

*In the opinion of Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein interest on the Bonds (a) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person”, and (b) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. See “TAX MATTERS” herein for a description of certain other provisions of law which may affect the Federal tax treatment of interest on the Bonds. In addition, in the opinion of Bond Counsel, under the laws of the State of Tennessee, the Bonds and the income therefrom are exempt from all state, county and municipal taxation within the State of Tennessee except inheritance, transfer and estate taxes and except to the extent such income may be included within the measure of corporate privilege taxes imposed pursuant to the laws of the State of Tennessee.*

**\$6,200,000**

**Metropolitan Nashville Airport Authority  
Special Facility Revenue Bonds  
(Aero Nashville, LLC Project)  
Refunding Series 2010**

**Dated: Date of Delivery**

**Due: July 1, 2026**

The Metropolitan Nashville Airport Authority (the “Issuer”) is issuing its \$6,200,000 Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010 (the “Bonds”) as fully registered bonds in the denominations of \$5,000 and integral multiples thereof. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which payments of principal of and interest on the Bonds will be made. Individual purchases will be made in book-entry form only. Purchasers of the Bonds will not receive physical delivery of bond certificates. Interest on the Bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2011, until maturity or prior redemption, on each interest payment date.

The Bonds are being issued pursuant to (i) Title 42, Chapter 4, Tennessee Code Annotated, as amended and supplemented from time to time, (ii) a resolution of the Issuer, adopted on October 21, 2010, and (iii) a Trust Indenture, dated as of December 1, 2010 (the “Indenture”), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The proceeds from the sale of the Bonds will be used to currently refund \$5,155,000 aggregate principal amount of the Issuer’s outstanding Adjustable Rate Special Facility Revenue Bonds (Aero Nashville, LLC Project), Series 2006A and \$1,045,000 aggregate principal amount of the Issuer’s outstanding Subordinate Fixed Rate Special Facility Revenue Bonds (Aero Nashville, LLC Project), Series 2006B (collectively, the “Refunded Bonds”). See “APPENDIX A—SUMMARY OF TRUST INDENTURE”.

The Refunded Bonds were originally issued to finance or reimburse the costs of constructing an air cargo facility (the “Project”) that is located at Nashville International Airport. The Project is leased by the Issuer to Aero Nashville, LLC, a Delaware limited liability company (the “Company”), pursuant to the Ground Lease, dated as of August 31, 2005, as amended by Amendment No. 1 to Ground Lease, dated February 3, 2006 and the Amended and Restated Amendment No. 2 to Ground Lease, dated as of December 1, 2010 (collectively, the “Ground Lease”), all by and between the Issuer and the Company. The Project is in turn subleased by the Company to the Federal Express Corporation (“FedEx”) pursuant to a Lease Agreement, dated August 31, 2005, as amended (the “FedEx Lease”), by and between the Company and FedEx, or an affiliate of FedEx. The Company is required to pay the Issuer lease payments under the Ground Lease in an amount sufficient to provide for the payment of principal of and interest on the Bonds, and such obligation is payable from revenues generated by the lease of the Project to FedEx. See “THE FEDEX AGREEMENTS—FedEx Lease” and “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE”.

As further security for the payment of the Bonds, pursuant to a Leasehold Estate Deed of Trust (Security Agreement, Assignment of Leases and Rents, and Financing Statement), dated as of December 1, 2010 (the “Leasehold Deed of Trust”), the Company has granted, for the benefit of the Trustee on behalf of the Bondholders, a security interest in all right, title and interest of the Company in the Project, and all leases and revenues pertaining thereto. See “APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST”.

The Bonds will be subject to redemption prior to their respective maturity. See “DESCRIPTION OF THE BONDS—Redemption Provisions”.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND DO NOT REPRESENT OR CONSTITUTE AN INDEBTEDNESS OR LIABILITY OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF TENNESSEE OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION, MUNICIPALITY OR OTHER LOCAL AGENCY THEREOF. THE ISSUER HAS NO TAXING POWER.**

This cover page is not intended to be a summary of the terms of, or the security for, the Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under “INVESTOR CONSIDERATIONS”. Investment in the Bonds involves a high degree of risk and prospective investors should consider their particular financial situations and the risks involved to determine the suitability of an investment in the Bonds. See “INVESTOR CONSIDERATIONS”.

The Company’s obligations under the Ground Lease are obligations solely of the Company and are nonrecourse to any of its partners or affiliates or any shareholder, partner, officer, employee or director of its partners or any affiliate thereof (other than the Company). Recourse on the Bonds is limited to the Company and the collateral for the Bonds.

**MATURITY SCHEDULE**

\$6,200,000 5.20% Term Bonds due July 1, 2026, Price: 100%; CUSIP Number†: 592195AX9

*The Bonds are offered for delivery when, as and if issued, subject to the approval of their validity by Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer. Certain legal matters will be passed on for Aero Nashville, LLC by Bradley Arant Boult Cummings, LLP and Greenberg Traurig, LLP; for the Underwriter by Kutak Rock LLP; and for the Issuer by Adams and Reese LLP. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company on or about December 1, 2010.*

**Citi**

Dated: November 4, 2010

† Copyright 2010, American Bankers Association. CUSIP data was provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies Inc. CUSIP numbers are provided only for the convenience of the reader. Neither the Issuer or the Underwriter takes any responsibility for any changes to or errors in this list of CUSIP numbers.

No dealer, broker, salesperson or other person has been authorized by the Company or the Issuer to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

This Official Statement, including the appendices hereto, contains statements relating to future results that are “forward-looking statements”. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The information contained in this Official Statement under the captions “THE ISSUER” and “THE AIRPORT” have been furnished by the Issuer. All other information contained in this Official Statement has been obtained by the Company and sources other than the Issuer that are deemed reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion 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 Company or the Issuer since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [www.mandq.biz](http://www.mandq.biz). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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## **OFFICIAL STATEMENT**

**\$6,200,000**

**METROPOLITAN NASHVILLE AIRPORT AUTHORITY  
SPECIAL FACILITY REVENUE BONDS  
(AERO NASHVILLE, LLC PROJECT)  
REFUNDING SERIES 2010**

### **INTRODUCTORY STATEMENT**

#### **General**

This Official Statement, including the cover page and appendices, sets forth certain information relating to the offering and sale by The Metropolitan Nashville Airport Authority (the “Issuer”) of its \$6,200,000 Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010 (the “Bonds”). See “DESCRIPTION OF THE BONDS”. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings assigned to such terms in Appendix A, Appendix B, Appendix C, Appendix D, Appendix E and Appendix F hereto.

The Bonds are being issued pursuant to (i) the Metropolitan Airport Authority Act, Title 42, Chapter 4, Tennessee Code Annotated, as amended and supplemented from time to time (the “Act”), (ii) a resolution of the Issuer, adopted on October 21, 2010, and (iii) a Trust Indenture, dated as of December 1, 2010 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

#### **Plan of Refunding**

The proceeds from the sale of the Bonds will be used to currently refund \$5,155,000 aggregate principal amount of the Issuer’s outstanding Adjustable Rate Special Facility Revenue Bonds (Aero Nashville, LLC Project), Series 2006A (the “Refunded Series 2006A Bonds”) and \$1,045,000 aggregate principal amount of the Issuer’s outstanding Subordinate Fixed Rate Special Facility Revenue Bonds (Aero Nashville, LLC Project), Series 2006B (the “Refunded Series 2006B Bonds,” and together with the Refunded Series 2006A Bonds, the “Refunded Bonds”). See “PLAN OF REFUNDING,” “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT”.

#### **The Project and the Company**

The Project, which is owned by the Issuer and was constructed by Aero Nashville, LLC (the “Company”) on a parcel of real property owned by the Issuer and located at Nashville International Airport (the “Airport”), is leased by the Company. The Company subleased the Project to the Federal Express Corporation (“FedEx”) pursuant to a Lease Agreement, dated August 31, 2005, as amended (the “FedEx Lease”), by and between the Company and FedEx. See “FEDERAL EXPRESS CORPORATION” and “INVESTOR CONSIDERATIONS—Project Occupancy”.

The Company is a Delaware limited liability company whose sole member is CAC Air Holding II, LLC, a Delaware limited liability company. The Company’s purpose is to own, improve, manage, operate and lease the Project. See “THE COMPANY”.

## Security for the Bonds

***Issuer Security.*** The Bonds are limited obligations of the Issuer and will be payable by the Issuer solely from amounts received by the Issuer (“Lease Revenues”) from the Company pursuant to the Ground Lease, dated August 31, 2005, as amended by Amendment No. 1 to Ground Lease, dated February 3, 2006 and the Amended and Restated Amendment No. 2 to Ground Lease, dated as of December 1, 2010 (collectively, the “Ground Lease”), all by and between the Issuer and the Company, and pledged pursuant to the Indenture, excluding, however, Unassigned Rights. “Unassigned Rights” Issuer Base Rent (as defined in Appendix A) and certain other payments to the Issuer. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Security for and Sources of Payment of the Bonds”. The Company’s obligations under the Ground Lease to pay Lease Revenues will be derived exclusively from certain Project Revenues (as defined herein) of the Company, which includes the payment of FedEx Base Rent (as defined herein).

***Facility Surplus Fund – Minimum Required Balance.*** At all times, the Minimum Required Balance will be maintained in the Facility Surplus Fund from amounts that may be deposited therein pursuant to clause (g) under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Funds and Accounts—Facility Revenue Fund”. The “Minimum Required Balance” means the lesser of (i) 10% of the proceeds of the Bonds (and any Additional Bonds (as defined herein) and Refunding Bonds (as defined herein) issued pursuant to a Supplemental Indenture), (ii) 125% of the average annual principal and interest requirements on the Bonds (and any Additional Bonds and Refunding Bonds issued pursuant to a Supplemental Indenture), and (iii) the maximum annual principal and interest requirements on the Bonds (and any Additional Bonds and Refunding Bonds issued pursuant to a Supplemental Indenture). See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Funds and Accounts—Facility Surplus Fund”.

***Additional Company Security.*** As additional security for the Bonds the Company will guaranty the debt service on the Bonds and the Company’s performance under the Bond Documents (as defined in the Indenture) under a Guaranty Agreement (the “Guaranty”), dated as of December 1, 2010, from the Company to the Trustee. The Company’s obligations under the Ground Lease and the Guaranty are secured by (i) a Leasehold Estate Deed of Trust (Security Agreement, Assignment of Leases and Rents, and Financing Statement) (the “Leasehold Deed of Trust”), dated as of December 1, 2010, from the Company to Chicago Title Insurance Company, as mortgage trustee for the benefit of the Trustee and (ii) a Collateral and Security Agreement (the “Collateral Agreement”), dated as of December 1, 2010, between the Company and the Trustee, that, among other things, pledges and requires the Company to deposit all Project Revenues in the Facility Revenue Fund under the Indenture. The Company is permitted to pledge its leasehold interest in the Property under the Leasehold Deed of Trust pursuant to the Ground Lease and pursuant to a Landlord’s Consent and Estoppel Certificate (the “Consent and Estoppel Certificate”), dated as of December 1, 2010, by and between the Issuer and the Company. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Additional Company Security”.

## Continuing Disclosure

In connection with the issuance of the Bonds, the Company will agree to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”), for purposes of Rule 15c2-12(b)(5) (“Rule 15c2-12”) adopted by the U.S. Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “Securities Act”), certain annual financial information and operating data relating to the Project, and notice of certain material events. These covenants will be made in order to assist the Underwriter (as defined herein) in complying with Rule 15c2-12. See “CONTINUING DISCLOSURE” and “APPENDIX I—FORM OF CONTINUING DISCLOSURE AGREEMENT”.

## **Changes from the Preliminary Official Statement**

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement, dated October 26, 2010 (the "Preliminary Official Statement"), including, among other things, information relating to amount and maturity, interest rate, yield and other terms of the Bonds. This Official Statement also contains certain other changes and additions, as well as information reflecting events occurring since the date of the Preliminary Official Statement, which have been included in order to make this Official Statement complete as of its date. Purchasers of the Bonds should read this Official Statement in its entirety.

## **Additional Information**

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE LEASE REVENUES. THE ISSUER WILL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT TO THEM EXCEPT FROM THE LEASE REVENUES RECEIVED BY THE ISSUER UNDER THE GROUND LEASE AND PLEDGED FOR SUCH PURPOSE, SUBJECT TO CERTAIN LIMITATIONS, UNDER THE INDENTURE.

THE COMPANY HAS NO SIGNIFICANT ASSETS OTHER THAN THE GROUND LEASE, A LEASEHOLD INTEREST IN THE PROJECT AND THE FEDEX LEASE. FEDEX HAS NO OBLIGATION TO MAKE ANY PAYMENTS WITH RESPECT TO THE GROUND LEASE OR THE BONDS, AND IS OBLIGATED ONLY TO PAY FEDEX BASE RENT (AS DEFINED HEREIN) AND CERTAIN OTHER AMOUNTS UNDER THE FEDEX LEASE.

WHILE THE COMPANY ASSIGNED THE PROJECT REVENUES TO THE TRUSTEE UNDER THE COLLATERAL AGREEMENT AND GRANTED A SECURITY INTEREST IN RENTS PURSUANT TO THE LEASEHOLD DEED OF TRUST TO SECURE ITS OBLIGATIONS UNDER THE GROUND LEASE AND THE GUARANTY, PAYMENT OF LEASE REVENUES UNDER THE GROUND LEASE, OR DEBT SERVICE ON THE BONDS UNDER THE GUARANTY, WILL BE DEPENDENT ENTIRELY UPON THE ABILITY TO DERIVE PROJECT REVENUES FROM THE FEDEX LEASE.

PROSPECTIVE INVESTORS SHOULD READ "INVESTOR CONSIDERATIONS" FOR A DESCRIPTION OF CERTAIN RISKS WHICH MAY AFFECT THE COMPANY'S ABILITY TO REALIZE PROJECT REVENUES.

EXCEPT FOR INFORMATION UNDER THE CAPTIONS "THE ISSUER" AND "THE AIRPORT," THE ISSUER HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT. THE ISSUER HAS NOT UNDERTAKEN TO VERIFY OR CONFIRM THE ACCURACY OR SUFFICIENCY OF ANY OF THE STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THE ISSUER EXPRESSLY DISCLAIMS ANY LIABILITY RESULTING FROM THE OFFERING AND SALE OF THE BONDS. THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR IT.

THE BONDS DO NOT REPRESENT OR CONSTITUTE AN INDEBTEDNESS OR LIABILITY OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF TENNESSEE OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION, MUNICIPALITY OR OTHER LOCAL AGENCY THEREOF. THE ISSUER HAS NO TAXING POWER.

BRIEF DESCRIPTIONS OF THE BONDS, THE INDENTURE, THE GROUND LEASE, THE FEDEX LEASE, THE LEASEHOLD DEED OF TRUST, THE COLLATERAL AGREEMENT, THE GUARANTY, THE CONSENT AND ESTOPPEL CERTIFICATE AND CERTAIN OTHER DOCUMENTS ARE INCLUDED IN THIS OFFICIAL STATEMENT AND THE APPENDICES HERETO. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO SUCH DOCUMENTS AND ANY OTHER DOCUMENTS, STATUTES, LAWS, REPORTS OR OTHER INSTRUMENTS DESCRIBED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT, STATUTE, LAW, REPORT OR OTHER INSTRUMENT. THE INFORMATION HEREIN IS 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 COMPANY SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT AMONG THE ISSUER, THE COMPANY AND THE PURCHASERS OR OWNERS OF ANY OF THE BONDS.

### **PLAN OF REFUNDING**

The proceeds from the sale of the Bonds will be used to currently refund the principal amount of the Refunded Bonds. The Refunded Bonds are being refunded in order to convert the Refunded Series 2006A Bonds from bearing an adjustable rate to bearing fixed rates. The Refunded Series 2006A Bonds are currently outstanding in the amount of \$5,155,000, and the Refunded Series 2006B Bonds are currently outstanding in the amount of \$1,045,000. The Refunded Series 2006A Bonds were initially issued as adjustable rate bonds, due to mature on July 1, 2036. The Refunded Series 2006B Bonds were initially issued as fixed rate bonds, due to mature on July 1, 2036. The Refunded Bonds are expected to be redeemed on December 1, 2010 with proceeds from the Bonds and other cash and equity contributions from the Company.

### **DESCRIPTION OF THE BONDS**

#### **General**

The Bonds will bear interest at the rates and mature on the dates set forth on the front cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2011 (each an "Interest Payment Date"). Interest due and payable on the Bonds on any Interest Payment Date will be paid to the person who is the registered owner as of the Record Date (DTC, so long as the book-entry system with DTC is in effect). Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2011, in which event such Bond will bear interest from its date of delivery. If interest on the Bonds is in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Bonds surrendered.

The Bonds will be issued in denominations of \$5,000 and integral multiples thereof. The Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as



securities depository for the Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners (as defined in Appendix J) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the Direct and Indirect Participants (as defined in Appendix J) for subsequent disbursement to the Beneficial Owners. See “APPENDIX J—BOOK-ENTRY-ONLY SYSTEM”.

## Redemption Provisions

**Optional Redemption.** Bonds may be redeemed in whole or in part prior to maturity on any date by the Issuer at the option of the Company, on or after July 1, 2020, upon not more than 60 days’ nor less than 30 days’ notice to the Trustee, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

**Sinking Fund Redemption.** The Bonds will be subject to mandatory redemption on July 1 in the years and in the amounts set forth below at a redemption price of par plus accrued interest to the redemption date:

Term Bonds Due July 1, 2026	
Redemption Date	
<u>July 1</u>	<u>Principal Amount</u>
2012	\$235,000
2013	245,000
2014	260,000
2015	275,000
2016	300,000
2017	360,000
2018	375,000
2019	395,000
2020	420,000
2021	455,000
2022	525,000
2023	555,000
2024	585,000
2025	620,000
2026*	595,000

\* Final maturity.

**Extraordinary Optional Redemption.** The Bonds are subject to redemption by the Issuer upon the direction of the Company, in whole or in part at any time on any Business Day, (i) upon the occurrence of the events permitting the Company to terminate the Ground Lease or FedEx to terminate the FedEx Lease upon the damage, destruction or condemnation of the Project, as provided therein, or (ii) as a result of any changes in the Constitution or laws of the State or the United States of America or of

any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Company under the Ground Lease will have become, in the opinion of counsel to the Company, void, unenforceable or impracticable to perform, in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Ground Lease, or the Company will be unable to use the Project for a period of six months or more, in each case at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date.

