020%
Gulch CBID	5,500	0.000%						5,500	0.000%
Health	19,501,200	0.852%						19,501,200	0.421%
Historical Commission	2,735,000	0.120%						2,735,000	0.059%
Information Technology Services	21,580,700	0.943%	7,575,000					29,155,700	0.629%
Justice Integration Services	1,215,000	0.053%						1,215,000	0.026%
Juvenile Court	1,471,000	0.064%						1,471,000	0.032%
Knowles Home	137,000	0.006%	120,200	139,500	119,000			515,700	0.011%
MDHA - GSD	153,900,000	6.725%	121,000,000	109,000,000	65,000,000			448,900,000	9.682%
MDHA - USD	30,650,000	1.339%	8,000,000	8,000,000	8,000,000			54,650,000	1.179%
Metro Action Commission	7,691,700	0.336%	100,000	100,000	100,000			7,991,700	0.172%
MNPS (Schools)	228,743,000	9.996%	83,741,000	67,808,000	68,323,000	67,698,000	67,459,000	583,772,000	12.591%
MTA	51,620,000	2.256%						51,620,000	1.113%
Municipal Auditorium	650,000	0.028%	600,000	1,393,000	500,000	284,000	460,000	3,887,000	0.084%
Nashville Electric Service	70,000,000	3.059%						70,000,000	1.510%
Parks & Recreation	55,681,300	2.433%	22,936,300	17,826,300				96,443,900	2.080%
Planning	4,700,000	0.205%	4,700,000	4,700,000	4,700,000	4,700,000		23,500,000	0.507%
Police	56,779,100	2.481%						56,779,100	1.225%
Public Library	23,671,800	1.034%	5,096,000	7,748,000	7,879,600	6,352,200	5,053,900	55,801,500	1.204%
Public Works - GSD	353,685,592	15.456%	194,254,175	144,121,000	168,940,000	138,297,000	209,865,000	1,209,162,767	26.081%
Public Works - USD	38,495,808	1.682%	28,355,000	27,775,000	26,135,000	27,225,000	425,000	148,410,808	3.201%
Sheriff	2,351,000	0.103%	2,000,000	1,500,000	500,000			6,351,000	0.137%
Social Services	772,500	0.034%						772,500	0.017%
Sports Authority	3,458,700	0.151%						3,458,700	0.075%
State Fair Board	100,000	0.004%						100,000	0.002%
Water & Sewer GSD	181,601,400	7.936%	128,003,960	125,780,852	128,069,713	132,913,380		696,369,305	15.020%
Water & Sewer USD	9,200,000	0.402%	9,000,000	9,000,000	9,000,000	9,000,000		45,200,000	0.975%
Totals	**$2,288,358,700**		**$637,496,585**	**$542,471,102**	**$492,629,113**	**$392,044,680**	**$283,262,900**	**$4,636,263,080**	

Accounting

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

The Metropolitan Government manages its financial reporting through the use of categories of fund types and account groups.

The Government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The Government reports the following major enterprise funds:

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

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

Additionally, the Government reports the following fund types:

Internal service funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis. For the year ended June 30, 2009, these services include fleet management, information systems, radio maintenance, insurance, central storeroom, postal services, treasury management, general services and printing.

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

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

Revenues

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, fees, and State of Tennessee (the "State") and Federal payments. During the fiscal year ended June 30, 2009, Property Taxes accounted for 57.34% of all revenues available to the GSD General Fund and for GSD Debt Service; 78.43% of all revenues available to the USD General and Debt Service Funds; 39.43% of revenues available to the Schools funds, including Debt Service; and 0.59% of revenues available to the Other Governmental Funds. Sales tax collections totaled $264.6 million in the fiscal year ended June 30, 2009. A description of each major revenue category available to both the GSD and USD follows:

Property Taxes – The levy is without legal limit. For a discussion of this tax, see "PROPERTY TAXES" herein and "THE SERIES 2010 BONDS – SECURITY AND SOURCE OF PAYMENT" in the Official Statement to which this Appendix B is attached.

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

Other Taxes, Licenses, and Permits – This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metropolitan Government. Also included is the Hotel/Motel Tax, which is assessed against the gross receipts of hotels and motels within the Metropolitan Government based on occupancy. Currently, there is a 6% tax levied by Metropolitan County Council ordinance with revenues derived from such tax distributed as follows: 2% for tourist promotion, 1% for tourist-related activities, 2% reserve for new convention center, and 1% to the general fund. Of the 1% distributed to the general fund, $3.2 million is transferred to debt service for Stadium debt requirements.

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

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

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

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

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

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

Property Taxes

Rates of Tax Levy

An annual tax is levied on all taxable property within the GSD and an additional tax is levied on all taxable property within the USD. Every four years, the Assessor's Office – as required by Tennessee state law – conducts a reappraisal of the value of all property in Nashville and Davidson County. This process is done to periodically adjust recorded property assessments to generally reflected market values. The most recent reappraisal was completed in 2009.

State law also requires that this reappraisal be revenue neutral for the local governments. This means that as the aggregated value of property changes, the tax rate needs to change as well to ensure that the local government receives the same amount of revenue. So if the property in the Metropolitan Government collectively increases in value, the actual property tax rate needs to drop so that the revenue collected remains the same. The 2009 reappraisal showed an increase in aggregate property values, so to remain revenue neutral the certified combined GSD/USD tax rate dropped to $4.13 from its pre-assessment level of $4.69.

FY 2010 Property Tax Distribution

(Rates per $100 of Assessed Value)

District	Fund		2010Rate
GSD (General Services District)	General		$1.82
	Schools General Purpose		1.17
	General Debt Service		0.42
	Schools Debt Service		0.15
	Subtotal - GSD		$3.56
USD (Urban Services District)	General		0.46
	General Debt Service		0.11
	Subtotal - USD		$0.57
Combined USD/GSD rate			$ 4.13

The following table is a statement of the composition of rates of tax levy for the last ten fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PROPERTY TAX RATES
Last Ten Fiscal Years

	General Services District					Urban Services District			
Fiscal Year	GSD General Fund [1]	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total GSD Rate	USD General Fund [1]	USD Debt Service Fund	Total USD Rate	Total Direct Tax Rate
2000-01	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
2001-02 [2]	1.97	1.24	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2002-03 [3]	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2003-04	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 [2]	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 [3]	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69
2007-08 [3]	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69
2008-09 [3]	2.06	1.33	0.48	0.17	4.04	0.53	0.12	0.65	4.69
2009-2010[2]	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13

Tax Rates are per $100 of assessed valuation. Payments may be made through February 28th of the year following the year of assessment and levy.

On November 7, 2006, voters approved a ballot initiative prohibiting the Metropolitan Council from raising real property tax rates from their current and future levels without the approval of the voters in a referendum. Prior to the adoption of the November 7 ballot proposal, the Metropolitan Council was authorized to set the real property tax rate without requirement of voter approval. The Government's legal department has issued an opinion stating that the approved initiative violates the Tennessee Constitution because it places the power to set property tax rates with voters, rather than with the Metropolitan Council, as prescribed by the Constitution. However, the Government cannot predict whether there will be a court challenge as to the constitutionality of the approved initiative. If there is a challenge, the Government cannot predict the timing or be certain of the outcome of any court challenge as to the constitutionality of the approved initiative.