***Mandatory Redemption Upon Determination of Taxability.*** The Bonds will be redeemed in whole prior to maturity on a date selected by the Company which is not more than 120 days following the occurrence of a Determination of Taxability at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

***Additional Provisions Relating to Redemption.*** The particular Bonds of each maturity to be redeemed will be selected by the Trustee on a pro rata basis from all Holders of Bonds of such maturity; provided, that no redemption will result in a Bond being held in other than an Authorized Denomination. Bonds subject to mandatory redemption which are redeemed pursuant to an optional redemption or extraordinary optional redemption will be credited against the amounts required to be redeemed and will be credited in inverse order of the redemption dates. A notice will be sent by the Trustee, by first-class mail, postage prepaid, not less than 30 days but not more than 60 days prior to the redemption date, to the Issuer, the Company and to each registered holder of Bonds to be redeemed in whole or in part, addressed to such holder at its address appearing on the register maintained by the Trustee. Such notice will set forth (a) the redemption date; (b) the place or places where Bonds will be redeemed, including the name and address of any redemption agent; (c) the CUSIP numbers assigned to the Bonds to be redeemed; (d) the interest rates and maturity dates of the Bonds to be redeemed; and (e) the date of the mailing of notice to Bondholders. A notice of optional redemption may be conditional and, if conditional, will describe the conditions under which such redemption will occur. Such redemption notice will further state that on such date there will become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, together with interest accrued to such date, and that from and after such date, if the aggregate of the amounts on deposit in the Debt Service Fund is sufficient to pay the redemption price together with the interest accrued to such date, interest thereon will cease to accrue and be payable.

Neither failure to receive any redemption notice nor any defect in such redemption notice so given will affect the sufficiency of the proceedings for the redemption of such Bonds.

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS**

### **Security for and Sources of Payment of the Bonds**

The Bonds are limited obligations of the Issuer secured by a security interest in, assignment and pledge to the Trustee of all right, title and interest of the Issuer in and to, subject to the Reserved Rights and except for the Unassigned Rights (i) the Lease Revenues, (ii) the Ground Lease and (iii) any moneys and investments on deposit in the Funds and Accounts (except the Rebate Fund) held under the Indenture.

The Bonds are payable from lease payments made by the Company under the Ground Lease ("Lease Payments"). Under the Ground Lease, the Company is obligated to make Lease Payments to the Trustee which will be in amounts sufficient for the payment in full and when due of amounts payable with respect to the Bonds, including the payment of principal of, including sinking fund payments, and interest on the Bonds, and certain fees and expenses. The Company's obligations under the Ground Lease are

absolute and unconditional, irrespective of any rights of set-off, diminution, abatement, recoupment or counterclaim. See “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE”.

### **Additional Company Security**

As additional security for the Bonds the Company will guaranty the debt service on the Bonds and the Company’s performance under the Bond Documents under the Guaranty. See “APPENDIX E—SUMMARY OF GUARANTY”. The obligations of the Company under the Guaranty are secured by the Leasehold Deed of Trust and the Collateral Agreement, and supported by the Attornment Agreement (as defined below).

***Leasehold Deed of Trust.*** Pursuant to the Consent and Estoppel Certificate, the Issuer provides its consent for the Company to mortgage and pledge its leasehold interest in the Project pursuant to the Leasehold Deed of Trust as collateral to secure the Company’s obligations under the Guaranty. See “APPENDIX F—SUMMARY OF CONSENT AND ESTOPPEL CERTIFICATE”. Pursuant to the Leasehold Deed of Trust, the Company will grant, for the use and benefit of the Trustee as trustee on behalf of the Bondholders, a lien upon and security interest in all right, title and interest of the Company as “tenant” in the leasehold estate under and pursuant to the FedEx Lease, in the Property (as defined in the Leasehold Deed of Trust), including all Rents as defined therein. See “APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST”.

***Collateral Agreement.*** The primary source of revenues to make Lease Payments are Project Revenues derived by the Company from the Project. The primary source of Project Revenues will come from payments made by FedEx under the FedEx Lease. See “—FedEx Lease Payments” below. Under the Collateral Agreement, the Company will be required to transfer to the Trustee within five Business Days of the receipt thereof for deposit to the Facility Revenue Fund held under the Indenture all Project Revenues received by the Company. “Project Revenues” are defined in the Indenture as the total of all revenues and gains derived by the Company during such period, determined in accordance with generally accepted accounting principles, including but not limited to (a) lease revenues received under the FedEx Lease, including all Rents as defined in the Leasehold Deed of Trust, and (b) other operating revenues, and also including interest earnings on all Funds and Accounts (except the Rebate Fund) held by the Trustee under the Indenture. Project Revenues, however, do not include company security deposits or any amounts payable to the Issuer and included in the definition of Unassigned Rights, including Issuer’s right to receive certain insurance proceeds, condemnation proceeds or other amounts payable to the Issuer pursuant to the Ground Lease. See “APPENDIX C—SUMMARY OF COLLATERAL AGREEMENT”.

The Collateral Agreement also assigns the Management Agreement as security for the Company’s obligations under the Guaranty. See “THE MANAGER AND THE MANAGEMENT AGREEMENT—Management Agreement”.

***Attornment Agreement.*** FedEx, the Company and the Trustee will enter into a Subordination, Non-Disturbance and Attornment Agreement (the “Attornment Agreement”), dated December 1, 2010, which, among other things, will enable the Trustee or a purchaser of the Company’s leasehold interest in the Project to keep the FedEx Lease in place in the event of any transfer of Company’s interest in the Project by foreclosure or trustee’s sale or as a result of any other action or proceedings for the enforcement of the Leasehold Deed of Trust or any transfer by deed in lieu of foreclosure. See “FEDEX AGREEMENTS—Attornment Agreement”.

## **FedEx Lease Payments**

The Company subleased the Project to the FedEx pursuant to the FedEx Lease. The initial term of the FedEx Lease ends on June 16, 2026, however, FedEx has two consecutive five year renewal options. FedEx leases the Property from the Company and currently pays annual base rent (the “FedEx Base Rent”) of \$608,369. Every five years, the FedEx Base Rent increases by 10% until the FedEx Lease terminates, with increases scheduled for 2011, 2016, 2021 and 2026. See “FEDEX AGREEMENTS—FedEx Lease”.

IN THE EVENT THAT FEDEX IS EVICTED AS A RESULT OF A DEFAULT UNDER THE FEDEX LEASE, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL BE ABLE TO ENTER INTO A NEW TENANT LEASE UPON TERMS AND CONDITIONS WHICH WILL ALLOW THE COMPANY TO MAKE LEASE PAYMENTS AS REQUIRED UNDER THE GROUND LEASE SUFFICIENT, OR TO MEET ITS OBLIGATIONS UNDER THE GUARANTY, TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE “INVESTOR CONSIDERATIONS”.

## **Funds and Accounts**

Pursuant to the Indenture, the Trustee will establish and maintain the following Funds and Accounts for the Project:

- (a) Clearing Fund;
- (b) Facility Revenue Fund;
- (c) Debt Service Fund which is composed of the Payment Account, the Defeasance Account and the Special Redemption Account;
- (d) Facility Surplus Fund;
- (e) Rebate Fund; and
- (f) Renewal Fund.

Pursuant to the Collateral Agreement, the Company will establish and maintain the following Funds for the Project:

- (a) Operation and Maintenance Expense Fund; and
- (b) Capital Repair and Replacement Fund.

**Clearing Fund.** On the delivery date of the Bonds, proceeds of the Bonds will be deposited by the Trustee in the Clearing Fund. The Trustee will deposit any additional amounts required to be deposited therein by the Company. Moneys in the Clearing Fund will be used to refinance the costs of the Project. Any moneys remaining in the Clearing Fund 90 days after the issue date of the Bonds will be transferred to the Debt Service Fund.

**Facility Revenue Fund.** The Project Revenues of the Company will be required to be deposited in the Facility Revenue Fund maintained by the Trustee for the Bonds. The Trustee will withdraw amounts on deposit in the Facility Revenue Fund on a monthly basis to pay expenses or make a transfer of funds in the following order of priority:

(a) to the Operation and Maintenance Expense Fund, the Issuer Base Rent (as defined in Appendix A), to the extent not paid directly to the Issuer pursuant to the FedEx Lease;

(b) to the Trustee for payment of any fees or expenses which are then due and payable;

(c) to the Operation and Maintenance Expense Fund, an amount equal to the necessary and reasonable Operation and Maintenance Expenses (other than Issuer Base Rent) for the current month as requested by the Company; provided, however, that the Trustee (i) may not in any month transfer to the Company Operation and Maintenance Expenses which are reasonably expected to cause the projected annual Operation and Maintenance Expenses to exceed the Budgeted Operation and Maintenance Expense Amount as approved in the Annual Forecast (as defined herein) by more than 10%; and (ii) may not transfer to the Company Operation and Maintenance Expenses which exceed budgeted monthly Operation and Maintenance Expenses as approved in the Annual Forecast for such month by more than 20%;

(d) to the Capital Repair and Replacement Fund, an amount equal to the necessary and reasonable Capital Repair and Replacement Expenses for the current month as requested by the Company; provided, however, that the Trustee (i) may not in any month transfer to the Company Capital Repair and Replacement Expenses which are reasonably expected to cause the projected annual Capital Repair and Replacement Expenses to exceed the Budgeted Capital Repair and Replacement Expense Amount as approved in the Annual Forecast (as provided in the Collateral Agreement) by more than 10%; and (ii) may not transfer to the Company Capital Repair and Replacement Maintenance Expenses which exceed budgeted monthly Capital Repair and Replacement Expenses as approved in the Annual Forecast for such month by more than 20%;

(e) to the Debt Service Fund, an amount sufficient to make all deposits to the Debt Service Fund required to be made for such month under the Ground Lease or which are necessary to remedy any prior deficiencies relating to previously required deposits to the Debt Service Fund under the Ground Lease;

(f) to the Manager (as defined herein), an amount equal to the management fees due under the Management Agreement (as defined herein) unless the Company projects that the Debt Service Coverage Ratio for the applicable calendar year will be, or the Debt Service Coverage Ratio for all or a portion of a calendar year is 1.10 to 1.00 or less, in which event payment of the Manager's fee will be deferred until the Company projects a Debt Service Coverage Ratio of greater than 1.10 to 1.00;

(g) to the Facility Surplus Fund, the balance, if any, of such moneys after making the payments or deposits required under clauses (a) through (f) above.

***Debt Service Fund.*** The Indenture requires the following amounts to be deposited into the Debt Service Fund and credited to the Payment Account: (a) all amounts required to be transferred from the Debt Service Fund in accordance with the provisions of the Indenture, (b) all amounts required to be deposited therein from the Facility Revenue Fund, and (c) any other amounts paid to or recovered by the Trustee for deposit in the Debt Service Fund which are not specifically required to be credited to another Account in the Debt Service Fund. Payment of Debt Service when due will be made from amounts credited to the Payment Account. Except as otherwise provided in the Indenture, moneys deposited in the

Debt Service Fund are required to be used solely for the payment of the principal of and interest on the Bonds as the same becomes due and payable at maturity, upon redemption or otherwise.

All amounts deposited with the Trustee pursuant to the Indenture with respect to Debt Service not then due are required to be credited to the Defeasance Account. Amounts credited to the Defeasance Account and the proceeds of any investment thereof are required to be transferred to the Payment Account at such times and in such amounts as may be required to pay Debt Service. Except for investment of idle cash and transfers to the Payment Account in accordance with the preceding sentence, amounts credited to the Defeasance Account may not be used for any other purpose prior to the time all Bonds have become due.

Pursuant to the Ground Lease, the Company will make Lease Payments directly to the Trustee (a) on or before the 20<sup>th</sup> day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of interest which is due on the next ensuing date for payment of such interest with respect to the Bonds; and (b) on or before the 20<sup>th</sup> day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of the principal of or sinking fund payment on the Bonds which is next due for payment of such principal or for such sinking fund redemption payment.

Any amount deposited in the Debt Service Fund which are transferred from the Renewal Fund are required to be credited to the Special Redemption Account to be used solely for the purpose of redeeming Outstanding Bonds equal in principal amount to the amount so deposited or transferred on the earliest date Bonds are permitted under the Indenture to be redeemed.

Except as otherwise provided in the Indenture with respect to excess or unclaimed amounts, the amounts in the Debt Service Fund are required to be used solely for the payment of Debt Service, and during the continuance of an Event of Default, payment of the fees and expenses of the Trustee, in accordance with the provisions of the Indenture.

***Facility Surplus Fund.*** There will, at all times, be maintained in the Facility Surplus Fund, from amounts that may be deposited therein pursuant to clause (g) under “—Facility Revenue Fund” above, the Minimum Required Balance. Any moneys deposited into the Facility Surplus Fund are to first be applied to the payment of Debt Service on the Bonds, and then are to be applied to cure any deficiency in any of the scheduled payments or deposits required to be made pursuant to the Indenture. See “—Funds and Accounts—Facility Revenue Fund” above. After applying moneys as provided in the Indenture and upon receipt of a certificate from the Company stating that such expenditures are reasonable and necessary, the Trustee is to cause to be paid from the Facility Surplus Fund amounts for capital and other expenditures in connection with the operation, leasing, maintenance and upkeep of the Project, to the extent not paid from the Operation and Maintenance Expense Fund or the Capital Repair and Replacement Fund, and regardless of whether they constitute Operation and Maintenance Expenses or Capital Repair and Replacement Expenses.

For the periods ending on June 30 and December 31 of each year, the Trustee will transfer any remaining funds in the Facility Surplus Fund to the Company upon receipt by the Trustee of a certificate from the Company certifying that (a) the Company does not have any knowledge and could not reasonably be expected to have knowledge of an existing Event of Default under the Financing Documents or the Facility Documents; (b) no breach of any covenants exists with respect to maintenance of material governmental approvals or compliance with law under the Ground Lease; (c) no Act of Bankruptcy has occurred; (d) the Debt Service Coverage Ratio is at least 1.10 to 1.00 for the 12-month period preceding the calculation date and is projected to average at least 1.10 to 1.00 for the 12-month

period after the calculation date; and (e) the amount on deposit in the Facility Surplus Fund after the transfer of such moneys to the Company is not less than the Minimum Required Balance.

***Rebate Fund.*** The Trustee is required to deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Company for deposit thereto and each amount directed by the Company to be transferred thereto.

Within five days after each receipt or transfer of funds to the Rebate Fund in accordance with the Ground Lease (and in any event within 60 days after each Computation Date), the Trustee is required to withdraw from the Rebate Fund and pay to the United States the balance of the Rebate Fund in the manner provided in the Indenture.

Within five days after payment by the Company of any amount in accordance with the Ground Lease, the Trustee will withdraw such amount from the Rebate Fund and pay such amount to the United States.

***Renewal Fund.*** Subject to the provisions of the Ground Lease, the proceeds of any insurance (other than business interruption insurance) or condemnation award which are required to be paid to the Trustee pursuant to the Leasehold Deed of Trust are to be deposited into the Renewal Fund. Amounts on deposit in the Renewal Fund are to be (a) disbursed from time to time by the Trustee to the Company so as to enable the Company to meeting its obligations under the Ground Lease to pay for the cost of constructing or acquiring replacement facilities for the Project or repairing the Project; or (b) subject to the written approval of the Issuer in its reasonable discretion after consultation with the Company, transferred to the Debt Service Fund to be used in connection with a redemption of Bonds for payment of Debt Service to the extent such amounts are not required for the purposes otherwise described in (a) above.

### **Additional and Refunding Bonds**

Subsequent to the issuance of the Bonds under the Indenture, the Issuer, but only upon the written request of and the written approval of the Company, may at any time and from time to time issue and deliver thereunder and secured thereby at one time or from time to time one or more series of additional bonds (defined in the Indenture and referred to as “Additional Bonds”) by means of a Supplemental Indenture or Supplemental Indentures for the purposes of financing the acquisition and construction of additions, expansions and improvements to the Project or additional facilities at the Airport for use by the Company. Such Supplemental Indenture or Supplemental Indentures will become effective upon compliance with all the following conditions:

- (a) the issuance of the Additional Bonds will be authorized by law and issued pursuant to a Supplemental Indenture in accordance with the Indenture and the Act;
- (b) no Event of Default exists under the Financing Documents or the Facility Documents;
- (c) the FedEx Lease has been modified such that the amounts payable under the FedEx Lease are sufficient to pay Debt Service on the Bonds and the Additional Bonds;
- (d) the Debt Service Coverage Ratio for each of the immediately preceding two calendar years has exceeded 1.10 to 1.00; and

(e) the Independent Consultant certifies that (i) the projected Debt Service Coverage Ratio (including such Additional Bonds) will exceed 1.10 to 1.00 for each year following completion of such improvements to the Project, (ii) the budget for the improvements to the Project is reasonable, and (iii) sufficient funds after issuance of the Additional Bonds will be available to complete the improvements to the Project.

The Issuer may at any time and from time to time, but only upon the written request and approval of the Company, issue one or more additional series of bonds (defined in the Indenture and referred to as “Refunding Bonds”) by means of a Supplemental Indenture adopted in compliance with the provisions of the Indenture, for the purpose of refunding all or any portion of one or more Series of the then Outstanding Bonds, Additional Bonds or Refunding Bonds. Such Supplemental Indenture or Indentures will become effective upon compliance with all the following conditions:

(a) the issuance of the Refunding Bonds are authorized by law and issued pursuant to a Supplemental Indenture in accordance with the Indenture and the Act;

(b) no Event of Default exists under the Financing Documents or the Facility Documents;

(c) the amounts payable under the FedEx Lease are sufficient to pay Debt Service on the Refunding Bonds; and

(d) the Independent Consultant certifies that the projected Debt Service Coverage Ratio (including such Refunding Bonds and excluding the bonds to be refunded) will exceed 1.10 to 1.00 for each year the Refunding Bonds are outstanding.

## **Business Covenants**

Pursuant to the provisions of the Collateral Agreement, the Company will covenant to the following:

***Transactions With Affiliates.*** The Company will not enter into any transaction or agreement, nor permit the Manager to enter into any contract related to the Project with any affiliate other than the Facility Documents, transactions in the ordinary course of business on terms that are certified by the Company as being fair and reasonable and, as permitted, pursuant to the Collateral Agreement.

***Merger and Sales of Assets.*** While the Bonds are Outstanding, the Company will not consolidate with or merge into any other entity or convey or transfer its properties and assets (whether in one transaction or a series of transactions) substantially as an entirety to any Person, unless:

(a) the entity formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety is an entity organized and existing under the laws of the United States of America or any state or the District of Columbia, and expressly assumes, by an amendment to the Collateral Agreement, executed and delivered to the Trustee and the Authority, the due and punctual payment of the amounts which may become due under the Collateral Agreement and the performance of every covenant of Bond Documents to which it is a party on the part of the Company to be performed or observed;



(b) immediately after giving effect to such transaction, no default or Event of Default, and no event which, after notice or lapse of time, or both, would become a default or an Event of Default, has happened and is continuing under any of the Bond Documents;

(c) the Trustee and the Authority receive an Opinion of Counsel in form and substance satisfactory to the Trustee and the Authority to the effect that any such consolidation, merger, sale, or conveyance, and any such assumption, complies with the provisions of the Collateral Agreement;

(d) the Trustee and the Authority receive an opinion of Bond Counsel in form and substance satisfactory to the Trustee to the effect that such consolidation, merger, sale or conveyance and any such assumption, does not adversely affect the exclusion of interest on the Bonds from the gross income of the holders thereof under the Code;

(e) the Company gives written notice to the Authority, the Trustee and each Bondholder at least 15 days prior to such merger or consolidation, sale or conveyance;

(f) the net worth of the surviving, resulting or transferee entity immediately following the merger, consolidation or transfer is equal to or greater than the net worth of the Company immediately preceding the merger, consolidation or transfer, as evidenced by the certificate of a certified public accountant or by a certificate of the Company in the case of a transfer where the transferee and transferor have no liabilities other than those relating to the Project;

(g) any litigation or investigations in which the surviving, resulting or transferee entity or its officers and directors or partners are involved, and any court, administrative or other orders to which the surviving, resulting or transferee entity or its officer and directors or partners are subject, relate to matters arising in the ordinary course of business;

(h) the surviving, resulting or transferee entity complies with the Collateral Agreement; and

(i) after the merger, consolidation or transfer, the Project is operated as an authorized project under the Act.

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with this subsection, the successor entity formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made succeeds to, and is substituted for, and may exercise every right and power of, the Company under the Financing Documents with the same effect as if such successor entity had been named as the Company in the Collateral Agreement. In such case and as a condition to any such merger, conveyance or transfer, the successor entity will assume or be assigned the Financing Documents and all liability under the Collateral Agreement, and the predecessor Company will be released from all liability.

***Establishment and Use of Operation and Maintenance Expense Fund.*** The Company will establish an Operation and Maintenance Fund and will use the amounts deposited into the Operation and Maintenance Expense Fund only for the purpose of paying Operation and Maintenance Expenses of the Project. The Company further covenants to provide to the Trustee, as soon as practicable after such information is available but in no event more than 30 days after the expiration of each monthly period, a certificate of an Authorized Representative of the Company certifying (i) the amount of the prior months'

expenditures from such account and (ii) that all such expenditures were made for Operation and Maintenance Expenses of the Project.

***Establishment and Use of Capital Repair and Replacement Fund.*** The Company will establish a Capital and Repair Replacement Fund and will use the amounts deposited into the Capital and Repair Replacement Fund only for the purpose of paying Capital Repair and Replacement Expenses of the Project. The Company further covenants to provide to the Trustee, as soon as practicable after such information is available but in no event more than 30 days after the expiration of each monthly period, a certificate of an Authorized Representative of the Company certifying (i) the amount of the prior months' expenditures from such account and (ii) that all such expenditures were made for Capital Repair and Replacement Expenses of the Project.

***Subordination of Certain Payments.*** The Company will subordinate all management fees received by the Company (or any affiliate of the Company), distributions to members of the Company, and all other non-operating expenses to payment of principal on the Bonds and all Lease Payments.

***Encumbrance, Sale and Lease.*** The Company agrees that it will not, without the prior written consent of the Trustee, unless otherwise expressly permitted by the Financing Documents, (a) sell, assign (by operation of law or otherwise), or otherwise dispose of any interest in the Collateral, or (b) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any Collateral except for the liens and security interests provided for in the Financing Documents.

***Debt Service Coverage Ratio.*** The Company will maintain for each Fiscal Year a Debt Service Coverage Ratio of 1.10 to 1.00. In the event the Debt Service Coverage Ratio for all or a portion of any Fiscal Year is less than 1.10 to 1.00, the Company will designate an Independent Consultant to analyze its operations and state the appropriate actions to be taken by the Company to obtain, as soon as practicable, a Debt Service Coverage Ratio of 1.10 to 1.00. The Company will commence the actions stated by the Independent Consultant not later than 60 days following receipt of the Independent Consultant's report.

## **Limited Obligations**

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND DO NOT REPRESENT OR CONSTITUTE AN INDEBTEDNESS OR LIABILITY OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF TENNESSEE OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION, MUNICIPALITY OR OTHER LOCAL AGENCY THEREOF. THE ISSUER HAS NO TAXING POWER.

THE COMPANY'S OBLIGATIONS UNDER THE GROUND LEASE ARE OBLIGATIONS SOLELY OF THE COMPANY AND ARE NONRECOURSE TO ANY OF ITS PARTNERS OR AFFILIATES OR ANY SHAREHOLDER, PARTNER, OFFICER, EMPLOYEE OR DIRECTOR OF ITS PARTNERS OR ANY AFFILIATE THEREOF (OTHER THAN THE COMPANY). RECOURSE ON THE BONDS IS LIMITED TO THE COMPANY AND THE COLLATERAL FOR THE BONDS.

## **THE FEDEX AGREEMENTS**

### **FedEx Lease**

***General, FedEx Base Rent and Additional Rent.*** The Company is the landlord to FedEx under the FedEx Lease. The initial term of the FedEx Lease ends on June 16, 2026, however, FedEx has two consecutive five year renewal options. FedEx leases from the Company 85,111 square feet of warehouse

space and currently pays annual FedEx Base Rent of \$608,369. Every five years, the FedEx Base Rent increases by 10% until the FedEx Lease terminates, with increases scheduled for 2011, 2016, 2021 and 2026. In addition to the FedEx Base Rent, FedEx pays ground rent directly to the Issuer, all real estate taxes and special assessments levied against the Project and attributable to any period of time FedEx is in possession of the Project. Finally, FedEx is required to reimburse the Company on a monthly basis all other operating expenses of the Project.

IN THE EVENT THAT FEDEX IS EVICTED AS A RESULT OF A DEFAULT UNDER THE FEDEX LEASE, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL BE ABLE TO ENTER INTO A NEW TENANT LEASE UPON TERMS AND CONDITIONS WHICH WILL ALLOW THE COMPANY TO MAKE PAYMENTS AS REQUIRED UNDER THE GROUND LEASE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. See “INVESTOR CONSIDERATIONS”.

FedEx has been apprised of the issuance of the Bonds, but is not a party to any agreement in connection with the issuance of the Bonds. Upon closing of the Bonds, the Company has arranged to have FedEx pay all FedEx Base Rent and additional rent due under the FedEx Lease directly to the Trustee.

***Maintenance of Premises.*** The Company will correct all defects in, and maintain in good condition, (A) the structure of the Project, including the roof, roof membrane, foundation, footings, floor slab, columns, and load-bearing and exterior walls; (B) the parking areas, drives and other paved areas and sidewalks situated on the Land; and (C) the underground utility lines and conduits serving the Premises. The Company will also make all capital replacements of components of the systems serving the Premises, including, without limitation, the electrical, plumbing and HVAC systems, that become necessary in order for those systems to continue to operate at the level of performance contemplated by the original design specifications for those systems.

***Covenants of FedEx.*** Pursuant to the FedEx Lease, among other things, FedEx (a) will pay all required taxes and impositions associated with the Project (the Project is exempt from real estate taxes); (b) is required to pay all costs and expenses incurred in connection with, or applicable to, the use, maintenance, repair and operation of the Project; (c) may, at its expense, make alterations or improvements to the Project with the Company’s prior written consent; (d) will repair and maintain in good condition, at its expense, the Project; (e) will pay for all utilities and other services furnished to the Project; (f) will comply with all environmental laws, including securing all permits and approvals required by virtue of applicable environmental laws in order for FedEx to lawfully use the Project; (g) will indemnify the Company, the Issuer and their respective directors, officers, agents, employees and contractors for losses related to an environmental condition on the Project; (h) may not transfer, assign or otherwise alienate its interest in the Project or sublet any part of the Project without first obtaining the Company’s consent; and (i) maintain property, time element and liability insurance as more specifically set forth below under “—Insurance”.

***Insurance.*** FedEx will provide and maintain in force property, time element and liability insurance as follows:

- (a) with respect to the Project and the leasehold improvements FedEx makes to the Project special form property insurance in an amount equal to the replacement cost of the Project above its foundations and FedEx’s leasehold improvements;

(b) special form property insurance covering personal property FedEx places upon or installs within the Premises in an amount equal to the replacement cost of that personal property;

(c) time element insurance covering the loss of rental income for a period of up to 12 months that may occur as a result of loss or damage to the Project caused by any peril covered by the property insurance described in (a) above. The policy by which FedEx provides that time element insurance must provide for the payment of the FedEx Base Rent and the other sums that become due under the terms of the FedEx Lease for a period of up to 12 months following the occurrence of a fire or other casualty without regard to the abatement of rent for which provision is made as described under “—Casualty”; and

(d) a policy of commercial general liability insurance insuring the Company, the Issuer, FedEx, the Company’s designated mortgagees and their respective councilors, trustees, agents, officers, servants and employees against liability arising from FedEx’s use, occupancy or maintenance of the Premises and appurtenant areas and providing contractual liability coverage for the indemnities FedEx makes in the FedEx Lease. The limit of that insurance must be at least \$5,000,000.00 per occurrence for bodily injury to or death of any persons or property damage.

**Casualty.** If the damage caused by a fire or other casualty renders the Premises untenable, the FedEx Base Rent and any additional rent payable in accordance with the terms of the FedEx Lease will abate for the period during which the Premises is untenable to the extent that the FedEx Base Rent and the additional rent exceed the proceeds payable in respect to the time element insurance that FedEx maintains in accordance with the terms described in clause (c) under “—Insurance” by reason of the damage to the Premises. If the damage caused by a fire or other casualty renders the Premises partially untenable, no abatement of the FedEx Base Rent and any additional rent payable in accordance with the terms of the FedEx Lease that is allocable to that portion of the Premises that remains tenantable will occur, the parties will determine the amount of the FedEx Base Rent and additional rent that is allocable to that portion of the Premises that remains tenantable based on the proportion that the utility that the tenantable portion of the Premises has in the conduct of FedEx’s business bears to the total utility of the Premises in the conduct of that business. The Company is entitled to receive all proceeds payable in respect of the time element insurance that FedEx maintains in accordance with the terms described in clause (c) under “—Insurance” and apply them on account of the FedEx Base Rent and additional rent becoming due during the period that the Premises remain untenable. FedEx may not apply the foregoing, however, so as to withhold from the Issuer any rent that continues to become due in accordance with the terms of the Ground Lease during the period of abatement for which provision is made above.

If a fire or other casualty render the Premises untenable, in whole or in part, and the estimated time for the restoration of the Premises (inclusive of leasehold improvements FedEx makes) exceeds the period that will expire on the date that is 210 days after the day of the occurrence of the fire or casualty, FedEx may terminate the FedEx Lease. If a termination of the FedEx Lease does not occur in accordance with the foregoing provisions of this clause, but the Company fails to complete the restoration of the Premises by the date that is 30 days after the date of the expiration of the period within which the Company estimated the restoration would be completed, FedEx may terminate the FedEx Lease. If, at any time during the restoration of the Premises, the Company concludes that it will not complete the restoration within the period that it estimated the restoration would require, the Company may deliver to FedEx a revised estimate of the date by which the Company will complete the restoration of the Premises. Following its receipt of that revised estimate, FedEx may terminate the FedEx Lease. If (a) the Company delivers a revised estimate to FedEx, (b) a termination of the FedEx Lease does not occur in accordance

with the terms of the preceding sentence, and (c) the Company fails to complete the restoration by the date the Company specifies in its revised estimate, FedEx may terminate the FedEx Lease. If a termination of the FedEx Lease occurs, the Company is entitled to receive, subject to the rights of the Issuer arising under the terms of the Ground Lease, all proceeds payable in respect of damage to the Premises under the terms of the insurance that FedEx maintains in accordance with the terms of clause (a) under “—Insurance” to the extent not previously disbursed to the Company in connection with the restoration of the Premises. If, by reason of a termination of the FedEx Lease, proceeds cease to be payable under the terms of the time element insurance that FedEx maintains in force in accordance with the terms of clause (c) under “—Insurance”, FedEx will continue to pay FedEx Base Rent and additional rent to the Company as it would otherwise have become due in the absence of the termination of the FedEx Lease until the earliest to occur of the date of the first anniversary of the date on which the damage to the Premises occurred, the date on which a successor tenant takes possession of the damage portion of the Premises and begins paying rent to the Company in respect of that space, the date on which the Company completes the restoration of the damaged portion of the Premises, or the date on which the Company would have completed the restoration of the damaged portion of the Premises if the Company had pursued that restoration promptly and with reasonable diligence. The Company’s rights with respect to insurance proceeds under the FedEx Lease are subject to the provisions of the Ground Lease and the Leasehold Deed of Trust. See “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Damage and Destruction” and “APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST—Insurance, Taxes and Condemnation— Liability, Hazard and Other Insurance”.

If the proceeds that will be payable under the terms of the Insurance that FedEx must maintain in accordance with clause (a) under “—Insurance” will not be sufficient to pay the full cost of the restoration of the Premises by virtue of the fact that the damage to the Premises occurred as a result of a risk appearing as an exclusion in FedEx’s policy, then the Company may terminate the FedEx Lease. If the Company terminates the FedEx Lease, FedEx may nullify that termination by delivering to the Company its commitment to pay the amount by which the reasonable costs the Company reasonably incurs in connection with the restoration of the Premises exceed the amount of the proceeds paid under the terms of the policy of property insurance that FedEx must maintain in accordance with the terms of the FedEx Lease on account of the fire or casualty that gave rise to the Company’s termination.

The Company is entitled to receive disbursements to the proceeds payable in respect of the property insurance FedEx maintains in accordance with the terms of clause (a) under “—Insurance” (“FedEx’s Property Insurance”) as restoration progresses in order to reimburse the Company for the costs the Company reasonably incurs in connection with the restoration. If the damage to the Project occurred as a result of a risk covered by FedEx’s Property Insurance and the disbursements of the proceeds that are made in respect of that insurance and that are available to the Company are not sufficient to enable the Company to make payment in full of any progress payment that becomes payable to any contractor engaged in the restoration of the Project when that progress payment becomes due, FedEx will provide sufficient funds to the Company to enable the Company to timely make payment of that progress payment. Promptly following its receipt of any disbursement of the proceeds payable in respect of FedEx’s Property Insurance, the Company and its mortgagee, if any, as the loss payee of those proceeds, will reimburse FedEx for any advances FedEx has made in accordance with the foregoing to the extent of the insurance proceeds the Company and its mortgagee have received. If the damage occurring to the Project is a result of a risk covered by FedEx’s Property Insurance and the aggregate amount of the proceeds payable in respect of that insurance (after the application of any deductible or self-insured retention applicable to that insurance) is less than the aggregate amount of the costs the Company reasonably incurs in connection with the restoration, FedEx will pay to the Company the amount of the deficiency. If the aggregate amount of those insurance proceeds exceeds the aggregate amount of the costs the Company reasonably incurs in connection with the restoration, FedEx is entitled to the excess. Moreover, if, at the time of the occurrence of the damage to the Project, FedEx does not have in force the

property insurance required by the FedEx Lease and that insurance would have covered the loss had it been in force, FedEx will pay to the Company as the restoration of the Premises progresses all reasonable costs that the Company reasonably incurs in connection with the restoration.

***Condemnation.*** If all of the Premises is taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain, the FedEx Lease will terminate and the rent will be abated during the unexpired portion of the term, effective on the date the condemning authority takes physical possession.

If a portion but not all of the Premises is taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain and the partial taking or condemnation renders the remaining portions of the Premises unsuitable for FedEx's business, FedEx has the option either to terminate the FedEx Lease or to cause the Company at the Company's expense to restore, reconstruct or reconfigure that portion of the Premises not affected by the taking to the extent necessary to make the remaining portions of the Premises reasonably suitable for FedEx's business. If the estimated cost of restoration, reconstruction or reconfiguration exceeds the amount of the award or price paid in connection with the taking, the Company will advise FedEx of the likely deficiency and FedEx must elect (i) to pay the excess amount, (ii) to accept a less expensive level of restoration, reconstruction or reconfiguration so that the costs of construction, restoration or reconfiguration the Company incurs will not exceed the condemnation award the Company receives or (iii) to terminate the FedEx Lease.

If a condemnation or taking, total or partial, occurs and the Company does not use the award or price paid in connection with the taking for the restoration, reconstruction or reconfiguration of the Premises, the parties will initially share the award or price (or so much of the award or price as remains after the satisfaction of any superior claim that the Issuer has to the award or price by virtue of the terms of the Ground Lease) in proportion to the amounts they have respectively expended in connection with the construction of the Premises or improvements that constitute real property under Tennessee Law. After FedEx has received allocations of awards or prices made on the basis of the foregoing formula that equal in the aggregate the full amount of the expenditures that it made for the construction on the Premises of improvements of the nature described above, the Company will be entitled to the remainder of the awards or prices paid in connection with takings affecting the Premises, subject to the Issuer's rights. FedEx will also have the right to maintain an action for compensation for its business interruption, loss of equipment and any improvements that do not constitute real property under Tennessee Law, moving expenses and other damages FedEx sustains. The Company's rights with respect to condemnation proceeds under the FedEx Lease are subject to the provisions of the Ground Lease and the Leasehold Deed of Trust. See "APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Condemnation" and "APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST—Insurance, Taxes and Condemnation—Condemnation".

If a temporary taking of all or any portion of the Premises occurs for a period of 180 days or less, the FedEx Lease will not terminate, but the FedEx Base Rent and the additional rent will abate in an equitable amount, given the nature and extent of the taking and the adverse effect on FedEx's use of the Premises for the period of the taking. The Company will be entitled to receive out of the award made in connection with any temporary taking of 180 days or less an amount equal to the abatement in FedEx Base Rent and additional rent that occurs by virtue of the foregoing terms of this paragraph and FedEx will be entitled to receive the amount, if any, by which the award exceeds the abatement.

***Events of Default under FedEx Lease.*** Under the FedEx Lease, the occurrence of any one or more of the following events constitute an event of default under the FedEx Lease.

(a) FedEx's failure to pay FedEx Base Rent or additional rent when due and the continuance of that failure for more than ten days after the date on which the Company gives FedEx written notice of the delinquency.

(b) FedEx's failure to observe or perform any of the covenants, conditions or provisions of the Ground Lease that FedEx must observe or perform by virtue of the FedEx Lease, where FedEx fails to rectify that default by the date that is six Business Days in advance of the date on which the Issuer may terminate the Ground Lease by reason of the occurrence of that default.

(c) FedEx's failure to observe or perform any of the covenants, conditions or provisions of the FedEx Lease that FedEx must observe or perform, other than the late payment of FedEx Base Rent or additional rent or a default in respect of any of the covenants, conditions or provisions of the Ground Lease that FedEx must observe or perform by virtue of the requirements of the FedEx Lease, where the failure continues for a period of 30 days after FedEx's receipt of written notice from the Company, if, however, the nature of the obligation that FedEx has failed to perform is such that more than 30 days are reasonably required for its rectification, an event of default will not occur so long as FedEx commences the rectification within the that 30 day period and diligently and continuously prosecutes the rectification to completion.