(1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from $.12 to $.08 over the last ten years.

(2) The State mandates a reappraisal valuation of property with Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the increase and reallocation by the Metropolitan Council.

(3) In these fiscal ears, the property tax rate was reallocated among the funds receiving property tax revenue

Source: The Metropolitan Government CAFR as of June 30, 2009

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF GSD AND USD TAXABLE PROPERTY

Unaudited – Includes Supplemental Assessment

Fiscal Year	Realty	Personalty	Public Utility	Total USD Taxable Assessed Value	Total GSD Tax Rate [1]	Total Estimated Actual Property Value [2]	Assessed Value as a Percentage of Actual Value
1999-00	$ 9,625,554,203	$ 954,014,066	$ 507,768,277	$ 11,087,336,546	$ 3.39	$ 38,576,009,345	28.74%
2000-01	9,878,827,579	953,834,854	557,537,258	11,390,199,691	3.39	39,576,025,308	28.78
2001-02	11,649,748,674	1,059,163,097	664,461,669	13,373,373,440	3.84	42,634,022,131	31.37
2002-03	11,792,547,023	1,025,692,548	645,179,869	13,463,419,440	3.84	42,988,853,105	31.32
2003-04	11,809,121,866	917,401,480	553,940,253	13,280,463,599	3.84	45,150,830,802	29.41
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565	3.84	45,746,447,359	29.36
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736	4.04	50,477,218,642	30.77
2006-07	14,319,406,060	1,026,510,506	622,162,501	15,968,079,067	4.04	51,736,469,429	30.86
2007-08	14,647,388,808	1,004,636,613	585,267,521	16,237,292,942	4.04	60,386,015,276	26.89
2008-09	14,808,578,922	1,003,474,654	601,229,146	16,413,282,722	4.04	61,881,138,204	26.52

Assessment date: January 1 (pick-up assessments and cancellations for each year in minor amounts are not reflected in above figures).

Tax levy:

Ratio of assessed value to appraised value: Commercial and industrial properties – 40% for real property and 30% for tangible personal property
Farm and residential properties – 25%
Public utilities – 55%

Note: The State Mandates a reappraisal valuation of property within Davidson County every four years.

(1) All properties within the General Services District are taxed at the GSD tax rate. Only those properties within the Urban Services District are taxed the additional USD tax rate.

(2) Source: Tax Aggregate Reports for Tennessee State Board of Equalization.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE OF URBAN SERVICES DISTRICT TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Realty	Personalty	Public Utility	Total USD Taxable Assessed Value	Total USD Tax Rate
1999-00	$ 6,420,180,086	$ 747,640,155	$ 411,270,056	$ 7,579,090,297	$ 0.85
2000-01	6,544,802,327	745,794,683	462,282,505	7,752,879,515	0.85
2001-02	7,681,717,993	794,416,879	553,090,149	9,029,225,021	0.74
2002-03	7,722,115,933	765,147,395	535,610,099	9,022,873,427	0.74
2003-04	7,667,951,606	680,464,904	443,772,979	8,792,189,489	0.74
2004-05	7,996,403,388	699,060,182	472,283,935	9,167,747,505	0.74
2005-06	9,293,334,373	736,566,609	484,073,719	10,513,974,701	0.65
2006-07	9,653,540,683	812,794,594	497,183,632	10,963,518,909	0.65
2007-08	9,828,095,806	800,146,680	476,649,480	11,104,891,966	0.65
2008-09	9,936,748,153	804,965,057	469,223,447	11,210,936,657	0.65

Note: The Urban Services District lies within the General Services District. The above schedule reflects the assessed value of the properties within the Urban Services District.

Exemptions

State law exempts from property taxes any property (i) owned by the Federal, State, or local government and used exclusively for public, county, or municipal purposes or (ii) which purely and exclusively is used for religious, scientific, non-profit educational or charitable purposes. Currently in Davidson County, there are approximately 8,171 tax-exempt parcels.

Included in these exempt parcels are properties titled in the name of the Industrial Development Board of the Metropolitan Government. The properties are titled to these instrumentalities of the Metropolitan Government in order to facilitate financing arrangements and/or tax abatements for economic development purposes pursuant to state law. For the current fiscal year, these properties have an approximate value of $68,951,880 representing approximately .40% of the value of all property within the Metropolitan Government. In most cases, a tax equivalent is paid to the Metropolitan Government on the basis of the actual rates of tax levy. For FY 2009 the Electric Power Board of the Metropolitan Government also paid $23,472,736 as a tax equivalent of its exempted property to the Metropolitan Government.

Reappraisals

State law requires a complete reappraisal of all property in the State except those properties centrally appraised by the State such as utilities and railroads. Beginning in 1993, reappraisals have been done on a four-year cycle in Davidson County in accordance with State law. Under this plan there were reappraisals in 1993, 1997, 2001, 2005, and 2009. The 2009 values will be in place until completion of the 2013 reappraisal.

Elderly Low-Income Property Tax Freeze Program

In 2007, the Tennessee General Assembly authorized and the Metropolitan County Council adopted a Property Tax Freeze Program for elderly low-income taxpayers. Under the Property Tax Freeze Program, approved taxpayers age 65 and older with an income below specified amounts will have the property taxes on their primary residence frozen at the current level. The effect of the Property Tax Freeze Program will be that the Metropolitan Government will not realize any increase in revenues from either appreciation or tax rate increases on affected properties. Because of the age and income limitations, the Property Tax Freeze Program is not expected to have a material impact on the revenues of the Metropolitan Government.

Tax Collection

Personalty and public utility taxes are levied each year based upon assessed valuation at January 1 of that year. Real property taxes are levied each year based upon assessed valuation at January 1 of that year. In addition, for the period January 1 through September 1, supplemental assessments of real property taxes are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with State law.

Property taxes may be paid in installments without penalty, as long as the total tax is paid by February 28 of the following year.

On March 1 of the calendar year following the levy, taxes become delinquent and a penalty is assessed at a rate of 1/2 of 1% per month. Interest on outstanding obligations is assessed at a rate of 1% per month. The Metropolitan Trustee is designated as the collection official for delinquent property taxes, tax equivalents, and merchant's ad valorem taxes. Property taxes which become twelve months delinquent are transferred to the custody of the Department of Law for collection through Chancery Court action. The following table is a summary of the tax levies and collections of the last ten fiscal years. In June 2007, the Metropolitan Government sold the majority of its delinquent real property tax receivables for tax years 2005 and 2006 to the highest bidder under authority of Tennessee Code Annotated Section 67-5-2012. In June 2008 and 2009, the Metropolitan Government sold delinquent real property tax receivables for tax years 2007 and 2008, respectively. It is anticipated that the tax receivables will continue to be sold annually.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Unaudited – See Accompanying Accountants' Report

				Collections Within the Fiscal Year of the Levy					Total Collections to Date			
Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Current Tax	Percentage of Levy Collected	Adjustment to Levy	Levy After Adjustment	Subsequent Years	Amount	Percent of Levy After Adjustment	Outstanding Delinquent Taxes	Percentage Uncollected
1999-00	$368,281,927	$72,001,424	$440,283,351	$419,550,370	95.29	($6,621,787)	$433,661,564	$13,491,345	$433,041,715	99.86	$ 619,849	0.14
2000-01	378,375,194	73,652,420	452,027,614	432,592,562	95.70	(4,456,634)	447,570,980	14,020,505	446,613,067	99.79	957,913	0.21
2001-02	504,508,539	75,845,541	580,354,080	554,792,713	95.60	(6,726,316)	573,627,764	17,868,075	572,660,788	99.83	966,976	0.17
2002-03	508,874,943	74,889,899	583,764,842	557,508,632	95.50	(6,594,403)	577,170,439	18,603,981	576,112,613	99.82	1,057,826	0.18
2003-04	502,057,059	72,975,223	575,032,282	555,507,839	96.60	(2,635,046)	572,397,236	15,941,735	571,449,574	99.83	947,662	0.17
2004-05	507,538,957	76,092,355	583,631,312	565,446,465	96.88	(2,619,406)	581,011,906	14,695,892	580,142,357	99.85	869,549	0.15
2005-06[(1)]	619,151,100	76,752,024	695,903,124	671,768,730	96.53	(8,715,964)	687,187,160	14,406,345	686,175,075	99.85	1,012,085	0.15
2006-07[(1)]	633,541,786	79,714,977	713,256,763	705,244,782	98.88	(4,624,992)	708,631,771	1,911,301	707,156,083	99.79	1,475,688	0.21
2007-08[(2)]	643,729,137	80,683,950	724,413,087	717,920,126	99.10	(2,333,789)	722,079,298	878,966	718,799,092	99.55	3,280,206	0.45
2008-09[(3)]	659,755,545	82,555,463	742,311,008	732,021,054	98.61	(2,745,344)	739,565,664	-	732,021,054	98.98	7,544,610	1.02

Source: The Metropolitan Government CAFR as of June 30, 2009

(1) In June 2007, the Government sold the majority of the 2006-07 and 2005-06 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balances of $23,025,457 for 2006-07, which is reflected I current tax amount collections, and $2,418,959 for 2005-06, which is reflected in collections in subsequent years.
(2) In June 2008, the Government sold the majority of the 2007-08 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $24,448,736 for 2007-08, which is reflected in current tax amount collections.
(3) In June 2009, the Government sold the majority of the 2008-09 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of $21,544,115 for 2008-09, which is reflected in current tax amount collections.

The following table shows the status of the property taxes remaining to be collected at June 30, 2009.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2009

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2008	$ 4,351,132	$ 1,973,213	$ 276,382	$ 6,600,727
	2007	720,832	1,663,065	468,703	2,852,600
	2006	332,265	870,973	55,129	1,258,367
	2005	224,836	556,028	70,261	851,125
	2004	208,609	421,786	99,648	730,043
	2003	137,149	435,411	254,500	827,060
	2002	222,978	377,520	296,861	897,359
	2001	228,536	466,868	133,439	828,843
	2000	41,096	746,472	49,515	837,083
	1999	41,300	480,669	13,083	535,052
	1998	39,454	529,942	42,022	611,418
Total General Services District		6,548,187	8,521,947	1,759,543	16,829,677
Urban Services District	2008	604,490	290,960	48,433	943,883
	2007	92,897	250,514	84,195	427,606
	2006	74,715	133,729	8,877	217,321
	2005	66,792	85,685	8,483	160,960
	2004	44,325	73,125	22,056	139,506
	2003	5,498	64,303	50,801	120,602
	2002	30,957	71,195	58,315	160,467
	2001	33,251	77,866	27,016	138,133
	2000	(422)	128,053	(6,801)	120,830
	1999	3,186	78,962	2,649	84,797
	1998	5,245	87,232	8,507	100,984
Total Urban Services District		960,934	1,341,624	312,531	2,615,089
Total Delinquent Property Taxes Receivable *		$ 7,509,121	$ 9,863,571	$ 2,072,074	$ 19,444,766

* Excludes 2009 Property Tax Levy

Source: The Metropolitan Government CAFR for each fiscal year

Principal Property Taxpayers

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

	December 31, 2008				December 31, 1999			
Taxpayer	2008 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	1999 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	$ N/A	$ 23,472,736	1	3.16 %	$ N/A	$ 13,019,653	1	2.96 %
Gaylord	238,598,060	11,226,636	2	1.51	329,163,330	9,476,774	2	2.15
Columbia/HCA	233,062,240	10,187,240	3	1.37	109,044,200	4,342,507	4	0.99
AT&T	173,301,349	7,001,372	4	0.94	167,344,880	6,796,326	3	1.54
Opry Mills Co.	70,154,676	3,795,703	5	0.51	-	-		- (2)
CBL & Associates	82,983,092	3,591,978	6	0.48	83,843,020	3,162,261	5	0.72
Piedmont Natural Gas Company	78,681,665	3,561,715	7	0.48	81,058,944	2,335,714	7	0.53
Vanderbilt	61,365,054	2,878,021	8	0.39	-	-		- (2)
Davis Street Land	42,921,720	2,022,178	9	0.27	-	-		- (2)
PREFCO XIV LTD	38,950,000	1,947,497	10	0.26	57,755,005	2,448,812	6	0.56
E. I. Dupont	-	-		- (2)	51,471,332	1,649,058	8	0.37
SunTrust Bank	-	-		- (2)	36,736,675	1,604,711	9	0.36
Ford Motor Co.	-	-		- (2)	39,126,736	1,552,399	10	0.35
	$ 1,020,017,856	$ 69,685,076		9.37 %	$ 955,544,122	$ 46,388,215		10.53 %

Source: Tax Assessor's Office, Trustee's Office

(1) The amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.

(2) Values for taxpapers that are outside the top ten ranking are excluded.

SUMMARY OF MAJOR FUNDS

General Fund – Five Year Summary

Five Year Summary of Revenues, Expenditures and Changes in Fund Balances

	Years Ended June 30				
	2009	2008	2007	2006	2005
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
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
Pubic 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
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
	63,117,973	60,585,994	46,934,078	37,276,827	36,185,779
	79,726,517	63,117,973	60,585,994	46,934,078	37,276,827