(d) The making by FedEx of any general assignment or general arrangement for the benefit of creditors, the filing by or against FedEx of a petition seeking relief under any law relating to bankruptcy (unless, in the case of a petition filed against FedEx, FedEx causes the petition to be dismissed within 60 days after the date of the filing), the appointment of a trustee or a receiver to take possession of substantially all of FedEx's assets located in the Project or of FedEx's interest in the FedEx Lease, where possession is not restored to FedEx within 60 days after the date of the appointment, or the attachment, execution or other judicial seizure of substantially all of FedEx's assets located at the Project or of FedEx's interest in the FedEx Lease, unless FedEx causes the seizure to be discharged within 60 days after the date of the initiation of the seizure.

***Remedies of the Company Under FedEx Lease.*** If an event of default occurs, with or without additional notice or demand to FedEx, the Company may do one or more of the following:

(a) Terminate FedEx's right to possession of the Project and repossess the Project by any lawful means without terminating the FedEx Lease. In that event the Company will use good faith and reasonably prompt efforts to re-let the Project for the account of FedEx for such rent and upon such terms as may be satisfactory to the Company. For the purposes of that re-letting, the Company may repair, remodel or alter the Project. If the Company fails to re-let the Project, FedEx will pay to the Company the FedEx Base Rent and additional rent reserved in the FedEx Lease for the balance of the term as those amounts become due in accordance with the terms of the FedEx Lease. If the Company re-lets the Project, but fails to realize a sufficient sum from re-letting to pay the full amount of FedEx Base Rent and additional rent reserved in the FedEx Lease for the balance of the term as those amounts become due in accordance with the terms of the FedEx Lease, after paying all of the costs and expenses of all decoration, repairs, remodeling, alterations and additions and the expenses of the re-letting and of the collection of the rent accruing from the re-letting, including, without limitation, brokerage commissions, FedEx will pay to the Company the amount of any deficiency upon the Company's demand from time to time made.

(b) Terminate the FedEx Lease and repossess the Project by any lawful means. In that event the Company may recover from FedEx as damages (i) all FedEx Base Rent and additional rent, interest, penalties and other charges that became due prior to the termination and that remains unpaid, (ii) the discounted present value (determined based on then commercially reasonable rates) of the amount, if any, by which (A) the FedEx Base Rent reserved under the terms of the FedEx Lease for the balance of the term that remained as of the effective date of the termination exceeds (B) the fair market rent for the Project for the balance of the term after deduction of all anticipated reasonable expenses of re-letting for that period, including, without limitation, the cost of decorations, repairs, remodeling, alterations and additions reasonably required to induce prospective tenants to lease the Project, and (iii) all reasonable costs and expenses the Company reasonably incurs in connection with the enforcement of FedEx's obligation to pay those damages, including, without limitation, reasonable attorneys' fees.

(c) Pursue any other remedy available to the Company under the laws of the jurisdiction in which the Project is located, subject only to (i) the limitations set forth in the FedEx Lease on the amount of money damages that the parties may seek and (ii) the limitation that, except as specifically provided in (b) above, the Company may not seek as damages amounts becoming due under the terms of the FedEx Lease in advance of the time that they become due or would have become due absent a termination of the FedEx Lease and (iii) the limitation set forth in the FedEx Lease on the procedures available for the resolution of certain categories of disputes.

***Self-Help; Remedies of FedEx Under FedEx Lease.*** If either party defaults in the performance of any of its obligations set forth in the FedEx Lease, and if (i) the default creates or increases the risk of imminent danger of bodily injury to or death of persons or material damage to or destruction of property, including, without limitation, the Project or either party's property, and either the defaulting party does not commence the rectification of its default immediately upon the other party's delivery of oral or written notice of the default to the defaulting party or the defaulting party fails to pursue the rectification of its default with diligence and continuity or (ii) the default does not create or increase the risk of imminent danger of bodily injury to or death of persons or material damage to or destruction of property, including, without limitation, the Project or either party's property and the defaulting party fails to rectify its default within 30 days after the other party's delivery of written notice of the default to the defaulting party or within such longer period of time following the delivery of that notice as may be reasonably required to accomplish the rectification of the default through the exercise of prompt, diligent and continuous efforts, the other party may perform the obligation on behalf of the defaulting party. The defaulting party will pay to the other within 30 days after the date of the defaulting party's receipt of the other party's invoice the full amount of the reasonable cost and expense that the other party incurs in performing the obligation on behalf of the defaulting party, together with interest accruing at the rate specified in the FedEx Lease and the amount of any reasonable attorneys' fees the other party incurs in instituting, prosecuting or defending any action or proceeding by reason of any default in respect of any obligation the defaulting party has undertaken under the terms of the FedEx Lease. If the Company fails to pay within that 30-day period any amounts that it must pay in accordance with the terms of this paragraph, FedEx may offset the amount owed against Base Rent, additional rent and any other sums due the Company.

If the Company defaults in the performance of any of the Company's obligations set forth in the FedEx Lease, and if (i) the Company's default can be rectified by the mere payment of money and the Company fails to rectify its default within 30 days after FedEx's delivery of written notice of the default to the Company or (ii) the Company's default cannot be rectified by the mere payment of money and the Company fails to rectify its default within 30 days after FedEx's delivery of written notice of the default



to the Company or within such longer period of time following the delivery of that notice as may be reasonably required to accomplish the rectification of the default through the exercise of prompt, diligent and continuous efforts, FedEx may terminate the FedEx Lease by delivering written notice to the Company or may pursue any other remedy available to FedEx under the laws of the jurisdiction in which the Premises are located.

### **Attornment Agreement**

***FedEx's Covenants.*** During the term of the FedEx Lease, without Trustee's prior written consent, FedEx may not:

- (a) pay to any landlord (including Company) any installment of rent or additional rent more than one month in advance of the time it becomes due under the terms of the FedEx Lease; or
- (b) cancel, terminate or surrender the FedEx Lease, except through the exercise of a right expressly accorded to FedEx in the FedEx Lease; or
- (c) assign the FedEx Lease or sublet any portion of the Premises, except as expressly permitted without the landlord's consent in the FedEx Lease.

***Attornment.*** If any transfer of Company's interest in the Premises by foreclosure or trustee's sale or as a result of any other action or proceedings for the enforcement of the Deed of Trust or any transfer by deed in lieu of foreclosure occurs (a "Transfer of the Premises"), any transferee, including Trustee, that acquires Company's interest in the Premises as a result of a Transfer of the Premises, and all successors and assigns, including Trustee, of that initial transferee (a "Purchaser") will be bound to FedEx and FedEx will be bound to the Purchaser under all of the terms, covenants and conditions of the FedEx Lease for the balance of the term of the FedEx Lease and any extensions or renewals of that term, whether occurring by reason of the exercise of any valid extension or renewal option contained in the FedEx Lease or otherwise, all with the same force and effect as if the Purchaser had been the original landlord designated in the FedEx Lease. FedEx attorns to the Purchaser, including Trustee if it becomes the Purchaser, as the landlord under the FedEx Lease. Such attornment will be effective and self-operative without the execution of any further instruments, upon the Purchaser's succession to the landlord's interest under the terms of the FedEx Lease.

***Payment of Rents Upon Default By Company.*** If Company defaults in the performance of obligations it undertakes under the terms of the Financing Documents, FedEx will recognize the assignment of rents Company made to Trustee in the Deed of Trust and will pay to Trustee as assignee all rents that become due under the terms of the FedEx Lease after the date of FedEx's receipt of written notice from Trustee that Company is in default under the terms of the Financing Documents.

FedEx will have no liability to Trustee for any regularly scheduled installment of rent remitted to Company or any prior transferee of title to the Premises during the period that begins on the date of FedEx's receipt of Trustee's direction and that ends 30 days after that date. FedEx's payment of rents to Trustee in accordance with the foregoing will continue until the first to occur of the following:

- (a) no further rent is due or payable under the terms of the FedEx Lease;
- (b) Trustee gives FedEx notice that Company has rectified the default that existed in respect of its obligations under the terms of the Financing Documents and instructs FedEx to make subsequent remittances of the rent to Company; or

(c) a Transfer of the Premises occurs and the Purchaser gives FedEx notice of that Transfer of the Premises.

***Trustee's Rights to Cure Default.*** If any act or omission by Company gives FedEx the right to terminate the FedEx Lease or to claim a partial or total eviction, FedEx may not exercise that right or make that claim until it has given Trustee written notice of the occurrence of that act or omission and Trustee has failed to rectify the condition giving rise to that right or that claim within (i) ten days, if Trustee can accomplish the rectification by the mere payment of money, (ii) 30 days, if Trustee cannot accomplish the rectification by the mere payment of money and the rectification does not require Trustee to obtain possession of the Premises, and (iii) a reasonable time, if Trustee cannot accomplish the rectification by the mere payment of money, the rectification requires Trustee to obtain possession of the Premises, and Trustee both commences efforts to obtain possession of the Premises and to rectify the condition within 30 days after the delivery of FedEx's notice and diligently and continuously pursues those efforts. The foregoing does not obligate Trustee to undertake the rectification of any default by Company in respect of the performance of its obligations under the terms of the FedEx Lease.

#### **ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds with respect to the Bonds and certain other funds described in the table below.

Sources of Funds:	
Par Amount of Bonds	\$6,200,000.00
Company Equity Contribution	<u>856,201.19</u>
Total Sources	<u>\$7,056,201.19</u>
Use of Funds:	
Refunding the Refunded Bonds	\$6,200,000.00
Deposit to Facility Surplus Fund	620,000.00
Costs of Issuance (including Underwriter's fee) paid from Equity	<u>236,201.19</u>
Total Uses	<u>\$7,056,201.19</u>

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## DEBT SERVICE REQUIREMENTS

The following table sets forth debt service requirements on the Bonds.

### Debt Service Requirements on the Bonds

<b><u>Bond Year</u></b> <b><u>Ending July 1</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Annual Debt</u></b> <b><u>Service</u></b>
2011	\$ 0	\$188,067	\$188,067
2012	235,000	322,400	557,400
2013	245,000	310,180	555,180
2014	260,000	297,440	557,440
2015	275,000	283,920	558,920
2016	300,000	269,620	569,620
2017	360,000	254,020	614,020
2018	375,000	235,300	610,300
2019	395,000	215,800	610,800
2020	420,000	195,260	615,260
2021	455,000	173,420	628,420
2022	525,000	149,760	674,760
2023	555,000	122,460	677,460
2024	585,000	93,600	678,600
2025	620,000	63,180	683,180
2026	595,000	30,940	625,940

## FEDERAL EXPRESS CORPORATION

FedEx is subject to the information reporting requirements of the Securities Act, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the “Commission”). Comprehensive financial and operational reports, and other information filed by and concerning FedEx, can be inspected and copies obtained at prescribed rates at the Commission’s principal offices at 100 F Street, N.E., Washington, D.C. 20549, and should be available for inspection and copying at the Commission’s regional offices located at 233 Broadway, New York, New York 10279 and 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661. The Commission also maintains a website at <http://www.sec.gov> containing such reports and other information statements regarding registrants, including FedEx, that file electronically with the Commission. Prospective investors are encouraged to review such filings prior to making an investment decision.

FEDEX HAS NO OBLIGATIONS TO MAKE ANY PAYMENTS WITH RESPECT TO THE GROUND LEASE OR THE BONDS, AND IS OBLIGATED ONLY TO PAY FEDEX BASE RENT UNDER THE FEDEX LEASE. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—FedEx Lease Payments”, and “FEDEX AGREEMENTS—FedEx Lease”.

## THE ISSUER

### Powers

The Issuer is a metropolitan airport authority created pursuant to the provisions of the Act. The Issuer is acting as an agency and instrumentality of The Metropolitan Government of Nashville and Davidson County, Tennessee (the “Metropolitan Government”). The principal purpose of the Issuer is the management and operation of the Airport and other airports and auxiliary fields either acquired or placed

under its control. The Issuer is empowered under the Act to construct, improve and operate airports and to establish and charge fees, rentals, rates and other charges. Further, the Issuer is authorized to issue revenue bonds for the purposes authorized by the Act, and may pledge as security for such bonds all or a portion of the rents or any other revenues derived from the operation of the Airport.

**Although the Issuer is a public instrumentality of the Metropolitan Government, the Metropolitan Government is not liable for the payment of the principal of or interest on the Bonds, or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Issuer under the Indenture, the Ground Lease or otherwise.**

### **Organization and Membership**

The governing body of the Issuer is a Board of Directors (the “Board”), whose members serve without compensation, consisting of 10 members, nine of whom are appointed by the Metropolitan County Mayor (the “Mayor”), with the tenth being the Mayor (or his/her designee). All appointments are confirmed by the Metropolitan County Council, except that of the Mayor. All appointments to the Board are for four-year terms. The terms of the Board members are staggered to provide for continuity of Airport development and management.

### **Indebtedness of the Issuer**

The Issuer has previously issued and may in the future issue bonds to finance facilities that are leased to third parties. Each such series of bonds issued by the Issuer is payable only from revenues provided by the entity on whose behalf such series was issued. The Issuer has no taxing power.

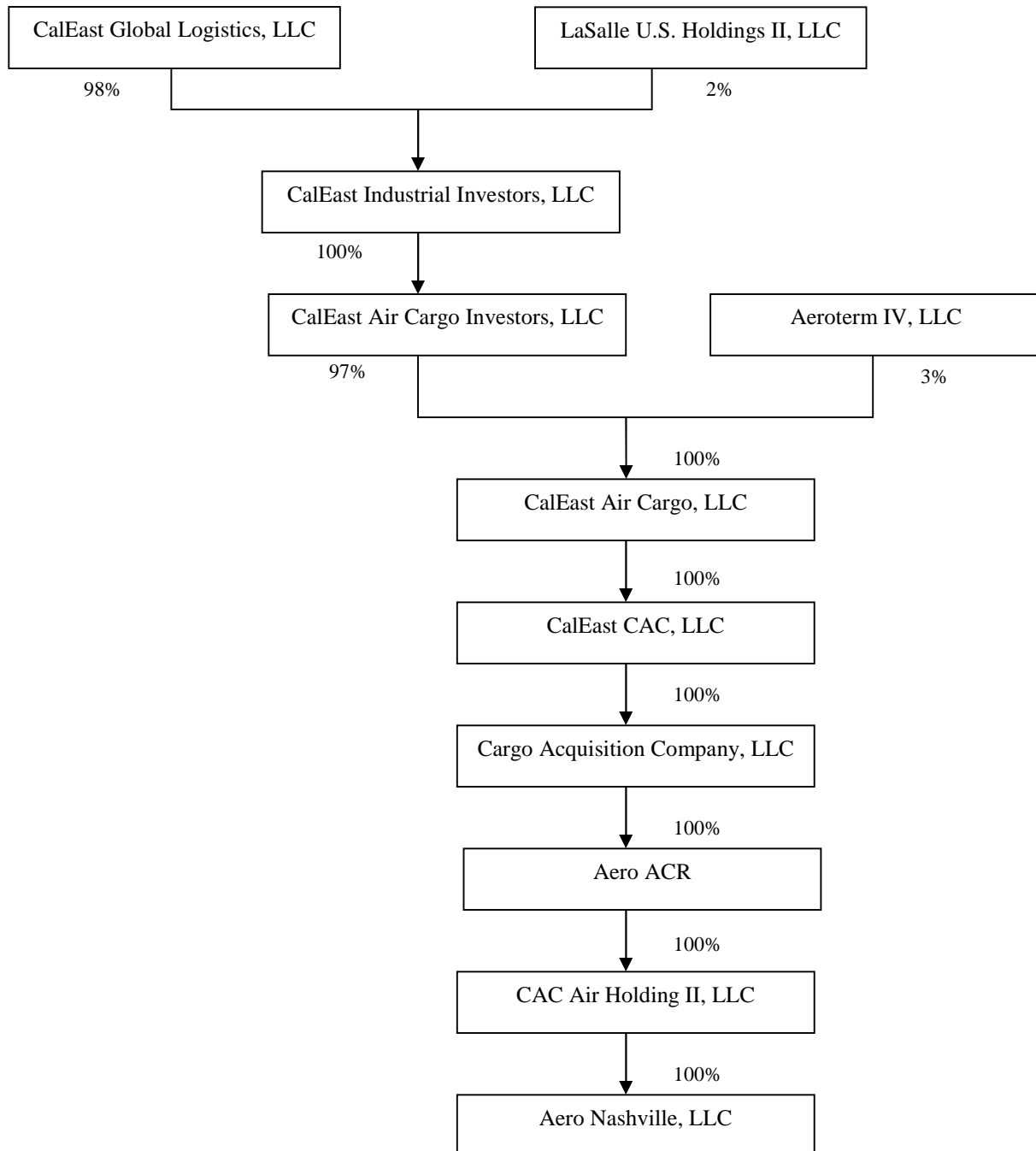
### **Limitations on Liability**

The officers, agents, employees and members of the Issuer will not be personally liable for any costs, losses, damages or liabilities caused or incurred by the Issuer or the Trustee in connection with the Indenture or the Ground Lease or for the payment of any obligation under the Indenture or the Ground Lease.

## **THE COMPANY**

The Company is a Delaware limited liability company organized under the laws of the State of Delaware. It is authorized to (a) own, improve, manage, operate and lease the Project; (b) finance, refinance, and otherwise deal with the Project; and (c) engage in any activities related to those referenced in clauses (a) and (b) above, subject to the provisions of the Amended and Restated Limited Liability Company Agreement. The Company caused the Project to be built, and has been operating the Project since the Project’s completion in June 2006. The Company has no significant assets other than a leasehold interest in the Project, the Ground Lease and the FedEx Lease.

Set forth below is the organizational chart for the Company. Through its ownership interest in the entities listed below, CalEast Global Logistics, LLC (“CalEast”) is the equity provider for the Company. For a discussion of CalEast and its interests in the Manager, who operates the Project and numerous projects throughout the United States, Canada and Europe, see “THE MANAGER AND THE MANAGEMENT AGREEMENT”.



## THE MANAGER AND THE MANAGEMENT AGREEMENT

### General

The Project is managed by Aeroterm US, Inc. (the “Manager”), a Delaware corporation organized in September 1997, whose headquarters is in Annapolis, Maryland. The Manager, together with Aeroterm Management Inc., a Canadian corporation, and other entities under common control (collectively, “Aeroterm”) also has offices in Montreal, Canada and Houston, Texas that collectively house 65 full time employees. Aeroterm is a global developer, manager, and owner of on-airport

facilities and has become the leader in the industry with approximately \$2 billion in facilities in place and under development. Aeroterm's portfolio spans multiple international and regional airports, encompasses buildings dedicated to cargo, hangar, office, flight kitchen uses as well as a variety of other types of aviation-oriented businesses.