Source: The Metropolitan Government CAFR for each fiscal year

Special Revenue Funds – Five Year Summary

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

	2009	2008	2007	2006	2005
REVENUES:					
Property taxes	221,223,164	216,365,991	217,105,797	207,366,885	172,755,666
Local option sales tax	159,185,602	171,454,343	171,377,172	163,902,255	150,258,233
Other taxes, licenses and permits	45,074,681	45,353,803	30,091,185	26,849,863	23,854,084
Fines, forfeits and penalties	3,765,696	5,986,697	4,549,128	5,417,581	4,001,192
Revenue from the use of money or property	1,890,504	5,566,554	6,092,863	3,147,248	2,271,216
Revenue from other governmental agencies	357,587,139	344,063,374	321,504,080	305,216,003	296,586,617
Commissions and fees (2)	8,450,307	-	-	-	-
Charges for current services	21,084,956	23,233,415	24,114,122	23,602,266	24,200,798
Compensation for loss, sale or damage to property	364,704	399,614	444,463	387,535	410,025
Contributions and gifts	8,495,946	8,684,409	7,019,037	9,602,229	6,839,698
Miscellaneous	584,535	538,334	403,376	243,659	164,864
Total revenues	827,707,234	821,646,534	782,701,223	745,735,524	681,342,393
EXPENDITURES					
Personal services	649,208,731	610,393,323	568,039,061	546,774,235	537,304,624
Contractual services	144,055,508	134,786,207	112,283,440	104,534,079	99,628,123
Supplies	63,233,777	63,636,483	68,705,431	68,262,372	65,790,420
Other	6,508,348	8,519,747	17,844,543	16,605,676	15,562,064
Capital outlay	26,537,782	13,323,287	10,599,889	13,874,112	7,505,798
Total Expenditures	889,544,146	830,659,047	777,472,364	750,050,474	725,791,029
Excess (deficiency) of revenues over expenditures	(61,836,912)	(9,012,513)	5,228,859	(4,314,950)	(44,448,636)
OTHER FINANCING SOURCES (USES)					
Transfers in	56,684,091	76,591,169	65,972,623	74,255,972	60,441,404
Transfers out	(37,016,989)	(42,363,567)	(43,602,031)	(44,735,640)	(36,070,039)
Total Other Financing Sources (Uses)	19,667,102	34,227,602	22,370,592	29,520,332	24,371,365
Excess (deficiency) of revenues and other sources over expenditures and other uses	(42,169,810)	25,215,089	27,599,451	25,205,382	(20,077,271)
FUND BALANCE, beginning of year, as restated	204,803,412	179,588,323	151,988,872	126,783,490	146,860,761
FUND BALANCE, end of year	162,633,602	204,803,412	179,588,323	151,988,872	126,783,490

(1) Certain numbers have been re-classified for comparative purposes.
(2) Commissions and fees reported in special revenue funds in 2009 were reported in the general fund in prior years.

Source: The Metropolitan Government CAFR for each fiscal year

Debt Service Funds – Five Year Summary

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEBT SERVICE FUNDS (1) (2)
FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	2009	2008	2007	2006	2005
REVENUES:					
Property taxes	118,575,150	113,948,311	110,717,130	68,148,594	92,800,646
Local option sales tax	19,041,127	19,424,138	19,646,782	17,613,670	16,865,519
Other taxes, licenses and permits	126,816	-	-	-	-
Fines, forfeits and penalties	434,021	559,348	604,993	475,020	249,637
Revenue from the use of money of property	778,297	2,336,473	2,999,181	-	2,613,062
Revenue from other governmental agencies	4,073,441	4,143,610	6,402,439	3,802,884	6,774,340
Compensation for loss, sale, or damage to property	-	-	-	6,130,888	-
Charges for current services	838,699	1,001,783	228,712	-	-
Miscellaneous	2,403,918	796,575	-	-	-
Total Revenues	146,271,469	142,210,238	140,599,237	96,171,056	119,303,204
EXPENDITURES					
Principal retirement	85,914,567	94,819,566	95,569,567	99,000,000	86,315,000
Interest	83,169,612	79,323,719	72,522,916	65,621,896	57,783,124
Fiscal charges	3,604,978	3,730,505	2,818,981	2,779,879	2,825,547
Debt issue costs	240,000	323,288	587,900	1,600	-
Total Expenditures	172,929,157	178,197,078	171,499,364	167,403,375	146,923,671
Excess (deficiency) of revenues over expenditures	(26,657,688)	(35,986,840)	(30,900,127)	(71,232,319)	(27,620,467)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	59,140,000	-	186,890,000	60,805,000	241,800,000
Payments to refunded bond escrow agent	(58,900,000)	-	(198,934,669)	(60,463,650)	(262,859,310)
Bond issue premium (discount)	-	-	12,632,569	-	21,881,527
Transfers in	17,578,067	29,729,100	17,912,077	25,883,513	20,151,664
Transfers out	(4,010,200)	(7,922,177)	(30)	(8,807,018)	(7,797,165)
Total Other Financing Sources (Uses)	13,807,867	21,806,923	18,499,947	17,417,845	13,176,716
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,849,821)	(14,179,917)	(12,400,180)	(53,814,474)	(14,443,751)
FUND BALANCE, beginning of year	58,437,253	72,617,170	85,017,350	138,831,824	153,275,575
FUND BALANCE, end of year	45,587,432	58,437,253	72,617,170	85,017,350	138,831,824

(1) Includes the Correctional Facility Revenue Bonds.
(2) Certain numbers have been re-classified for comparative purposes.

Source: The Metropolitan Government CAFR for each fiscal year

Debt Calculations

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT
JUNE 30, 2009

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	$ 555,819,224	
For General Purposes	878,267,165	
Urban Services District:		
For General Purposes	144,048,611	
Total Gross General Obligation Debt		$ 1,578,135,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	38,556,134	
For General Purposes	1,107,591	
Urban Services District:		
For General Purposes	4,298,707	
Total Amounts Available In Debt Service Funds (1)		43,962,432
Net General Obligation Debt		$ 1,534,172,568

(1) Excludes the Correction Facility Revenue Bonds.

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2009

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT RATIOS

AS OF JUNE 30, 2009

Total Debt		
Debt to Estimated Market Value		2.55%
Debt to Assessed Value		9.62%
Debt per Capita	$	2,520.40
Net Debt		
Debt to Estimated Market Value		2.48%
Debt to Assessed Value		9.35%
Debt per Capita	$	2,450.19

The above table is based upon:

Estimated Market Value	$	61,881,138,204
Assessed Value	$	16,413,282,722
Population		626,144

Source: The Metropolitan Government CAFR and Finance Department as of June 30, 2009

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

HISTORICAL DEBT RATIOS

Fiscal Year	Population	Assessed Valuation (in thousands)	Gross Debt (in thousands)	Debt Service Monies Available (in thousands)	Debt Payable From Sources Other Than Property Taxes (in thousands)	Net Debt (in thousands)	Ratio of Net Debt to Assessed Valuation	Net Debt Per Capita
1999-00	569,891	$11,087,337	$989,705	$120,991	$31,507	$837,207	7.55%	$1,469.07
2000-01	571,312	11,390,200	1,196,320	156,402	26,939	1,012,979	8.89%	1,773.07
2001-02	569,174	13,373,373	1,187,245	162,066	22,360	1,002,819	7.50%	1,761.88
2002-03	570,136	13,463,419	1,114,990	163,737	17,563	933,690	6.94%	1,637.66
2003-04	572,475	13,280,464	1,158,710	151,390	12,519	994,801	7.49%	1,737.72
2004-05	580,455	13,432,024	1,279,935	136,955	7,220	1,135,760	8.46%	1,956.67
2005-06	576,382	15,533,719	1,600,695	83,596	1,655	1,515,444	9.76%	2,629.24
2006-07	578,698	15,968,079	1,503,390	70,969	130	1,432,291	8.97%	2,475.02
2007-08	619,626	16,237,293	1,718,615	56,803	-	1,661,812	10.23%	2,681.96
2008-09	626,144	16,413,283	1,578,135	43,962	-	1,534,173	9.35%	2,450.19

Source: The Metropolitan Government CAFR as of June 30, 2009

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The following table sets forth annual debt service requirements by district of the Metropolitan Government on outstanding general obligation and bonds (excluding this issue) secured by ad valorem taxes.