Founded in 1991, Aeroterm is privately held company that makes a substantial financial investment in all of its acquisitions and developments in conjunction with institutional debt and equity investments from unaffiliated capital partners. The business is vertically integrated to execute all elements of its business through three main business segments: Acquisition and Development, Structured Finance, and Property Management and Leasing. In house legal counsel is also integral to the operations. In 1993, Aeroterm acquired all of the air cargo facilities at Montreal's two airports and in 1997 Aeroterm acquired a large portfolio of on-airport facilities in the United States. In 2005, Aeroterm acquired another large portfolio of on-airport facilities in the United States and formed a joint venture with CalEast as its equity provider.

CalEast is a real estate investment company whose members include LaSalle Investment Management ("LaSalle") and the California Public Employees' Retirement System ("CalPERS"). CalEast, through its various divisions, owns or controls over 47 million square feet of industrial real estate valued at approximately \$3.3 billion, including warehousing, light assembly, distribution centers, truck terminals, intermodal centers, and air cargo facilities throughout the United States, Canada, and Europe. LaSalle is a wholly owned, but operationally independent, subsidiary of Jones Lang LaSalle, Incorporated. Jones Lang LaSalle is a publicly held New York Stock Exchange listed company (ticker: JLL).

LaSalle is CalPERS' global logistics partner and has been investing in private and public real estate markets across North America and Europe for more than 25 years, and in Asia Pacific for eight years. Focused solely on real estate investment management, LaSalle delivers innovative, customized investment strategies to a broad range of clients, including pension funds, corporations, sovereign wealth funds, endowments, foundations, insurance companies, and high net worth money managers. LaSalle operates across all major property types and markets within North America, Europe, and Asia Pacific.

Following the market downturn in 2007-2009, CalPERS initiated a comprehensive review of its real estate program and relationships with various real estate managers, with an expectation that substantial changes would be made. That review has progressed over the course of 2010 with an expectation that likely changes will be announced by year end. As part of that process, there is a significant risk that LaSalle could be removed as the manager of CalEast. Under such a scenario, the CalEast and Aeroterm role in the Project will remain unchanged and no adverse impact on the Project is foreseen.

The following is a list of air cargo transfer point facilities which the Manager operates or is developing.

<b><u>Locations</u></b>	<b><u>Number of Buildings</u></b>	<b><u>Building Size (square feet)</u></b>
<b><u>United States Locations</u></b>		
Anchorage, Alaska	1	82,780
Austin, Texas	1	51,000
Chicago, Illinois <sup>1</sup>	12	1,815,964
Columbus, Ohio	4	336,489
Dallas, Texas	17	795,274
Ft. Lauderdale, Florida	5	150,471
Fort Myers, Florida	1	24,000
Harrisburg, Pennsylvania	2	75,750
Houston, Texas	11	643,345
Houston, Texas <sup>2</sup>	15	345,886
Kansas City, Missouri	1	48,855
Louisville, Kentucky	1	112,302
Miami, Florida <sup>1</sup>	7	1,444,272
Milwaukee, Wisconsin	1	131,388
Nashville, Tennessee	1	85,000
New York, New York	2	436,267
Newark, New Jersey	2	264,311
New Orleans, Louisiana	7	295,778
Norfolk, Virginia	2	87,595
Oklahoma City, Oklahoma	1	50,922
Ontario, California <sup>1</sup>	6	1,000,000
Orlando, Florida	5	199,945
Pensacola, Florida	1	10,570
Philadelphia, Pennsylvania	2	168,390
Philadelphia, Pennsylvania <sup>2</sup>	1	113,011
Portland, Oregon	2	125,253
Portland, Maine	1	19,200
South Bend, Indiana	1	45,440
St. Louis, Missouri <sup>1</sup>	6	600,000
Syracuse, New York	4	134,161
Worcester, Massachusetts <sup>1</sup>	1	88,590
United States Total	124	9,782,209
<b><u>Canadian Locations</u></b>		
Abbotsford	1	250,000
Calgary	2	151,600
Dorval	7	1,127,705
Edmonton	2	71,367
Mirabel	2	288,630
Ottawa	2	139,162
Canada Total	16	2,028,464
Total All Locations	140	11,810,673

<sup>1</sup> Includes active projects.

<sup>2</sup> Includes off airport facilities.

Over the course of the previous few years, certain projects, other than the Project, under the Manager's control have experienced financial and operating difficulties, such as tenant defaults, covenant defaults by project owners and difficulty as a result of the liquidity and capital markets. These difficulties are not related to the Project and are not expected to have an adverse impact on the Project. For a discussion of the risks related to the Project and the Manager, see "INVESTOR CONSIDERATIONS".

## **Management Agreement**

The Manager and the Company have entered into a Management Agreement, dated as of October 1, 2010 (the “Management Agreement”), pursuant to which the Manager is responsible for the operation, leasing and management of the Project. The fees payable to the Manager, payable monthly in arrears, consist of: (i) a property management fee of 3% of base monthly rents and reimbursable revenue collected from FedEx, (ii) a development fee of 4% of the construction costs for tenant improvements and construction, if any, and construction to replace insured losses, payable in equal installments during such construction, (iii) if new tenant leases are required, leasing fees of 3.5% of base rents from new leases for each year of the lease term, 2.5% of base rents from renewals (for the first three years of the renewal term), and 1% of base rents (for additional years of the renewal term), (iv) if necessary, construction management fee equal to 5% of hard costs between \$0 and \$250,000 and 3% of all hard costs over \$250,000, provided that the construction management fee will never exceed \$35,000, and (v) acquisition and financing services fee and disposition services fees in accordance with the terms of the Management Agreement. The Manager will also be reimbursed for certain expenses as provided in the Management Agreement. Management fees, however, are subordinate to the payment of Debt Service on the Bonds.

The Management Agreement’s term ends on November 1, 2011, unless it is otherwise terminated in accordance with its terms. There are two (2) automatic successive extension periods of 30 months each provided there is no event of default. The Management Agreement may be terminated after expiration of the various cure periods specified in the Management Agreement, for a breach by the Manager of any representation or warranty, a breach by the Manager of its obligations under the Management Agreement having a material adverse effect on the Company or the Project, or an action by the Manager constituting fraud, bad faith, gross negligence or willful misconduct. The Management Agreement automatically terminates upon the certain events of bankruptcy or insolvency of the Manager.

## **THE AIRPORT**

The Airport covers more than 4,800 acres and is located approximately six miles from downtown Nashville. The Airport is classified as a medium hub by the Federal Aviation Administration (the “FAA”). In 2009, the Airport served approximately \$8.9 million passengers and moved more than 65,000 tons of cargo. The Airport serves as the principal commercial airline passenger airport for the Middle Tennessee area and portions of Southern Kentucky and Northern Alabama.

### **Runways**

The Airport operates with four runways of 8,000 feet, 7,700 feet, 8,000 feet, and 11,000 feet in length utilized by all types of commercial and private aircraft.

### **Terminal Complex**

Air carrier operations take place on the east side of the Airport from a terminal complex center. The main passenger terminal building was completed in September 1987 and has approximately 821,600 gross square feet of space on three public levels, with 46 air carrier gates, all of which are currently in use, and 15 aircraft parking positions. Improvements during the 1990s included a Federal Inspection Station, concourse connectors and additional ramp space for commuter aircraft parking and de icing operations.



## **Cargo Facilities**

Including the Project, there are four primary cargo facilities at the Airport. Two are located on the east side of the terminal complex for airline air freight and belly cargo, and two are located on the west side to serve major domestic and international air cargo companies.

## **Parking Areas**

Four separate public automobile parking areas at the Airport, comprising approximately 13,000 spaces, provide short term, long term, economy and valet parking.

# **THE PROJECT**

## **General**

The Company completed construction of the approximately 85,111 square foot Project at the Airport on June 16, 2006. The Project is designed as an air cargo shipment and transfer facility. Cargo arrives via aircraft (or tug from remote aircraft), and is sorted and distributed through the warehouse to rolling stock for delivery to its destination. The typical freight composition of the warehouse remains warehoused for no more than four to 24 hours.

The Project is comprised of a steel and concrete building structure on a reinforced concrete foundation with a reinforced, standing seam, factory mutual approved metal roof. The interior of the building is column free to aid the movement of freight and motorized forklifts through the warehouse and to minimize potential damage. The building is insulated and heated and cooled with forced air heat and air conditioning.

Approximately 12% of the Project is comprised of office space for FedEx. The offices are typically used for sales staff, station managers, aircraft mechanics, pilot break rooms, dispatch and other related functions.

The physical location of the Project is Nashville International Airport, 33 Airways Boulevard, Nashville, Tennessee 37217.

## **Annual Budget**

The Company has covenanted that it will submit an operating plan and budget to the Trustee no later than 60 days prior to the end of each Fiscal Year (the “Annual Forecast” or “Forecast”). The Annual Forecast will be detailed by month and specify (a) estimates of operating revenues by category, (b) other revenues, (c) Operation and Maintenance Expenses by category, (d) Capital Repair and Replacement Expenses by category, and (e) a maintenance and repair schedule.

## **Management of the Project**

The Manager has entered into a Management Agreement with the Company whereby the Manager is responsible for the operation, leasing and management of the Project. See “THE MANAGER AND THE MANAGEMENT AGREEMENT—Management Agreement” herein.

## **Project Financial Information**

Pursuant to the Collateral Agreement the Company will furnish to the Trustee, and upon written request to the Bondholders' Representative and each Bondholder making such request, (a) as soon as practicable after they are available but in no event more than 120 days after the last day of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2011), an audited financial statement of the Company for such Fiscal Year; and (b) within 45 days after the last day of each fiscal quarter, unaudited quarterly operating statements of the Company.

Pursuant to the Indenture the Trustee will, within ten Business Days after the end of each month, furnish to the Company and each Bondholder owning at least 10% in aggregate principal amount of Bonds Outstanding, an accounting statement on the status of each of the Funds and Accounts established under the Indenture and held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the deposits to (including interest on investments) and the disbursements from each such Fund or Account during such preceding month, and the balance in each such Fund or Account on the last day of the preceding month. To the extent a fund or account has no activity during any given month, no monthly statement need be produced. The Trustee will also furnish to each Bondholder owning at least 10% in aggregate principal amount of Bonds Outstanding and any other Bondholder who requests the same, within 30 days after the end of each Fiscal Year, an annual accounting statement for such Fiscal Year of the status of each of the Funds and Accounts within Funds established under the Indenture and held by the Trustee, showing the balance in each Fund or Account as of the first day of such Fiscal Year, the deposits to (including interest and investments) and the disbursements from each such Fund or Account during such Fiscal Year, and the balance in each such Fund or Account on the last day of such Fiscal Year. The Trustee will give notice to each Bondholder owning at least 10% in aggregate principal amount of Bonds Outstanding of any withdrawal from the Facility Surplus Fund to pay Debt Service.

## **FINANCIAL INFORMATION**

### **Historical Financial Results**

For historical financial results for the Project, see "APPENDIX G—UNAUDITED FINANCIAL STATEMENTS FOR THE PROJECT".

### **Financial Projections**

The Company prepared the projections (the "Financial Projections") for the Project for the period beginning with the Fiscal Year 2010 through and including Fiscal Year 2026, which can be found below under "—Manager's Discussion of Projections". In the preparation of these Financial Projections, the Company used and relied upon certain information provided to it by sources which it believes to be reliable. The Company believes the use of such information is reasonable for the purposes of the Financial Projections. In addition, the Company made certain assumptions with respect to conditions which may exist or events which may occur in the future. While the Company believes these assumptions to be reasonable for the purpose of these Financial Projections, they are dependent upon future events and actual conditions may differ from those assumed. For purposes of preparing these projections, the Company relied on certain assumptions regarding material contingencies and other matters that are not within the control of the Company or any other person. These assumptions are inherently subject to uncertainties and actual results may differ, perhaps materially, from those projected. These projections are not necessarily indicative of current values or future performance. Therefore, no representations are made or intended, nor should any be inferred, with respect to the likely existence of a particular future set of facts or circumstances. If actual results are materially less favorable than those shown, or if the

assumptions used in formulating these projections prove to be incorrect, the Company's ability to pay payments under the Loan Agreement (and, consequently, the Issuer's ability to make payments of principal of and interest on the Bonds), may be materially adversely affected. The Financial Projections should be read in their entirety as well as the accompanying discussion.

## **Manager's Discussion of Projections**

### ***Revenues***

Base Rent. The FedEx Base Rent in the Financial Projections is the amount included in the Project's budget for each year, which is based upon the amount of rent due under the FedEx Lease. Under the terms of the FedEx Lease, FedEx currently pays annual FedEx Base Rent to the Company in the amount of \$608,369. Every five years, the FedEx Base Rent increases by 10% until the FedEx Lease terminates, with increases scheduled for 2011, 2016, 2021 and 2026.

Total Reimbursement Revenue. The total reimbursement revenue in the Financial Projections includes the recovery of certain operating expenses and ground rent for the Project, including a ground rent credit to the Company. The FedEx Lease provides for reimbursement directly to the Company by FedEx on a monthly basis for all operating expenses. In addition, FedEx pays ground rent (and any special assessments) directly to the Issuer, which the Company treats as a reimbursement.

### ***Expenses***

General. With the exception of the management fees, the expenses (the "Expenses") in the Financial Projections represent the Project's anticipated Operation and Maintenance Expenses and include general administrative expenses, ground rent, taxes and special assessments and insurance. The Expenses, other than ground rent, are projected to increase at a rate of 2% each year. Ground rent expenses are subject to adjustment every five years pursuant to the terms of the Ground Lease. As discussed above, pursuant to the terms of the FedEx Lease, FedEx is required to reimburse the Company for all operating expenses and ground rent each year.

Management Fee. The Manager is entitled to receive a fee of 3% of gross monthly rents collected from FedEx for its services as manager of the Project and additional compensation upon the occurrence of certain events. See "THE MANAGER AND THE MANAGEMENT AGREEMENT—Management Agreement" above for a further discussion of the Management Agreement.

Total Leasing and Capital Costs. Total leasing and capital costs represent the deposit to the Capital Reserve and Replacement Fund.

**Financial Projections**  
**Aero Nashville, LLC Project**

Fiscal Year Ending June 30	Projected							
	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>								
Potential Gross Revenue								
Base Rental Revenue	621,576	669,216	669,218	669,218	669,218	683,730	736,146	736,146
Total Reimbursement Revenue	229,518	236,568	238,914	241,325	249,463	266,135	274,424	277,142
Total Potential Gross Revenue	851,094	905,784	908,132	910,543	918,681	949,865	1,010,570	1,013,288
<b>Effective Gross Revenue</b>	<b>851,094</b>	<b>905,784</b>	<b>908,132</b>	<b>910,543</b>	<b>918,681</b>	<b>949,865</b>	<b>1,010,570</b>	<b>1,013,288</b>
<b>EXPENSES</b>								
Operating Expenses								
Ground Rent	99,407	99,408	99,408	99,408	99,408	115,852	115,852	115,852
Property Management	25,534	27,173	27,243	27,317	27,561	28,495	30,318	30,398
Taxes	75,839	78,114	80,458	82,871	85,358	87,918	90,555	93,274
Insurance	2,897	2,983	3,074	3,165	3,260	3,358	3,458	3,564
General Building	14,400	14,688	14,982	15,281	15,587	15,899	16,217	16,541
<b>Total Operating Expenses</b>	<b>218,077</b>	<b>222,366</b>	<b>225,165</b>	<b>228,042</b>	<b>231,174</b>	<b>251,522</b>	<b>256,400</b>	<b>259,629</b>
<b>Net Operating Income</b>	<b>633,017</b>	<b>683,418</b>	<b>682,967</b>	<b>682,501</b>	<b>687,507</b>	<b>698,343</b>	<b>754,170</b>	<b>753,659</b>
Total Leasing & Capital Costs	2,842	4,341	4,471	4,606	4,742	4,886	5,033	5,183
<b>Cash Flow Before Debt Service</b>	<b>630,175</b>	<b>679,077</b>	<b>678,496</b>	<b>677,895</b>	<b>682,765</b>	<b>693,457</b>	<b>749,137</b>	<b>748,476</b>
Plus: Management Fees (Subordinate)	25,534	27,173	27,243	27,317	27,561	28,495	30,318	30,398
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	<b>655,709</b>	<b>706,250</b>	<b>705,739</b>	<b>705,212</b>	<b>710,326</b>	<b>721,952</b>	<b>779,455</b>	<b>778,874</b>
<b>DEBT SERVICE</b>								
Principal	-	235,000	245,000	260,000	275,000	300,000	360,000	375,000
Interest (1)	311,684	322,400	310,180	297,440	283,920	269,620	254,020	235,300
<b>Total Debt Service</b>	<b>311,684</b>	<b>557,400</b>	<b>555,180</b>	<b>557,440</b>	<b>558,920</b>	<b>569,620</b>	<b>614,020</b>	<b>610,300</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.10</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.28</b>

(1) For 2011, assumes interest on the Bonds beginning December 1, 2010, and on the Refunded Bonds based upon estimates by the Company.

**Financial Projections  
(Aero Nashville, LLC Project)**

Fiscal Year Ending June 30	Projected							
	2019	2020	2021	2022	2023	2024	2025	2026
<b>REVENUES</b>								
Potential Gross Revenue								
Base Rental Revenue	736,146	736,146	752,110	809,756	809,758	809,758	809,758	829,137
Total Reimbursement Revenue	279,944	289,295	308,464	317,997	321,148	324,391	335,377	357,910
Total Potential Gross Revenue	1,016,090	1,025,441	1,060,574	1,127,753	1,130,906	1,134,149	1,145,135	1,187,047
<b>Effective Gross Revenue</b>	<b>1,016,090</b>	<b>1,025,441</b>	<b>1,060,574</b>	<b>1,127,753</b>	<b>1,130,906</b>	<b>1,134,149</b>	<b>1,145,135</b>	<b>1,187,047</b>
<b>EXPENSES</b>								
Operating Expenses								
Ground Rent	115,852	115,852	133,793	133,793	133,793	133,793	133,793	155,466
Property Management	30,483	30,763	31,817	33,833	33,927	34,024	34,354	35,612
Taxes	96,070	98,953	101,922	104,978	108,128	111,372	114,713	118,156
Insurance	3,670	3,779	3,893	4,009	4,131	4,254	4,382	4,513
General Building	16,872	17,209	17,554	17,905	18,263	18,628	19,000	19,381
<b>Total Operating Expenses</b>	<b>262,947</b>	<b>266,556</b>	<b>288,979</b>	<b>294,518</b>	<b>298,242</b>	<b>302,071</b>	<b>306,242</b>	<b>333,128</b>
<b>Net Operating Income</b>	<b>753,143</b>	<b>758,885</b>	<b>771,595</b>	<b>833,235</b>	<b>832,664</b>	<b>832,078</b>	<b>838,893</b>	<b>853,919</b>
Total Leasing & Capital Costs	5,338	5,498	5,663	5,835	6,009	6,188	6,376	94,537
<b>Cash Flow Before Debt Service</b>	<b>747,805</b>	<b>753,387</b>	<b>765,932</b>	<b>827,400</b>	<b>826,655</b>	<b>825,890</b>	<b>832,517</b>	<b>759,382</b>
Plus: Management Fees (Subordinate)	30,483	30,763	31,817	33,833	33,927	34,024	34,354	35,612
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	<b>778,288</b>	<b>784,150</b>	<b>797,749</b>	<b>861,233</b>	<b>860,582</b>	<b>859,914</b>	<b>866,871</b>	<b>794,994</b>
<b>DEBT SERVICE</b>								
Principal	395,000	420,000	455,000	525,000	555,000	585,000	620,000	595,000
Interest (1)	215,800	195,260	173,420	149,760	122,460	93,600	63,180	30,940
<b>Total Debt Service</b>	<b>610,800</b>	<b>615,260</b>	<b>628,420</b>	<b>674,760</b>	<b>677,460</b>	<b>678,600</b>	<b>683,180</b>	<b>625,940</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.28</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>	<b>1.27</b>

(1) For 2011, assumes interest on the Bonds beginning December 1, 2010, and on the Refunded Bonds based upon estimates by the Company.