TOTAL DEBT SERVICE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2009
Secured by Ad Valorem Taxes

Year	GSD		USD	
Ending June 30	School Purposes	General Purposes	General Purposes	Total GSD and USD
2010	$ 56,135,863	$ 85,309,595	$ 17,247,097	$ 158,692,555
2011	55,262,304	84,254,900	16,785,913	156,303,117
2012	53,524,326	78,014,506	15,994,386	147,533,218
2013	52,692,861	76,435,426	15,325,847	144,454,134
2014	51,292,034	76,258,975	13,603,141	141,154,150
2015	49,731,734	75,172,550	13,132,541	138,036,825
2016	50,036,946	82,578,970	8,910,046	141,525,962
2017	46,207,376	78,354,230	9,701,862	134,263,468
2018	45,870,855	76,866,385	12,195,673	134,932,913
2019	46,796,882	74,121,168	11,033,949	131,951,999
2020	39,861,265	68,956,050	11,094,765	119,912,080
2021	41,684,690	69,746,069	11,623,886	123,054,645
2022	41,967,795	69,431,120	11,771,136	123,170,051
2023	41,980,601	69,438,342	11,770,672	123,189,615
2024	41,521,682	68,775,612	11,541,388	121,838,682
2025	36,466,178	61,778,230	9,597,963	107,842,371
2026	23,049,486	47,544,970	7,736,394	78,330,850
2027	19,559,532	35,563,869	6,145,964	61,269,365
2028	14,175,299	26,703,784	4,561,018	45,440,101
2029	1,393,408	3,970,181	74,511	5,438,100
2030	1,392,387	3,966,907	74,448	5,433,742
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
	$ 810,603,504	$ 1,313,241,839	$ 219,922,600	$ 2,343,767,943

Source: The Metropolitan Government CAFR as of June 30, 2009

Investment Policy

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

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

1) Preservation of principal

2) Maintenance of liquidity

3) Maximize returns

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

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

Mass Transit Expenditures

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2009, approximately $18.4 million and $5.3 million respectively, to pay approximately 44% of the Authority's operating expenses. The State directs revenues from a two cent per gallon gasoline tax, which it imposes on local governments that may be applied to mass transit. The contribution of the Metropolitan Government was paid from its general revenues.

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District Energy System Overview

The Metropolitan Government's District Energy System (DES) began operations in December 2003. DES is a district heating and cooling system that provides steam and chilled water to 39 buildings in the downtown Metropolitan Nashville area for the purpose of general heating and air conditioning. DES is managed by Constellation Energy Projects & Services (CEPS) of Baltimore, MD. CEPS has been involved in the development of many other district energy plants, including those in Chicago, Boston, New Orleans and Baltimore. The Metropolitan Government is the owner of the District Energy System and the site on which the new facility is located.

The primary components of the District Energy System include (i) the steam production subsystem consisting of four 65,000 PPH forced draft, pressurized, dual-fuel boilers and a duplex soft water system; (ii) the chilled water subsystem comprised of nine 2,600-ton electrical drive chillers, 18 single-cell, induced draft cooling towers and 6 chilled water and 5 condenser water pump/motor sets; (iii) a 69/13/8 KV supply substation and two 69/13.8 KV transformers; and (iv) 14,000 linear feet of underground energy distribution piping.

The Metropolitan Government is a customer of DES and purchased approximately 33% of the steam and 35% of the chilled water sold by the system. In addition, the Metropolitan Government has covenanted to provide funding in an amount equal to any shortage in revenues necessary to pay debt service and operating expenses (the "Metro Funding Amount") and to replenish the DES debt service reserve fund and operating reserve fund if necessary. To date, no amounts have been required to replenish the reserve funds and the amounts paid as the Metro Funding Amount for the last four fiscal years are as follows:

Fiscal Year	Amount
2004	$2,000,000
2005	1,698,900
2006	2,173,100
2007	2,291,300
2008	1,214,050
2009	2,256,100
2010	2,444,100*

*Budgeted Amount

The Sports Authority of the Metropolitan Government

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

The Authority, on behalf of the Metropolitan Government, issued revenue bonds in 1996 and 1998 to assist in the funding of certain sports projects. The proceeds of the Series 1996 Bonds were used for a portion of the construction of the Coliseum for the National Football League's Tennessee Titans and Tennessee State University, while the Series 1998 Bonds were issued to fund a portion of the franchise payment to the National Hockey League ("NHL") for the NHL's Nashville Predators. These bond issues were primarily funded with new, dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University and a ticket surcharge at the Bridgestone Arena). However, a portion of the debt service as well as any deficiencies from the other pledged revenue streams are backed by a pledge of certain of the Metropolitan Government's non-tax General Fund revenues. In 2004 a portion of the Series 1996 Bonds were advance refunded for debt service savings. In total, the annual debt service for these bond issues is approximately $6.7 million 2008 through 2019 and $4.8 million thereafter until 2027.

Convention Center Authority

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

On April 21, 2010, the CCA issued $51,730,000 of its Tourism Tax Revenue Bonds, Series 2010A-1 and $152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (together, the "CCA Series 2010A Bonds"), and $419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the "CCA Series 2010B Bonds"), to finance the development, construction, equipping, furnishing, repair, refurbishment and opening of a new downtown convention center facility (the "Convention Center"). The CCA Series 2010A Bonds are payable from solely from certain hotel motel tax revenues and certain other designated tourism tax revenues (the "Tourism Tax Revenues"). The CCA Series 2010B Bonds are payable from Tourism Tax Revenues, subordinate to the payment of the CCA Series 2010A Bonds, and from Convention Center operating income. If those funds are insufficient to pay debt service when due on the CCA Series 2010B Bonds, the Metropolitan Government has pledged its non-tax General Services Fund revenues (as it has with respect to the Sports Authority Bonds described above) to the payment of debt service on the CCA Series 2010B Bonds. The maximum annual debt service on the CCA Series 2010B Bonds is approximately $26.5 million. The CCA has established a debt service reserve equal to the maximum annual debt service on the CCA Series 2010B Bonds.

Pension Plans and Other Post-Employment Benefits

There are currently eight pension plans covering employees of the Metropolitan Government and the Metropolitan Board of Education ("MBE"). Two of these plans, the Metropolitan Employee Benefit System and the Metropolitan Board of Education Teacher Retirement Plan, were created upon the adoption of the metropolitan form of government on April 1, 1963 (the "Metropolitan Plans"). All certified employees of the MBE hired since July 1, 1969, are covered under the Tennessee Consolidated Retirement System.

Under the Charter, the Metropolitan Plans are required to be actuarially sound. The Metropolitan Plans were originally funded by annual contributions of employees and employers under the Metropolitan Plans. In 1987 employees ceased making contributions to the Metropolitan Government plans, and both Division A and B are funded by contributions by the Metropolitan Government. Employees continue to contribute to the medical insurance plans. The contributions of the Metropolitan Government to the Metropolitan Employee Benefit System are determined as a percentage of the aggregate payroll of the participating employees. The Metropolitan Government has no liability for any benefits under the Tennessee Consolidated Retirement System, which is funded solely by employees and State contributions.

On January 1, 1996, Government employees in the Metropolitan Government plan had the option to participate in a modified version of the currently effective retirement and disability programs. Of the approximately 11,300 Metropolitan Government employees, 5% elected to stay with the old pension plan (Division A) and 95% elected to enroll in the new pension plan (Division B). All pension benefits are being funded actuarially according to generally accepted accounting principles.