## AIR CARGO INDUSTRY

Worldwide air freight traffic has grown rapidly since the 1990s. The International Civil Aviation Organization reports that between 1995 and 2007, air freight ton kilometers in scheduled service grew at an average rate of 5.5% per year. Total traffic fell by 1.2% in 2008 as the global financial crisis unfolded and continued to decrease into 2009, but has now begun to recover with annual growth rates expected in excess of 3%.

The air cargo industry is largely driven by economic activity. There is a strong correlation between economic growth (as measured by a country's Gross Domestic Product ("GDP")) and air freight growth. The U.S. Energy Information Administration predicts that worldwide GDP will increase an average of 3.5% per year from 2006 to 2030, similar to average rates from prior years. Aviation forecasts therefore project strong growth in global air cargo well into the future.

Decreases in air cargo yields have also stimulated the demand for cargo services as they have become more affordable for shippers. Boeing estimates that air cargo yields decreased at an average rate of 3.0% per year between 1987 and 2007 after adjusting for inflation. Recently the rate at which cargo yields have been declining has slowed, with the decrease averaging 1.0% per year from 1997 to 2007.

Based on projected worldwide economic growth, Boeing, Airbus and the International Air Transport Association all predict that world air cargo will increase on average 5% to 6% per annum over the next 20 years. However, the ability to achieve projected air freight growth will depend in part on the future price of jet fuel. Jet fuel prices rose to unprecedented levels in 2008 before falling sharply as the financial crisis greatly reduced the demand for all modes of freight transportation services. The long term effects of jet fuel price volatility are not yet clear. Uncertainty about future prices could potentially lead to structural changes in the air cargo market if shippers switch from air to surface modes or find ways to shorten their supply chains and source products closer to end markets, but there is no evidence yet that this is happening on a large scale.

United Parcel Service ("UPS") and FedEx are the dominant air cargo operators in the United States as a result of DHL's exit (excepting for some international service) from the United States' domestic marketplace. FedEx, UPS, DHL, and TNT are the dominant integrated (door-to-door services) global firms in the air cargo business sector. Below is a table of the top ten cargo airports in the United States in calendar year 2009, as well as where the Airport ranked in 2009.

### LARGEST CARGO AIRPORTS IN NORTH AMERICA Calendar Year 2009

<b>2009 Rank</b>	<b>City (Airport Code)</b>	<b>Total Cargo (Metric Tons)</b>	<b>Percent Change 2008 to 2009</b>
1.	Memphis, TN (MEM)	3,697,054	0.0%
2.	Anchorage, AK (ANC)	1,994,629	(15.0)
3.	Louisville, KY (SDF)	1,949,528	(1.3)
4.	Miami, FL (MIA)	1,557,401	(13.8)
5.	Los Angeles, CA (LAX)	1,509,236	(7.4)
6.	New York, NY (JFK)	1,144,894	(21.2)
7.	Chicago, IL (ORD)	1,047,917	(17.1)
8.	Indianapolis, IN (IND)	944,805	(9.1)
9.	Newark, NJ (EWR)	779,642	(12.1)
10.	Dallas/Fort Worth, TX (DFW)	578,906	(11.3)
<b>66.</b>	<b>Nashville, TN (BNA)</b>	<b>49,030</b>	<b>(27.9)</b>

Source: Airports Council International—North America; preliminary rankings.

## **INVESTOR CONSIDERATIONS**

Payment of Debt Service on the Bonds will depend on the Company's ability to earn Project Revenues sufficient to pay Debt Service after payment of Operation and Maintenance Expenses. The Company's ability to earn sufficient Project Revenues may be adversely affected by a wide variety of unforeseen or unforeseeable events and conditions, including, without limitation, increases in operating costs of the Project; failure to properly operate or maintain the Project; economic or technological changes affecting the air cargo industry generally, or the Airport or FedEx specifically, which could result in a default under the Ground Lease or the FedEx Lease; or competition from other air cargo organizations located at the Airport, near to the Airport or at other airports. Further, there can be no assurances that sufficient funds would exist at the time of a mandatory redemption of the Bonds to provide for the full amount of the redemption, and the Trustee would then have recourse only to its remedies on default. Investment in the Bonds involves a substantial amount of risk and investors are advised to consult with their financial advisors and other consultants in connection with making their investment decision.

### **Default by Company Under the Ground Lease**

The material failure of the Company to comply with certain provisions of the Ground Lease constitutes an Event of Default. Upon the occurrence of an Event of Default and expiration of the applicable cure period, certain remedies including termination of the Ground Lease may be available to the Issuer. In the event of a termination of the Ground Lease, the Company will not have the right to possess and operate the Project with the result that the Company will earn no Project Revenues from which Debt Service on the Bonds can be paid. See "APPENDIX B—SUMMARY OF AMENDED GROUND LEASE".

However, pursuant to the Ground Lease and the Leasehold Deed of Trust, the Trustee also has the right, within the applicable cure period, to take action as the Trustee deems reasonably necessary to cure or remedy any Event of Default under the Ground Lease. In the event of a termination of the Ground Lease after such Event of Default, the Ground Lease will remain in full force and effect in accordance with its terms as a direct lease with the Issuer, as lessor, and the Trustee, as lessee. The Trustee, however, within the applicable cure period, must have paid all amounts and cured all other defaults by the Company under the Ground Lease able to be cured without obtaining possession of the Project. The Trustee may, within 20 days after the termination of the Ground Lease (the "Election Period"), elect by notice to the Issuer for the Issuer and the Trustee to enter into a new lease with respect to the Property within 30 days following such election by the Trustee, on the same terms and conditions as provided in the Ground Lease. If the Trustee fails to make such election within the Election Period, the Trustee will be deemed to elect not to enter into a new lease with the Issuer for the Property. See "APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Mortgage of Leasehold Estate" and "APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST—Ground Lease".

### **FedEx Default or Bankruptcy**

FedEx Base Rent payments from the FedEx Lease are the principal source of income from the Project. Should FedEx experience financial difficulty, FedEx may refuse to or be unable to pay FedEx Base Rent due under the FedEx Lease. In addition, in the event of the bankruptcy of FedEx, delays in the payment of FedEx Base Rent may occur under the automatic stay provisions of the Federal Bankruptcy Code. Moreover, a trustee in bankruptcy may reject the FedEx Lease altogether, thereby extinguishing FedEx's duty to pay FedEx Base Rent to the Company. In addition, FedEx may fail to pay FedEx Base Rent when due, regardless of its financial situation. Such bankruptcy or default of FedEx could result in

the Company not having sufficient funds to pay Debt Service on the Bonds as such amounts become due. See “FEDERAL EXPRESS CORPORATION” and “—Effect of Company or FedEx Bankruptcy”.

### **Risk Factors Related to Reletting**

The historical volatility and changing environment of the air cargo industry make it impossible to predict the full circumstances and conditions that may exist at a time when a reletting of the Project may be required. As a result, no assurance can be given that the Trustee or the Company would be able to generate sufficient revenues from a reletting of the Project to repay the Bonds should either of such parties seek or be required to seek, one or more replacement tenant(s) for the Project following an Event of Default under the FedEx Lease or a termination or cancellation of the Ground Lease, as the case may be.

### **Project Occupancy**

The Project is currently fully subleased to FedEx through the FedEx Lease. However, if FedEx defaults under the FedEx Lease and the Company is unable to maintain sufficient occupancy for the Project throughout the term of the Bonds, there may not be sufficient funds available to pay Debt Service on the Bonds. See “FEDERAL EXPRESS CORPORATION,” “THE MANAGER AND THE MANAGEMENT AGREEMENT” and “FINANCIAL INFORMATION—Financial Projections”.

### **Manager Defaults and Failure To Renew Management Agreement**

If the Manager fails to operate and maintain the Project in accordance with the terms of the Management Agreement, FedEx may refuse to make payments due under the FedEx Lease or the Project may experience vacancy rates in excess of what otherwise might occur. A failure by the Manager to discharge its duties under the Management Agreement may adversely affect the Project Revenues. See “THE MANAGER AND THE MANAGEMENT AGREEMENT”.

The Manager can terminate the Management Agreement for a number of reasons including the nonpayment of its fee or the failure of the Company to provide funds timely for payment of Operation and Maintenance Expenses. The termination of the Management Agreement for the Project is likely to have an adverse effect on the operation of the Project which in turn may result in a reduction in Project Revenues. See “THE MANAGER AND THE MANAGEMENT AGREEMENT”.

### **Air Cargo Industry**

Timely payment of Debt Service on the Bonds is dependent primarily upon the ability of the Company to retain FedEx or obtain new tenants. FedEx or potential tenants may be affected by technological changes or adverse business conditions in the air cargo industry, including increased competition, increases in fuel costs, decreases in industry-wide fare levels, changes in international governmental policies, and economic slowdowns. These types of developments could affect the demand for, or the market rental value, of the Project. If replacement tenants become necessary, there is no assurance that the terms of these new tenant leases will provide sufficient Project Revenues to pay the Operation and Maintenance Expenses of the Project and Debt Service on the Bonds. See “AIR CARGO INDUSTRY”.

### **Competition**

While the Bonds are Outstanding, it is possible that existing competitors of the Project at the Airport will expand their operations and that additional organizations will offer transfer point services at



on or off-site locations at the Airport. The competition among organizations providing transfer point services and among airports for air cargo business may adversely affect the volume of air freight or the rates which can be charged for services provided by the Project in ways that may not be able to be currently anticipated. See “FINANCIAL INFORMATION—Financial Projections” and “AIR CARGO INDUSTRY”.

### **Non-Recourse Debt, Limited Assets of Company**

The Company has no significant assets other than a leasehold interest in the Project, the Ground Lease and the FedEx Lease, nor is there any expectation of significant financial support from any other source. In the event of a default, the Bondholders’ remedies would generally be only with respect to the Project.

### **Obsolescence; Limited Use of Project**

Advances in technology in the air cargo industry and utilization of transfer point facilities may lead to facility obsolescence for the Project with a resulting reduction or elimination of demand for the Project.

Under the Ground Lease the Project may only be used as an air cargo facility. Further, the Project may not be suitable for use other than as an air cargo facility.

### **Actual Results May Differ From Forecasts**

The financial forecast contained in “FINANCIAL INFORMATION—Financial Projections” is based upon assumptions by the Company and the Manager. There will usually be differences between forecasted and actual results, since events and circumstances frequently do not occur as expected, and those differences may be material. In particular, any substantial increase in vacancy loss over such forecasted losses will reduce Net Revenues Available for Debt Service on the Bonds. See “FINANCIAL INFORMATION—Financial Projections”.

### **No Credit Enhancement**

The Bonds will not be secured by bond insurance or any other type of credit enhancement. The Project Revenues and any amounts realized from a sale or other disposition of the Project will be the principal source of funds to pay Debt Service on the Bonds. See “—Non-Recourse Debt, Limited Assets of Company” above.

### **Limited Company Liquidity**

Other than the Minimum Required Balance required to be maintained pursuant to the Indenture, no additional reserves will be established in connection with the Bonds. Amounts held in the Facility Surplus Fund in excess of the Minimum Required Balance may be disbursed to the Company semiannually after meeting the historical and projected 1.10 coverage test described in the last paragraph under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Funds and Accounts—Facility Surplus Fund”. Funds will be accumulated in the Facility Surplus Fund above the Minimum Required Balance only if the Company fails to meet the historical and projected 1.10 coverage test. The Company is not required to and will not maintain insurance covering loss of rental income. Rent is abated in whole or in part under the FedEx Lease upon the occurrence of a fire or other casualty that renders the Premises untenable in whole or in part. In addition, FedEx may exercise self-help remedies under the FedEx Lease and offset costs incurred against rent payable to the Company under the

FedEx Lease. See “FEDEX AGREEMENTS—FedEx Lease—Casualty” and “—Remedies of FedEx Under the FedEx Lease”. FedEx is required under the FedEx Lease to maintain insurance covering loss of rental income for a period of up to 12 months in the event of the damage or destruction of the Premises. See “FEDEX AGREEMENTS—FedEx Lease—Insurance”. There are no restrictions in the Bond Documents on distributions by the Company. There are no requirements in the Bond Documents requiring any affiliate of the Company to make contributions to the Company. In the event of the damage or destruction of the Project, the only source of Project Revenues may be the insurance maintained by FedEx covering loss of rental income for a period of up to 12 months. Project Revenues and amounts on deposit in the Facility Surplus Fund may be the only sources of payment of Operation and Maintenance Expenses or Capital Repair and Replacement Expenses in excess of the Annual Forecast.

### **Damage or Destruction**

Under the Ground Lease, the proceeds of property insurance may only be applied to repair or rebuild the Project. There is no provision in the Ground Lease permitting the proceeds of property insurance to be applied to the redemption of Bonds. FedEx may terminate the FedEx Lease upon damage or destruction of the Project. See “FEDEX AGREEMENTS—FedEx Lease—Casualty”.

### **Performance by the Trustee**

Realizing the benefits of the Ground Lease, the Leasehold Deed of Trust, the FedEx Lease and the Attornment Agreement will be dependent in part on the ability of the Trustee to remedy any defaults of the Company under the Ground Lease or the FedEx Lease within the cure periods established in the Consent and Estoppel Certificate and the Attornment Agreement. See “APPENDIX F—SUMMARY OF CONSENT AND ESTOPPEL CERTIFICATE—Additional Cure Period to Pay Base Rent”, “—Additional Cure Period to Pay Additional Rent” and “—Additional Cure Period to Comply with Covenant”, and “FEDEX AGREEMENTS—Attornment Agreement—Trustee’s Rights to Cure Default”. Failure to do so could result in the termination of the Ground Lease by the Issuer or the FedEx Lease by FedEx. The Trustee is not required to make any of its own funds available to remedy a Company default. The Trustee is not required to take any specific action under the Indenture upon the occurrence of a Company default unless directed by the Bondholders. The obligation to take any such action is subject to the indemnification provisions of the Indenture. See “APPENDIX A—SUMMARY OF TRUST INDENTURE—Trustee—Direction of Bondholders Requires Indemnity”. No assurance can be given that the Trustees will be able to cure payment or performance defaults of the Company within the cure periods specified in the Consent and Estoppel Certificate and the Attornment Agreement.

### **Issuer Rights**

The rights and remedies of Trustee under the Leasehold Deed of Trust are subject to each of the covenants, conditions and restrictions set forth in the Ground Lease and to the rights and remedies of the Issuer thereunder. See “APPENDIX D—SUMMARY OF LEASEHOLD DEED OF TRUST—Conveyance of Trust”. The Issuer has not assigned certain Unassigned Rights under the Ground Lease to the Trustee pursuant to the Indenture, which may be enforced exclusively by the Issuer. The Issuer has also reserved the Reserved Rights which may be enforced by the Issuer. See “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Definitions—Reserved Rights; Unassigned Rights”. Reserved Rights includes the right to require that the proceeds of property insurance be used exclusively to reconstruct the Project. Issuer Base Rent and additional rent payable under the Ground Lease are not subject to the pledge of Lease Revenues under the Indenture and the trustee’s rights under the Leasehold Deed of Trust and Collateral Agreement are subject to the Issuer’s rights under the Ground Lease, including the payments of base and additional rent payable to the Issuer thereunder.

## **Taxation of Interest on the Bonds**

An opinion of Bond Counsel will be obtained to the effect that, assuming continuing compliance with certain covenants and the accuracy of certain factual representations, interest paid on the Bonds is excludable from gross income for federal income tax purposes under existing law, except with respect to interest on any Bond during any period while it is held by a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Code imposes a number of requirements that must be satisfied for interest on obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. See “TAX MATTERS”. The Issuer and the Company will covenant in the Indenture and the Ground Lease, respectively, that each will comply with these requirements. If the Issuer or the Company should fail to comply with their covenants or if the representations referenced under “TAX MATTERS” herein should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such includability occurs.

Upon the occurrence of a Determination of Taxability with respect to the Bonds, the Bonds will be subject to mandatory redemption at a price of 100% of their principal amount plus accrued interest to the redemption date. The payment of this redemption price will constitute full and complete payment and satisfaction to the Holders of the Bonds, and such Holders will have no claim against the Issuer or the Company for any additional taxes and penalties which the Holders may be required to pay as a result of the determination that a Determination of Taxability has occurred. There can be no assurances, however, that sufficient funds would exist at the time of the mandatory redemption to provide for the full amount of the redemption, and the Trustee would then have recourse only to its remedies on default. See “DESCRIPTION OF THE BONDS—Redemption Provisions”.

## **Effect of Company or FedEx Bankruptcy**

***Assumption or Rejection of Ground Lease or FedEx Lease.*** Should the Company or FedEx seek protection under the U.S. bankruptcy laws, they must assume or reject (a) the Ground Lease, as it relates to the Company, or the FedEx Lease, as it relates to FedEx, within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the Company, as it relates to the FedEx Lease, or the Issuer as it relates to the Ground Lease)), and (b) its other executory contracts with the Issuer prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the Company or FedEx would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the Ground Lease or the FedEx Lease.

Rejection of the Ground Lease, the FedEx Lease or executory contracts will give rise to an unsecured claim of the Issuer, as it relates to the Ground Lease, or the Company, as it relates to the FedEx Lease, for damages, the amount of which in the case of the Ground Lease or the FedEx Lease is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of the Ground Lease or the FedEx Lease could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. In addition, payments made by a tenant in bankruptcy (or by its surety) within 90 days of filing a bankruptcy case could be deemed to be an “avoidable preference” under the United States Bankruptcy

Code and thus subject to recapture by the debtor or its trustee in bankruptcy, in particular if the debtor posts collateral with its surety. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Issuer or the Company, as applicable, may not be able to enforce any of its remedies under the agreements with a bankrupt tenant.