Contributions to the Metropolitan Board of Education Teacher Retirement Plan, a closed plan of the Metropolitan Government, are made by the MBE and the employees. To meet its obligations to fund future benefits of this plan in excess of plan assets, the MBE contributes a percentage of payroll determined by an annual actuarial valuation.

The remaining five pension plans were formerly administered by the City of Nashville and by Davidson County and were closed to participation on April 1, 1963 (the "Closed Plans"). The Closed Plans include the Civil Service Employee's Pension Fund, The Police and Firemen Pension Fund, The Teachers' Civil Service and Pension Fund, The Davidson County Employees' Retirement Fund, and The Employees Pension and Insurance Fund. Prior to July 1, 2000, the Closed Plans were funded on a pay-as-you-go basis. The difference between the revenue of these funds and benefit expenditures was paid by the Metropolitan Government out of operating budgets of the USD for the former City of Nashville plans and/or the GSD for the former Davidson County plans.

In August 2000, the Metropolitan Government adopted a Guaranteed Payment Plan (GPP) to fund the obligations of the Closed Plans ("superseded systems") on an actuarially sound basis. Under the GPP the unfunded accrued liabilities and other funding obligations of the Closed Plans, including any benefit improvements granted by the superseded systems, are determined in a manner so as to amortize the same over a period not to exceed thirty (30) years from July 1, 2000. Appropriations made by the Metropolitan County Council to fund the obligations of the superseded systems shall not be reduced for any year until all of the pension obligations of the superseded systems are fully amortized.

The Metropolitan Board of Education is also required to fund in its annual budget the actuarial contribution attributable to the aggregate benefits of all teachers covered under its superseded systems. The amounts required to fund such actuarial contributions shall be set forth in the annual budget adopted by the Metropolitan County Council.

All funds appropriated for funding obligations of the superseded systems are directly transferred to the GPP. From the GPP the Metropolitan Government transfers such amounts as needed to each respective superseded system in such amounts required to ensure full amortization of all liabilities.

In prior years, cost-of-living benefits under the Metropolitan Plans were funded on a pay-as-you-go basis, which resulted in lower contributions to the plans than were called for under generally accepted accounting principles. To reflect this shortfall and the fact that the Closed Plans were being funded on a pay-as-you-go basis, a liability was set up in the government-wide financial statements. Now that the Metropolitan Plans are being funded actuarially (taking into account prior shortfalls), and as the Closed Plans are declining in importance, the liability established in prior years is rapidly declining.

The following summary states (in thousands) the unfunded pension benefit obligation (as defined in Statement No. 27 of the Government Accounting Standards Board) for all of the following plans as of the most recent actuarial valuations:

City County (as of June 30, 2010)

Metro Benefits	$ (23,121)
Davidson County Employees	(8,325)
Police and Fire	(14,870)

Board of Education Plans (as of June 30, 2010)

Nashville City Teachers	$ (8,798)
Employees Pension and Insurance	(6,288)
MBOE Teachers	70,947

It is expected that the aggregate contributions required for the pension plans, as a percentage of the total covered payroll, will remain relatively level. Information on the actuarial valuations for each pension plan is given in the required supplementary information to the notes in the Basic Financial Statements of the CAFR.

The Metropolitan Government currently provides various other post-employment benefits other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro hospitalization insurance program, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. The Metropolitan Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. During the year ended June 30, 2009 benefits paid totaled $32,731,662.

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of the Metropolitan Nashville Public Schools. Schools contribute 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid. During the year ended June 30, 2009, benefits paid totaled $12,325,242.

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

For June 30, 2009, amounts related to OPEB were (all amounts in thousands):

	Metro Plan	School Plan
Net OPEB Obligation	$ (241,881)	$ (53,594)
Actuarial Accrued Liability (AAL)	(1,779,497)	(570,753)
Unfunded AAL	(1,779,497)	(570,753)
Annual Required Contribution	174,288	46,643

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- July 1, 2008 valuation date and census data
- Actual dependent coverage information
- 4.5% rate of return (net of administrative expenses)
- Health care cost trend rate: 8% graded to 5% for other medical expenses, 11% graded to 5% for prescription drugs, 4% for dental and vision expenses

Public Employees' Representation

As of June 30, 2009, the Metropolitan Government and Metropolitan Board of Education employed approximately 20,835 persons of whom approximately 11,863 worked full-time for the MBE and 8,972 worked full time for the Metropolitan Government. Appropriately 95% of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1,840 active employees, of which 1,351 are sworn personnel. Approximately 1,068 sworn officers (or 79%) of the Police Department belong to the Fraternal Order of Police, Andrew Jackson Lodge No. 5, the designated employee representative. Of those employed by the MBE, approximately 3,282 (or 39%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 1,748 (or 37%) of the non-teaching employees are members of the Service Employees International Union; and 392 (or 8%) are in the Steel Workers Union.

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

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

Economic and Demographic Profile of Nashville and Davidson County

Introduction

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

Population Growth

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEMOGRAPHIC STATISTICS – POPULATION GROWTH

Area	1990	2000	% Change 1990-2000	Estimated 2007	% Change 2000-2007
Nashville/Davidson [1]	510,786	569,691	11.5 %	578,698	1.6 %
MSA [1]	985,026	1,311,789	33.2	1,455,097	10.9
State [2]	4,890,640	5,689,283	16.3	6,156,719	8.2
United States [2]	248,709,925	281,421,906	13.2	301,621,157	7.2

Source: Population is from the U. S. Department of Commerce, Bureau of the Census except for "Estimated 2007" which are from the following sources:

(1) Bureau of the Census provides Population estimates as of July 1, 2006.

(2) Bureau of the Census provides Population estimates as of July 1, 2007.

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

Per Capita Personal Income

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Nashville/Davidson	30,005	31,494	33,369	34,726	35,927	36,724	38,245	39,403	41,805	43,394
MSA	27,621	28,928	30,595	31,281	31,912	32,745	34,306	35,692	37,587	38,851
State	23,989	24,898	26,097	26,839	27,448	28,276	29,565	30,705	32,167	33,395
United States	23,534	24,356	25,945	26,809	27,806	28,816	30,303	31,338	33,183	34,478

Source - Bureau of Economic Analysis (BEA.Gov)

Economy of the Metropolitan Area

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

Employment

The following table shows the labor force segments of the eight county Nashville Metropolitan Statistical Area for calendar years 2002 through June 2008.

NASHVILLE MSA

EMPLOYMENT BY INDUSTRY (1)

Industry	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Education & Health Services	88,700	93,100	93,081	96,606	104,539	105,383	111,100
Financial Activities	43,000	44,300	44,247	44,539	46,323	46,308	46,267
Government	87,700	89,400	95,472	95,639	98,040	99,183	99,783
Information	21,200	19,600	19,181	19,015	20,172	19,692	46,267
Leisure & Hospitality	68,700	71,000	72,081	73,339	78,247	78,317	82,467
Manufacturing	79,900	78,400	83,739	84,198	84,523	82,658	73,758
Professional & Business Services	86,600	82,400	91,090	96,606	100,473	99,425	101,917
Trade, Transportation, Utlities	134,900	139,000	145,122	148,348	154,082	156,028	156,550
Total Non-Agriculture Employment	672,300	680,800	715,548	725,096	753,039	760,258	764,833

(1) Employment numbers in thousands.

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

	Nashville MSA					Tennessee					United States				
	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
Total All Industries (1)	759	762	752	735	715	2,777	2,797	2,783	2,743	2,706	137,066	137,598	136,086	133,703	131,435
In Percentages:															
Construction & Mining	5.2%	5.5%	5.2%	4.9%	4.8%	4.8%	4.9%	4.8%	4.6%	4.5%	5.8%	6.1%	6.2%	6.0%	5.8%
Manufacturing	9.7%	10.4%	11.2%	11.5%	11.7%	13.0%	13.6%	14.4%	14.9%	15.2%	9.8%	10.1%	10.4%	10.6%	10.9%
Trade, Transportation & Utilities	20.3%	20.3%	20.4%	20.5%	20.4%	21.6%	21.8%	21.8%	21.8%	21.7%	19.2%	19.4%	19.3%	19.4%	19.4%
Information	2.8%	2.6%	2.6%	2.7%	2.7%	1.8%	1.8%	1.8%	1.8%	1.8%	2.2%	2.2%	2.2%	2.3%	2.4%
Financial Activities	6.1%	6.1%	6.1%	6.1%	6.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.9%	6.0%	6.1%	6.1%	6.1%
Professional & Business Services	13.2%	13.4%	13.2%	13.2%	12.8%	11.6%	11.5%	11.5%	11.4%	11.2%	13.0%	13.0%	12.9%	12.7%	12.5%
Education & Health Services	14.6%	14.2%	13.9%	13.8%	13.8%	12.9%	12.5%	12.2%	12.0%	11.9%	13.8%	13.3%	13.1%	13.0%	12.9%
Leisure & Hospitality	10.5%	10.6%	10.3%	10.1%	10.1%	9.9%	9.9%	9.7%	9.6%	9.4%	9.8%	9.8%	9.6%	9.6%	9.5%
Government	13.5%	13.1%	13.1%	13.1%	13.4%	15.4%	15.1%	15.0%	15.0%	15.3%	16.4%	16.1%	16.1%	16.3%	16.4%
Unclassified	4.1%	4.0%	4.0%	4.1%	4.1%	3.7%	3.7%	3.7%	3.7%	3.8%	4.0%	4.0%	4.0%	4.0%	4.1%

(1) Total Employment in thousands of persons

Source: Bureau of Labor Statistics

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

	June 30, 2009				June 30, 2000			
Employer	Employees	Rank	% of Total Employment		Employees	Rank	% of Total Employment	
State of Tennessee	20,800	1	2.76	%	18,409	1	2.64	%
Vanderbilt University and Medical Center	19,968	2	2.65		10,417	4	1.49	
Metro Nashville-Davidson Co. Government and Public Schools	19,692	3	2.62		19,800	2	2.84	
U.S. Government	11,271	4	1.50		11,437	3	1.64	
HCA (including Tri-Star Health System) (1)	8,700	5	1.16		-		-	(2)
St. Thomas Health Services	7,200	6	0.96		4,943	9	0.71	
Nissan North America Inc.	6,750	7	0.90		6,115	7	0.88	
Wal-Mart Stores Inc.	4,500	8	0.60		-		-	(2)
CBRL Group Inc.	4,017	9	0.53		-		-	(2)
Shoney's Inc.	4,000	10	0.53		-		-	(2)
Saturn Corporation	-		-	(2)	8,400	5	1.21	
Gaylord Entertainment Co. (1)	-		-	(2)	6,602	6	0.95	
Kroger Company	-		-	(2)	5,199	8	0.75	
BellSouth Telecommunications	-		-	(2)	3,203	10	0.46	
	106,898		14.20	%	94,525		13.56	%

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

(1) National, State or Corporate Headquarters.

(2) Values for employers that are outside the top ten ranking are excluded.

Unemployment Rates

The following table sets forth the unemployment percentage rates in Nashville, the MSA, the State and the United States for the calendar years 2000-2008.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Davidson County	2.7	3.1	3.8	3.9	3.8	4.8	4.3	4.1	5.2
Nashville MSA*	2.6	3.3	3.8	3.9	3.8	4.6	4.1	4.2	5.9
Tennessee	3.7	4.5	5.0	5.2	5.0	5.7	5.2	5.1	6.7
United States	4.1	4.8	5.8	6.0	5.6	4.8	4.8	4.7	6.0

Source: Tennessee Department of Labor and Workforce Development 2008

* The federal designation of the Nashville MSA expanded from 8 to 13 counties in 2003.

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 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. CareMark Rx, a Fortune 100 pharmaceuticals company, moved its headquarters from Birmingham, AL to downtown Nashville, bringing 50 executive jobs with the relocation. 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's international headquarters, founded in 1938, the largest all-male singing organization with 30,000 members occupies a 36,000 square foot building in downtown Nashville.

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 Board of Education holds regular meetings on the second and fourth Tuesday of each month. These meetings are open to the public.

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

The Metropolitan Board of Public Education
2009-2010

Member	Office	Term Expires
David Fox	Chairman	2010
Gracie Porter	Vice-Chairman	2012
Sharon Dixon Gentry, Ed.D.	Member	2012
Dr. Jo Ann Brannon	Member	2010
Mark North	Member	2012
Steve Glover	Member	2010
Karen Y. Johnson	Member	2010
Edward T. Kindall	Member	2012
Kay Simmons	Member	2010

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

SCHOOL SYSTEM

Public Education Facilities

2009-2010

Education Level	Number of Schools	School Year Enrollment
Pre-School		127
Pre-Kindergarten		1,595
Elementary	72	31,741
Middle	34	21,123
High	21	19,850
Alternative	3	
Exceptional Education	4	1,749
Charter Schools	5	1,256
Total	139	77,441

SCHOOL SYSTEM

Public Schools Enrollment and Attendance

School Year	Enrollment [1]	Average Attendance
1996-1997	71,341	67,702
1997-1998	71,000	67,450
1998-1999	69,878	63,896
1999-2000	69,723	66,118
2000-2001	69,457	65,289
2001-2002	69,700	66,319
2002-2003	70,028	66,554
2003-2004	70,760	65,857
2004-2005	71,651	65,960
2005-2006	72,735	67,530
2006-2007	74,163	69,360
2007-2008	74,733	70,231
2008-2009	75,043	68,052

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.

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

Trade

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with 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 the September of 2006. It is operated under the direction of the Regional Transportation Authority, a multi-county agency. The ticket price includes Metropolitan Transportation Authority ("MTA") bus service on circulator routes in the downtown area.

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

• Nearly 10 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 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.

The Metropolitan Transit Authority ("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. Construction has grown through most of the 2000's. In 2009, the Metropolitan Government saw a total dollar volume of permit activity at $913.7million.

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 a great deal of office construction both scheduled and underway. 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 (28-stories, 530,000 square feet) opened in the fall of 2009.The building is anchored by the Bass, Berry & Sims law firm and more than half is already leased.

Calendar Year	Residential Construction Number of Permits	Residential Construction Value	Non-Residential Construction Number of Permits	Non-Residential Construction Value	Repairs, Alterations and Installations Number of Permits	Repairs, Alterations and Installations Value	Other (1) Number of Permits	Other (1) Value	Total Permit Value
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	1,730	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

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 cities success.