***Pre-Petition Obligations of the Company and FedEx.*** During the pendency of a bankruptcy proceeding by the Company or FedEx, the Company or FedEx may not, absent a court order, make any payments to the Issuer on account of goods and services provided prior to the bankruptcy. Thus, the Issuer's stream of payments from the Company or the Company's stream of payments from FedEx would be interrupted to the extent of pre-petition goods and services, including accrued rent.

***Enforceability of Remedies Under the Guaranty.*** Pursuant to the terms of the Guaranty, the Company has separately and unconditionally guaranteed to the Trustee, for the benefit of the Bondholders, the full and prompt payment of principal of and interest on the Bonds, when and as the same become due and payable as provided in the Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise. It is impossible to predict whether, at the time of a bankruptcy filing by the Company, the Company would have assets sufficient to meet its obligations under the Guaranty in full. The obligations covered by the Guaranty are intended by the parties to be independent of those set out in the Ground Lease and to be enforceable without regard to the validity or enforceability of the Ground Lease or any obligation of the Company contained therein. In the event a bankruptcy case is filed with respect to the Company in the future, the Trustee may file a claim pursuant to the Guaranty, independent of any claim under the Ground Lease, for the payment of all amounts, if any, required for the payment of the principal of, redemption premium, if any, and interest on the Bonds when due. Such claim, if allowed, would rank as that of a general unsecured creditor of the Company. If a bankruptcy court were to determine that the Ground Lease can be rejected by the Company as described above, the Company or another creditor would likely object to the allowance of both a claim under the Guaranty and a claim for Ground Lease rejection damages as being duplicative.

## **Qualifications of Opinions in Bankruptcy**

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified by reference to bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion.

## **Insurance**

The Company intends to obtain, or cause FedEx to obtain, insurance providing coverage in the amount required by the Ground Lease. An unanticipated volume of claims against the Company or FedEx could cause the payment of unforeseen amounts as deductibles and a substantial increase in insurance premiums, thereby adversely affecting the Company's ability to make full and timely payments of the amounts due under the Ground Lease or FedEx's ability to make full and timely payments of the amounts due to the Company under the FedEx Lease.

## **Additional Debt**

Subject to the approval of the Issuer, the Company may issue, or cause to be issued, without Bondholder approval, Additional Bonds with respect to the Bonds which are on a parity with the Bonds. Issuance of such Additional Bonds could dilute the security pledged to the payment of the Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Additional and Refunding Bonds".

## **Environmental Risks**

The Company, as long-term lessee and operator of the Project, has potential liability under most state and federal environmental statutes, laws and regulations. In addition to liability for release of hazardous substances at the Project by the Company or FedEx, the Company could be held liable for releases of hazardous substances by previous owners/lessees of the Project. There are currently no environmental proceedings relating to the Project.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person”, and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer in connection with the Bonds, and Bond Counsel has assumed compliance by the Issuer with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The provisions of the American Recovery and Reinvestment Act of 2009 relating to the treatment of interest on certain tax-exempt Bonds apply to the Bonds.

In addition, in the opinion of Bond Counsel to the Issuer, under existing laws of the State of Tennessee, the Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the

Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

The Bonds are not taken into account (subject to certain limitations) in determining the portion of a financial institution's interest expense subject to the pro rata interest disallowance rule of Section 265(b) of the Code for costs of indebtedness incurred or continued to purchase or carry certain tax-exempt obligations. The Bonds, however, are taken into account in the calculation of the amount of a financial institution's preference items under Section 291 of the Code.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Information Reporting and Backup Withholding**

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

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

## **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds.

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

## **UNDERWRITING**

Citigroup Global Markets Inc., as underwriter (the “Underwriter”), has agreed to purchase the Bonds at a purchase price of par. In connection with the purchase of the Bonds the Underwriter will receive an Underwriter’s fee of \$77,500.00. The Underwriter is obligated to purchase all of the Bonds, if any are purchased, such obligation being subject to certain terms and conditions set forth in a Bond Purchase Agreement (the “Bond Purchase Agreement”) with regard to the Bonds among the Underwriter, the Issuer and the Company, the approval of certain legal matters by counsel and certain other conditions. The initial offering prices may be changed from time to time by the Underwriter.

## **RATING**

Moody’s Investors Service (“Moody’s”) has assigned the rating of “Baa3” to the Bonds. Such rating reflects only the views of Moody’s and any explanation of the meaning and significance of such rating, including the methodology used and any outlook thereon, should be obtained from Moody’s at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody’s, if in the judgment of Moody’s, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **CONTINUING DISCLOSURE**

The Underwriter has determined that no financial or operating data concerning the Issuer is material to an evaluation of the Bonds or a discussion to purchaser, hold or sell the Bonds, and the Issuer will not provide any such information. The Company will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) for the benefit of the beneficial owners of the Bonds. Under the Continuing Disclosure Agreement, the Company will agree to provide, or to cause to be provided, to the MSRB through EMMA, for purposes of Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data relating to the Project, and notice of certain material events. These covenant will be made in order to assist the Underwriter (as defined herein) in complying with Rule 15c2-12. See “APPENDIX I—FORM OF CONTINUING DISCLOSURE AGREEMENT”.

A failure by the Company to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Ground Lease, and the beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Company to comply with the Continuing Disclosure Agreement must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or

sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and delivery of the Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer. The form of Bond Counsel Opinion is attached hereto as Appendix H and will be available at the time of delivery of the Bonds.

Certain legal matters will be passed upon for the Issuer by its counsel, Adams and Reese LLP. For the Underwriter, certain legal matters will be passed upon by its counsel, Kutak Rock LLP. Certain legal matters pertaining to the Company will be passed upon by Bradley Arant Boult Cummings, LLP and Greenberg Traurig, LLP.

### **LITIGATION**

There is no known, pending or, to the knowledge of the Company or the Issuer, threatened litigation against the Company or the Issuer, respectively, which in any way questions or materially affects the validity of the Bonds or any proceedings or transactions relating to the issuance, sale or delivery of the Bonds or which may materially affect the operation and management of the Project.

### **MISCELLANEOUS**

The Issuer has not approved this Official Statement and, except for the information furnished under the captions “THE ISSUER” and “THE AIRPORT”, is not responsible for the information contained herein.



## **APPENDIX A**

### **SUMMARY OF TRUST INDENTURE**

The following summarizes certain provisions of the Trust Indenture between the Issuer and the Trustee, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Trust Indenture in its entirety.

#### **Definitions**

Except as set forth below, capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement and Appendix B.

“Account” means any of the accounts created within any Fund.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against the Company under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect; provided, however, that no involuntary petition in bankruptcy, or appointment of a trustee, custodian or receiver, without the consent of the Company, will constitute an Act of Bankruptcy until one hundred and twenty (120) days will have elapsed from the date of filing thereof, during which time the Company has been unable to obtain the dismissal of the petition or appointment.

“Affiliate” of any Person means any Person which controls, is controlled by, or is under common control with, such Person.

“Applicable Percentage” means at least 51% in aggregate principal amount of the Bonds then Outstanding.

“Attornment Agreement” means the Subordination, Non-Disturbance and Attornment Agreement, dated December 1, 2010, among Federal Express Corporation, the Company and the Trustee.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Authorized Representative” means, with respect to any party to any Financing Document, any person or persons at the time designated to act on behalf of such party by a written certificate, containing a specimen signature of such person or persons, which is duly executed on behalf of such party and is furnished to the other parties to that Financing Document, and to the Issuer and the Trustee.

“Bond Counsel” means Hawkins Delafield & Wood LLP or an attorney-at-law or firm of attorneys (other than an employee of the Company but including any law firm serving as counsel to the Company) selected by the Issuer and satisfactory to the Trustee and the Company and nationally recognized as experienced in matters relating to the tax exemption of interest on bonds of states and political subdivisions.

“Bond Documents” means the Financing Documents and all other agreements, certificates, documents and instruments ever delivered in connection with any of the foregoing, all other assignments, pledges and other documents evidencing, securing or relating to the Bonds and all agreements, deeds of trust, assignments, pledges, and other collateral documents now or hereafter executed to or for the benefit of the Trustee to secure the Bonds.

“Bond Obligations” means (a) the Debt Service due and payable and to become due and payable and any other amounts which may be owed by the Company to, or on behalf of, the Issuer or the Trustee under the Bond Documents, and (b) the Rebate Amount.

“Bondholder” or “Holder” means, with respect to any Bond, the Person appearing on the registration books of the Trustee as the registered holder of such Bond.

“Bondholders’ Representative” means any representative for the bondholders, as evidenced by written notice to the Trustee from the Holders of the Applicable Percentage of Outstanding Bonds.

“Bonds” for the purposes of this Appendix A only the term “Bonds” means, collectively, the Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010 and any Additional Bonds and Refunding Bonds. For all other purposes of this Official Statement, including the appendices thereto, the term “Bonds” mean only the Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010.

“Budgeted Capital Repair and Replacement Expense Amount” means the aggregate budgeted Capital Repair and Replacement Expenses for any particular Fiscal Year of the Company as certified by an Authorized Representative of the Company.

“Budgeted Operation and Maintenance Expense Amount” means the aggregate budgeted Operation and Maintenance Expenses for any particular Fiscal Year of the Company as certified by an Authorized Representative of the Company.

“Business Day” means any day which is not a Sunday or a legal holiday or a day (including Saturdays) on which banking institutions in New York, New York or in the city where a corporate trust office of the Trustee is located are authorized by law or executive order to close.

“Capital Repair and Replacement Expenses” means all reasonably and necessary expenses of the Company treated as capital items in conformity with generally accepted accounting principles.

“Capital Repair and Replacement Fund” means a fund of the Company established with the Trustee or a depository bank of the Company approved by the Trustee into which the Trustee will deposit moneys as required by the Indenture or the Collateral Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral Agreement” means the Collateral and Security Agreement, dated as of December 1, 2010, between the Company and the Trustee.

“Company” means Aero Nashville, LLC, a Delaware limited liability company.

“Debt Service” means the principal of, redemption premium, if any, sinking fund installments for, and the interest on the Bonds.

“Debt Service Coverage Ratio” means, for the period of time for which calculated, the ratio determined by dividing (a) a numerator equal to the Net Project Revenues Available for Debt Service for such period, by (b) a denominator equal to the sum of the Debt Service Requirements for such period.

“Debt Service Fund” means the special fund established in the name of the Issuer with the Trustee pursuant to the Indenture.

“Debt Service Requirements” means, for the period of time for which calculated, the aggregate principal payments (whether at maturity, or upon mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest payments required to be made during such period on Outstanding Long-Term Indebtedness; provided that:

(a) the amount of such payments for any future period will be calculated in accordance with the actual amortization schedule for such indebtedness, or such other method of calculation as will be approved by the Bondholders’ Representative; and

(b) such payments will be excluded from Debt Service Requirements to the extent that such payments were paid or are payable from Escrowed Deposits or from the proceeds of Long-Term Indebtedness (e.g., accrued and capitalized interest).

“Leasehold Deed of Trust” means Leasehold Estate Deed of Trust (Security Agreement, Assignment of Leases and Rents, and Financing Statement), dated as of December 1, 2010, from the Company to the Trustee.

“Defeasance Account” means the special segregated account within the Debt Service Fund, established with the Trustee pursuant to the Indenture.

“DTC” means the Depository Trust Company, a limited purpose trust company organized under the New York Banking Law and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended.

“Eligible Investments” means any of the following which at the time are legal investments under State law for moneys held under the Indenture and then proposed to be invested therein:

(a) Government Obligations;

(b) obligations of the Government National Mortgage Association (including participation certificates issued by such Association);

(c) obligations of the Federal National Mortgage Association (including participation certificates issued by such Association);

(d) obligations of Federal Home Loan Banks;

(e) deposits, Federal funds or bankers’ acceptances (with term to maturity of 270 days or less) of any bank (including, without limitation, the Trustee) which has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody’s and S&P;

(f) commercial paper rated in one of the top two rating categories by both Moody’s and S&P;

(g) obligations of any state of the United States of America or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the top two rating categories by both Moody’s and S&P, including any such fund for which the Trustee or any of its affiliates provides any service, including any service for which a fee may be paid;

(h) both (i) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category by both Moody's and S&P, and (ii) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P, including any such fund for which the Trustee or any of its affiliates provides any service, including any service for which a fee is paid;

(i) investment agreements with a bank, trust company, national banking association, insurance company, financial services company or other similar organization whose (or whose parent's if the parent has fully guaranteed its subsidiary's obligations) uninsured, unguaranteed and unsecured long term debt is, at the time the agreement is entered into, rated at least "Aa" (without regard to gradation) or "AA" (without regard to gradation) by both Moody's and S&P, respectively; provided that any such agreement will provide that (i) it may be drawn upon for any purpose for which the Fund from which the investment is made may be used and (ii) if the rating of the provider given by either Moody's or S&P falls below "Aa" or "AA," respectively (without regard to gradations of plus or minus or numerical modifier within such category), the provider must immediately notify the Trustee in writing of such rating decline and if the provider does not fully collateralize such investment agreement with Government Obligations maturing not later than the next interest payment date on the Bonds deposited with the Trustee, or with a third party custodian on behalf of the Trustee approved by, and in accordance with documentation satisfactory to, the Trustee, within five Business Days of such rating decline and, if the Trustee, or such third party custodian, does not receive such collateral within such period, the Trustee will, upon at least two Business Days notice to the provider, draw upon such investment agreement and deposit the proceeds in the applicable fund. All custodial fees will be paid by the provider of such investment agreement;

(j) repurchase agreements relating to securities described in clauses (a), (b) and (c) above, with a bank, trust company, insurance company, financial services company or other similar organization whose unsecured, uninsured and unguaranteed long term debt (or its parent if the parent has fully guaranteed its subsidiary's obligations) is, at the time the repurchase agreement is entered into, rated at least "Aa" (without regard to gradation) by Moody's and "AA" (without regard to gradation) by S&P which agreement will provide that (i) such securities have a value of at least 103% (valued on each interest payment date for the Bonds) of the specified repurchase price and are deposited with the Trustee or with a third party custodian approved by, and in accordance with documentation satisfactory to, the Trustee, (ii) the provider will repurchase such securities without penalty upon request of the Trustee in order to use the proceeds for any purpose for which the Fund from which the investment was made may be used, (iii) if such rating falls below "Aa" or "AA," respectively by either Moody's and S&P, the provider must notify the Trustee and repurchase such securities without penalty within five Business Days of such downgrade and (iv) the Trustee is expressly authorized to liquidate such securities in the event of the insolvency of the provider or the commencement by or against the provider of a case under the Federal Bankruptcy Code or the appointment or taking possession by a trustee or custodian of the assets of the provider; and

(k) a guaranteed investment contract with a defined termination date, secured by Government Obligations in an amount at least equal to the amount of Bond proceeds invested under the contract and pledged to the Trustee.

“Escrowed Deposits” means cash, including proceeds of Long-Term Indebtedness, or Government Obligations (including, where appropriate, the earnings or other increment to accrue thereon) that are on deposit in an irrevocable escrow or trust account with the Trustee or a third party escrow agent and are required to be applied to pay all or a portion of the principal of, premium, if any, and interest on, as the same will become due, any Bonds or Indebtedness which would otherwise be considered Outstanding and such amounts so required to be applied are sufficient to pay such principal and interest.

“Facility Documents” means the Ground Lease, the FedEx Lease and the Management Agreement.

“Facility Surplus Fund” means the special fund established in the name of the Issuer with the Trustee pursuant to the Indenture.

“FedEx Lease” means the Lease Agreement, dated August 31, 2005, as amended by Amendment No. 1 to Lease Agreement, dated November 10, 2005 and Amendment No. 2 to Lease Agreement, dated April 11, 2007, each between the Company and Federal Express Corporation.

“Financing Documents” means the Ground Lease, the Bonds, the Indenture, the Guaranty, the Leasehold Deed of Trust, the Collateral Agreement, and the Attornment Agreement.

“Fiscal Year” means any period beginning on July 1 of any calendar year and ending on June 30 of the next year or such other twelve month period selected by the Company as its fiscal year for financial reporting purposes with written notice to the Trustee and the Bondholders’ Representative.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States of America, or of any state thereof, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, nuclear accidents, wars, breakage or accidents to transmission pipes or canals, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability.

“Fund” or “Funds” means any of the funds established with the Trustee under the Indenture.

“Government Obligations” means direct obligations of the United States of America or obligations, the full and prompt payment of which the full faith and credit of the United States of America is pledged.

“Ground Lease” means the Ground Lease, dated as of August 31, 2005, as amended by Amendment No. 1 to Ground Lease, dated February 3, 2006, and Amended and Restated Amendment No. 2 to Ground Lease, dated as of December 1, 2010, each between the Issuer and the Company.

“Guaranty” means the Guaranty Agreement, dated as of December 1, 2010, from the Company to the Trustee.

“Indebtedness” means all indebtedness or obligations of the Company (including purchase money, installment sale and capital lease obligations) appearing as liabilities on the balance sheet for the payment of borrowed moneys, under generally accepted accounting principles.

“Independent Consultant” means a nationally-recognized expert in the market analysis of airport support facilities, including cargo facilities, selected by the Company and not unsatisfactory to the Issuer,

the Trustee and, if applicable, the Bondholders' Representative. The Independent Consultant may be replaced at the direction of the Holders of the Applicable Percentage of the Outstanding Bonds. The Company will pay for all services performed by the Independent Consultant and its reasonable costs and expenses related thereto.

"Issuer Base Rent" means the rent payable by the Company to the Issuer pursuant to the Ground Lease as described in clause (a) under "APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Rent".

"Long-Term Indebtedness" means Indebtedness having an original stated maturity or term greater than one year or renewable or extendable at the option of the Company for a period greater than one year from the date of original issuance or incurrence thereof.

"Management Agreement" means the Management Agreement, dated as of October 1, 2010, between the Company and the Manager.

"Manager" means Aeroterm U.S., Inc., a Delaware corporation, and its successors and permitted assigns.

"Minimum Required Balance" means the lesser of (i) 10% of the proceeds of the Bonds, (ii) 125% of the average annual principal and interest requirements on the Bonds, and (iii) the maximum annual principal and interest requirements on the Bonds.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

"Net Project Revenues Available for Debt Service" means, for any period of calculation, all Project Revenues, minus Operation and Maintenance Expenses, Capital Repair and Replacement Expenses, plus, to the extent included in Operation and Maintenance Expenses or Capital Repair and Replacement Expenses, depreciation and amortization, principal and interest on Long-Term Indebtedness, and amortization of bond discount and financing expenses incurred in the issuance of such Long-Term Indebtedness, all as determined in conformity with and in accordance with generally accepted accounting principles.

"Nonpurpose Investment" means any "nonpurpose investment" as defined in Section 148 of the Code and Section 1.148(b) of the Regulations including any (i) security, (ii) obligation, (iii) annuity contract or (iv) investment-type property other than any obligation interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Code.