In the spring of 2010, the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County began construction on the Music City Center. The new convention center, scheduled for completion in February 2013, 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 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, the Ryman Auditorium, the Country Music Hall of Fame and the Schermerhorn Symphony Center.

The Schermerhorn Symphony Hall in downtown Nashville opened in 2006. The \$123 million concert hall is an acoustic masterpiece that impressed national and international music critics and journalists beginning with the opening concert and adds one more attraction to a city known world-wide as Music City. The Nashville Symphony has become the top selling Naxos orchestra for Compact Disks and the performance hall has garnered stellar reviews.

The Country Music Hall of Fame in downtown Nashville 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 cleft. 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 have broadcast a 2 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, the Wild Horse Saloon; a concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium (2,200 seats), a former 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 Field 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 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 is now in its eleventh year of operation as a premier entertainment facility. The Arena is home of the Nashville Predators, an NHL team in its tenth season in Nashville.

The Tennessee NFL Stadium, opened in 1999 and now named LP Field, is the home of the 1999 AFC Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 OVC Champion Tennessee State University Tigers. Now in its tenth 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 Coliseum 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.

The Nashville MSA has more than 280 hotels and motels that offer more than 35,400 rooms. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States. The complex features 2,884 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. The hotel recently announced plans to build an additional 400 rooms and 450,000 square feet of exhibit and meeting space. Below is a history of hotel/motel rooms in Nashville MSA and percentage of occupancy from 1997 through 2008:

HOTEL AND MOTEL ROOMS

Calendar Year	Rooms Available	Occupancy Rate
1996	27,041	67.2%
1997	28,684	66.4
1998	30,122	61.9
1999	31,106	61.0
2000	32,385	59.9
2001	33,316	56.5
2002	33,474	56.9
2003	32,661	58.5
2004	32,727	60.7
2005	32,983	62.3
2006	33,052	66.2
2007	33,056	66.9
2008	34,921	62.5

Source: Nashville Conventions and Visitors Bureau

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, a State cultural facility in Downtown Nashville which contains a 2,442-seat concert hall, a 1,054 seat legitimate theater and a 300 seat flexible theater, 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.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City.

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. 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 Adventure Science Center is undergoing expansion of the building which will feature a state-of-the-art Planetarium. The current Center 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. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of animals from throughout the world.

APPENDIX C-FORMS OF OPINIONS OF BOND COUNSEL

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(Proposed Form of Opinion of Bond Counsel)

Series 2010A Bonds

Bass, Berry & Sims PLC

150 Third Avenue South, Suite 2800

Nashville, Tennessee 37201

June 10, 2010

We have acted as bond counsel to the Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of $296,750,000 General Obligation Improvement and Refunding Bonds, Series 2010A, dated June 10, 2010 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Metropolitan County Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Issuer.

4. 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; however, for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings under the federal corporate alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) 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 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.

This opinion is given as of the date hereof, and we assume no obligation to update 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.

Yours truly,

(Proposed Form of Opinion of Bond Counsel)

Series 2010B Bonds

Bass, Berry & Sims PLC

150 Third Avenue South, Suite 2800

Nashville, Tennessee 37201

June 10, 2010

We have acted as bond counsel to the Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of $252,005,000 General Obligation Improvement Bonds Federally Taxable, Series 2010B (Build America Bonds—Direct Payment), dated June 10, 2010 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Metropolitan County Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Issuer. The Bonds are additionally payable from, but not secured by, refundable credits received by the Issuer with respect to the Bonds from the United States Treasury pursuant to Section 54AA and Section 6431 of the Internal Revenue Code of 1986, as amended.

4. Interest on the Bonds is not excludible from gross income for federal income tax purposes. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) 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 resolutions 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.

This opinion is given as of the date hereof, and we assume no obligation to update 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.

Yours truly,

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.

(Proposed Form of Opinion of Bond Counsel)

Series 2010C Bonds

Bass, Berry & Sims PLC

150 Third Avenue South, Suite 2800

Nashville, Tennessee 37201

June 10, 2010

We have acted as bond counsel to the Metropolitan Government of Nashville and Davidson County (the "Issuer") in connection with the issuance of $51,485,000 General Obligation Refunding Bonds Federally Taxable, Series 2010C, dated June 10, 2010 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Metropolitan County Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the Issuer.

4. Interest on the Bonds is not excludible from gross income for federal income tax purposes. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) 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 resolutions 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.

This opinion is given as of the date hereof, and we assume no obligation to update 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.

Yours truly,

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 D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

$296,750,000
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2010A

$252,005,000
GENERAL OBLIGATION IMPROVEMENT BONDS FEDERALLY TAXABLE, SERIES 2010B
(BUILD AMERICA BONDS - DIRECT PAYMENT)

$51,485,000
GENERAL OBLIGATION REFUNDING BONDS FEDERALLY TAXABLE, SERIES 2010C

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered this ___ day of June, 2010 by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Issuer") in connection with the issuance of its $296,750,000 General Obligation Improvement and Refunding Bonds, Series 2010A, $252,005,000 General Obligation Improvement Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment) and $51,485,000 General Obligation Refunding Bonds Federally Taxable Series 2010C (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Metropolitan County Council of the Issuer on May 18, 2010 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

"Official Statement" shall mean the Official Statement dated June 3, 2010, relating to the Bonds.

"Participating Underwriter" shall mean Goldman, Sachs & Co., Jefferies & Company, Inc., J.P. Morgan Chase & Co., Morgan Keegan & Company, Inc., Bank of America Merrill Lynch Pierce Fenner & Smith, Fifth Third Securities, Inc., Loop Capital & Markets, LLC, and Mesirow Financial, Inc., and Morgan Stanley & Co., Incorporated.

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

"State" shall mean the State of Tennessee.

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

SECTION 3. Provision of Annual Reports. Not later than one year after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2010, the Issuer shall provide an Annual Report to the MSRB at www.emma.msrb.com and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Issuer shall include unaudited financial statements of the Issuer in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Issuer will be submitted. The audited financial statements of the Issuer, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Issuer shall in a timely manner send a notice to the MSRB and to the State Depository, if any. As of the date hereof, the Issuer is in compliance with the all required disclosure filings.

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

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

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

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

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

1. "Capital Improvements Budget by Department";

2. "Revenues";

3. "Property Taxes";

4. "Summary of Major Funds";

5. "Computation of Net General Obligation Debt";

6. "Debt Ratios";

7. "Historical Debt Ratios";

8. "Total Debt Service"; and

9. "Pension Plans and other Post-Employment Benefits"

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB at www.emma.msrb.org. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

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

(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 tax-exempt status of the security.

(vii) Modifications to rights of the security holders.

(viii) Bond calls.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the security.

(xi) Rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, within five (5) business days, determine if such event would constitute material information for Beneficial Owners of the Bonds.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material, the Issuer shall in a timely manner file a notice of such occurrence with the MSRB and any State Depository. Notice of Listed Events described in subsections (5)(a)(viii) and (ix) shall be disseminated automatically and need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The Issuer shall notify the MSRB and any State Depository that the Issuer's obligations under this Disclosure Certificate have terminated. If the Issuer's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the original Issuer shall have no further responsibility hereunder.

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

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

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

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

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the Issuer), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Tennessee.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 16. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at www.emma.msrb.org , shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

By:____

Metropolitan Mayor

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