"Operation and Maintenance Expenses" means the Issuer Base Rent and all reasonable and necessary expenses of the Company of operating and maintaining the Project, other than (i) depreciation charges, (ii) amortization of principal, premium or discount and interest on Bonds, (iii) other expenditures of the Company treated as capital items, all as determined in conformity with generally accepted accounting principles, (iv) taxes on net income of the Company and (v) fees of the Manager pursuant to the Management Agreement.

"Operation and Maintenance Expense Fund" means a fund of the Company established with the Trustee or a depository bank of the Company approved by the Trustee into which the Trustee will deposit moneys as required by the Indenture or the Collateral Agreement.

“Opinion of Counsel” means an opinion or opinions in writing, signed by legal counsel acceptable to the Trustee who, unless otherwise specified, may be counsel to a party to the Financing Documents. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters which have been signed by an official, officer, general partner or authorized representative of a particular Person.

“Outstanding” when used with respect to the Bonds means, as of the date of determination, all Bonds authenticated and delivered under the Indenture, except (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds for whose payment or prepayment money in the necessary amount has been deposited with the Trustee in trust for the Holders of the Bonds pursuant to the Indenture; (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and (d) Bonds deemed to have been paid within the meaning of the Indenture.

“Payment Account” means the special segregated account within the Debt Service Fund, established with the Trustee pursuant to the Indenture.

“Person” includes any association, individual, corporation, governmental entity, partnership, joint venture, business association, estate, or any other organization or entity.

“Project Revenues” means, for any period of time for which calculated, the total of all revenues and gains derived by the Company during such period, determined in accordance with generally accepted accounting principles, including but not limited to (a) lease revenues received under the FedEx Lease, including all Rents as defined in the Leasehold Deed of Trust and (b) other operating revenues, and also including interest earnings on all Funds and Accounts (except the Rebate Fund) held by the Trustee under the Indenture. Project Revenues, however, will not include Company Security Deposits or any amounts payable to the Issuer and included in the definition of Unassigned Rights, including Issuer’s right to receive insurance proceeds from PC Coverage and the amount of any deductible or self-insurance retention amount with respect to such PC Coverage or condemnation proceeds payable to the Issuer.

“Rebate Amount” has the meaning ascribed in Section 1.148-3(b) of the Regulations and generally means the excess as of any date of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Fund” means the special fund established in the name of the Issuer with the Trustee pursuant to the Indenture.

“Regulations” means the applicable Income Tax Regulations under Sections 103 and 141 through 150 of the Code and, to the extent appropriate any predecessor statute, whether at the time proposed, temporary, final or otherwise.

“S&P” means Standard & Poor’s Ratings Service, a Standard & Poor’s Financial Services LLC business, its successors and assigns and, if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

“Securities Depository” means an entity appointed as such and qualified to so act in accordance with Section 17(a) of the Securities Exchange Act of 1934, as amended.

“Series 2010 Bonds” means the Metropolitan Nashville Airport Authority Fixed Rate Air Cargo Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010.

“Special Redemption Account” means the special segregated account within the Debt Service Fund, established with the Trustee pursuant to the Indenture.

“State” means State of Tennessee.

“Trust Estate” means, collectively, all right, title and interest of the Issuer in and to, subject to the Reserved Rights and except for the Unassigned Rights (i) the Lease Revenues, (ii) the Ground Lease and (iii) any moneys and investments on deposit in the Funds and Accounts (except the Rebate Fund) held under the Indenture.

## **Default and Remedies**

***Events of Default.*** An “Event of Default” means the occurrence and continuance of any one of the following events:

- (a) payment of any installment of principal of any Bond is not made when due; or
- (b) payment of any installment of interest on any Bond is not made when due; or
- (c) a default (other than a default described in (a) or (b) above) in the due and punctual observance and performance of any covenant, term, condition or agreement contained in the Bond Documents, occurs and continues for a period of 30 days after there has been given, to the Company and the Issuer by the Trustee, notice specifying such default; provided, however, that such period will be extended for an additional 75 days if a cure cannot be effected in 30 days and if corrective action is instituted by the Issuer or the Company within the 30 day period and so long as such action is diligently pursued until such default is corrected; or
- (d) any Event of Default as specified in the Ground Lease will occur and is continuing and has not been waived; or
- (e) any default or Event of Default as specified in the Financing Documents will occur and is continuing and has not been waived; or
- (f) the occurrence of an Act of Bankruptcy.

If the Issuer is prevented by reason of Force Majeure from avoiding default under (c) above and it gives notice and full particulars of such Force Majeure in writing to the other parties to the Financing Documents, then the obligations of the Issuer under the Bond Documents which are the subject of the Force Majeure will be suspended during the continuance of the inability then claimed including a reasonable time for removal of the effect thereof. The occurrence of any Force Majeure will not suspend or otherwise abate, and the Issuer will not be relieved from, its obligation to make the payments of Debt Service required to be made by it under the Indenture.

## ***Acceleration.***

- (a) If an Event of Default will have occurred and be continuing, the Trustee may, and upon receipt of a direction from the Holders of 25% in aggregate principal amount of Outstanding Bonds, will, by notice to the other parties to the Financing Documents, declare the



principal of all Outstanding Bonds, and the interest accrued thereon immediately due and payable. On the day on which such notice is given by the Trustee all Bonds will be due and payable. Upon any declaration of acceleration, the Trustee will immediately give notice thereof to each of the Bondholders, to the Company and the Issuer.

(b) If, after the principal of the Bonds has been so declared to be due and payable, all arrears of interest upon the Bonds are paid, any unpaid principal on the Bonds then due and payable absent acceleration is paid, and all other obligations under the Indenture are satisfied and all the reasonable charges of the Trustee and the Bondholders including reasonable attorneys' fees incurred in connection with such defaults are paid, then, and in every such case, Holders of the Applicable Percentage of Outstanding Bonds, by written notice to the Issuer and to the Trustee, may annul such declaration and its consequences, and such annulment will be binding upon the Trustee and upon all Bondholders. No such annulment will extend to or affect any subsequent default or impair any right or remedy consequent thereon.

(c) After the principal of the Bonds has been so declared to be due and payable, the Holders of 75% in aggregate principal amount of all Outstanding Bonds, by written notice to the Issuer and Trustee, may annul such declaration and its consequences, and such annulment will be binding upon the Trustee and upon all Bondholders. No such annulment will extend to or affect any subsequent default or impair any right or remedy consequent thereon.

(d) In case of any such annulment, waiver or rescission, the parties to the Financing Documents and the Bondholders will be restored to their former positions and rights under the Indenture, but no such annulment, waiver or rescission will extend to any other default or Event of Default, or impair any right consequent thereon.

**Other Remedies.** If an Event of Default will have occurred and be continuing, the Trustee may, and upon receipt of a written direction from the Holders of the Applicable Percentage of the Bonds and indemnification as provided in the Indenture, will, (i) enforce each and every right granted to the Issuer under the Ground Lease (excluding in all cases the Unassigned Rights and subject to the Reserved Rights), and all other subleases, agreements and contracts and any supplements or amendments thereto executed, and (ii) insofar as such right may be lawfully conferred upon the Trustee, may, by its agents or attorneys, with or without process of law, enter upon and take and maintain possession of all or any part of the Project, together with all records, documents, books, papers and accounts of the Issuer relating thereto, and may, as the attorney in fact or agent of the Issuer, being duly authorized, or in its own name as Trustee, hold, manage, and operate the Project and collect the amounts payable by reason of such operation. After paying the expenses of operation and maintenance, including such repairs, replacements, alterations, additions and improvements as it deems proper, the Trustee will apply the balance of the Project Revenues as provided in the Indenture. In addition, after such Event of Default and receipt of written direction from the Holders of the Applicable Percentage of the Bonds and indemnifications as specified above, the Trustee may pursue any other available remedy by action at law or suit in equity to enforce the payment of Debt Service or to enforce the performance of any other term, covenant or condition hereof and such payment and performance may be enforced by the appointment of a receiver in equity with power to charge and collect the Bonds, and to apply the Bonds in accordance with the Indenture. Any such receiver may be a receiver of the Trust Estate, and of the revenues, issues, earnings, income, products and profits thereof, with such other powers as the court making such appointment will confer. Without limiting the generality of the foregoing, if any Event of Default will have occurred and be continuing, the Trustee may, by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders and require the other parties to the Financing Documents to carry

out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Bond Documents.

***Intervention by Trustee.*** The Trustee may seek to intervene on behalf of the Bondholders in any judicial proceeding to which any party to a Financing Document is a party and which, in the opinion of the Trustee, has a substantial bearing on the interests of such Bondholders.

Without limiting the generality of the foregoing, in case of the pendency of any bankruptcy or other judicial proceeding involving the other parties to the Financing Documents or their properties, the Trustee may by intervention in such proceeding or otherwise:

(a) file and prove a claim for the whole amount of Bonds owing and unpaid in respect of the Bonds and file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders, if any, allowed in such judicial proceeding; and

(b) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any trustee or other similar official in any such judicial proceeding is authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee will consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Nothing in the Indenture contained will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding.

***Applications of Money.*** All moneys held in the Debt Service Fund or the Facility Surplus Fund, or deposited in the Debt Service Fund or the Facility Surplus Fund during the continuance of an Event of Default (other than amounts required to be paid to the United States of America) and any other amounts received by the Trustee in pursuit of its remedies upon the occurrence of an Event of Default will be applied as follows:

(a) To the payment of the costs and expenses of the proceedings resulting in the collection of such amounts and of the fees, expenses, liabilities and advances incurred or made by the Trustee;

(b) To the payment of the fees, expenses, liabilities and advances incurred or made by the Bondholders, including, without limitation, direct payment by the Trustee of the costs and expenses of operation, maintenance, repair and improvement of the Project;

(c) Unless the principal of all the Bonds is then due, all such amounts (other than amounts credited to the Special Redemption Account) will be applied:

First—To the payment to the Holders of the Bonds of all interest then due on the Bonds, and, if the amounts available will not be sufficient to pay in full all interest then due, then to the payment ratably, according to the amounts then due, to the Holders

of the Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

Second—To the payment to the Holders of the Bonds of the unpaid principal of the Bonds which will have become due, and, if the amount available will not be sufficient to pay in full the amount of principal due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference;

(d) If the principal of all the Bonds will have become due or will have been declared due and payable, all such amounts will be applied to the payment of the Debt Service, without preference or priority of any amount or Bond over any other amount or Bond (except as aforesaid), ratably, according to the amounts due respectively for principal, premium, if any, and interest to the Bondholders without discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

(e) If the Issuer Base Rent and the principal of and interest on all Bonds and all fees and expenses of the Trustee and Issuer have been paid in full, and all other obligations of the Borrower under the Bond Documents will have been performed, the remaining moneys, if any, will be paid to the Company.

Such amounts will be applied at such times, and from time to time, as the Trustee will determine, having due regard for the amounts available for application and, to the extent the Trustee has received written notice thereof, additional amounts becoming available for such application in the future. Whenever the Trustee will apply such amounts, it will fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such amounts and of the fixing of any such date.

***Rights and Remedies of Bondholders.*** Subject to the other provisions of the Indenture regarding indemnification, the Holders of the Applicable Percentage of the Outstanding Bonds will have the right, at any time, by one or more written instruments executed and delivered to the Trustee to direct the remedies to be pursued by the Trustee, and the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture; provided, however, that such direction will not be contrary to law or the provisions of the Indenture. If an Event of Default will have occurred and be continuing, the Holders of the Applicable Percentage of the Outstanding Bonds may direct the Trustee in writing to exercise such one or more of the rights, remedies and powers conferred by the indenture as the Trustee, being advised by counsel, will deem most expedient in the interest of the Bondholders; provided, however, that the Trustee will not be required to proceed with a foreclosure unless a Phase I/II Environmental Report is delivered to the Trustee and the Trustee is indemnified by the Bondholders for the costs thereof and the costs of any other report recommended therein. Further, if the Trustee determines, in its sole and independent discretion, that it does not desire to become the owner, in its capacity as Trustee, of the Company's interest in the Project, the Trustee will not be required to proceed with a foreclosure and will give written notice of such determination to the Bondholders. If the Holders of the Applicable Percentage of the Outstanding Bonds nonetheless desire to proceed with a foreclosure and so notify the Trustee in writing, the Trustee may resign and such resignation will become effective upon the acceptance of appointment of a successor trustee. If the successor trustee requests or requires any indemnification for any loss, cost or expense arising out of a foreclosure of the Project, any such indemnification will not be the responsibility of the Trustee.

No Bondholder will have any right to institute any proceeding for the enforcement of the Indenture or for any remedy under the Indenture, unless all of the following conditions are met: (i) an Event of Default exists of which the Trustee has notice pursuant to the Indenture, (ii) the Holders of the 25% in aggregate principal amount of the Outstanding Bonds have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers herein granted, or to institute such action, suit or proceeding in its own name, (iii) such Bondholders have offered to the Trustee indemnity as described in the Indenture, and (iv) the Trustee has failed or refused to exercise the powers herein granted, or to institute such action, suit or proceeding. Notwithstanding the preceding sentence, no Bondholder will have any right to enforce any right under the Indenture except in the manner herein provided and for the equal benefit of Bondholders. Nothing in the Indenture will, however, impair the right of any Bondholder to enforce payment of Debt Service at and after the time when due, or the obligation of the Issuer to pay Debt Service at the time and place, from the source and in the manner expressed herein and in such Bonds. Notwithstanding the foregoing, or any other provision of the Indenture, the Holders of at least 75% in aggregate principal amount of the Outstanding Bonds will have the right to take any and all actions to enforce the provisions of the Financing Documents in their own name or, upon providing indemnity to the Trustee reasonably satisfactory to the Trustee for costs and liabilities arising therefrom, in the name of the Trustee. In the event that such Bondholders elect to take such action, they will notify the Trustee in writing of their election and provide the Trustee with reasonably satisfactory indemnity and any costs incurred in connection with the taking of such action will be treated as costs of the Trustee and will have the same repayment, lien and security rights afforded costs of the Trustee.

## **Trustee**

***Direction of Bondholders Requires Indemnity.*** The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders (including the Holders of the Applicable Percentage of the Bonds) pursuant to the Indenture, unless such Bondholders will have offered to the Trustee reasonable security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

***Corporate Trustee Required; Eligibility.*** There will at all times be a Trustee under the Indenture which will be a corporation organized and doing business under the laws of the United States of America or of any state that is either a trust company or a bank, authorized under such laws to exercise trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee will cease to be eligible, it will resign immediately.

***Resignation and Removal; Appointment of Successor.*** No resignation or removal of the Trustee and no appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee. The Trustee may resign at any time by giving written notice thereof to the other parties to the Financing Documents. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. The Trustee may be removed at any time by the Holders of the Applicable Percentage of the Outstanding Bonds, with or without cause, by a written request for removal delivered to the parties to the Financing Documents. So long as no Event of Default has occurred and is continuing, the Issuer, at the written direction of the Company, will remove the Trustee, with or without cause, by a written notice to

the parties to the Financing Documents; provided, however, that no removal will become effective unless and until a successor Trustee has been appointed. If the Trustee will resign, be removed or become incapable of acting, or if a vacancy will occur in the office of Trustee for any cause, the Holders of the Applicable Percentage of Outstanding Bonds will promptly appoint a successor Trustee. If no successor Trustee will have been so appointed by the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

***Fees, Charges and Expenses of Trustee.*** If the Company will have failed to pay or cause to be paid any payment to the Trustee under the Indenture, the Trustee will have, in addition to any other rights under the Indenture, a lien, subordinate only to the lien of the Bondholders, for the payment of any amount due to it under the Indenture or under the Ground Lease, upon all property and funds, held by the Trustee under the Indenture, excluding in all cases the Unassigned Rights and subject to the Reserved Rights and except as otherwise expressly provided herein.

### **Supplemental Indentures and Amendment of Financing Documents**

***Amendment of the Indenture or Bonds Without Consent of Bondholders.*** The Issuer and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as will not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject additional rentals, revenues and receipts to the lien and pledge of the Indenture; and
- (d) To make any change which, in the opinion of nationally recognized bond counsel, will not materially adversely affect the interests of Bondholders.

The Issuer and the Trustee will, without consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture with respect to the issuance of Additional Bonds and/or refunding Bonds, including any modifications hereof deemed necessary or desirable in the judgment of the Trustee to permit the financing of real estate in connection therewith.

### ***Amendment of the Indenture and Bonds with Consent of Bondholders.***

- (a) The Issuer or the Trustee may enter into an amendment or supplement to the Indenture or the Bonds upon prior notice to all Bondholders and with consent of the Holders of the Applicable Percentage of the Outstanding Bonds. However, except as provided in paragraph (b), no amendment or supplement may (i) extend the maturity of the principal of, or payment of interest on, any Bond, (ii) reduce the rate of interest, or waive interest or principal, on, any Bond, (iii) affect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) reduce the percentage of the principal amount of the Bonds required for consent to such amendment or supplement, (v) reduce the redemption price of such Bonds, or (vi) create a lien ranking prior to or on a parity with the lien of the Indenture on the property described in the Granting Clauses of the Indenture without the consent of all Bondholders which are

affected. In addition, if money or Government Obligations have been deposited or set aside with the Trustee for the payment of Bonds and those Bonds will not have in fact been actually paid in full, no amendment to the provisions pertaining thereto which would be applicable to such Bonds will be made without the consent of all Holders of such Bonds.

(b) Notwithstanding the provisions of paragraph (a) above, at any time while an Event of Default is continuing, any amendment (other than an amendment referred to in the last sentence of paragraph (a) above) which would otherwise require the consent of the Holders of all Bonds then Outstanding and affected by such change will only require the consent of the Holders of 75% in aggregate principal amount of the Outstanding Bonds so affected.

***No Amendment Without Consent of Holders.*** The Issuer may not enter into any amendment of or supplement to the Financing Documents (other than the Indenture), and the Trustee may not consent to any amendment of or supplement to the Financing Documents (other than the Indenture), except as provided under “—Amendment of Financing Documents”.

***Amendment of Financing Documents.*** The Issuer may enter into and the Trustee may consent to an amendment or supplement of the Financing Documents (other than the Indenture), to same extent and subject to the same standards applicable to amendments to the Indenture described under “—Amendment of the Indenture or Bonds Without Consent of Bondholders” and “—Amendment of the Indenture and Bonds with Consent of Bondholders”.

***Consents by Trustee to Amendments or Supplements to Financing Documents.*** In consenting to or entering into any amendment or supplement to the other Financing Documents, as the case may be, the Trustee will be entitled to receive and will be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by the Indenture.

## **Defeasance**

Bonds will be deemed to have been paid for purposes of the Indenture if (a) there has been deposited with the Trustee in trust in the Defeasance Account either (i) money in an amount, or (ii) noncallable and nonprepayable Government Obligations the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide moneys in an amount, or (iii) a combination of (i) and (ii) in an amount which, together with any money deposited with or held by the Trustee at the same time and available for such purpose pursuant to the Indenture, will be sufficient to pay when due and payable the Debt Service due and payable and to become due and payable on and prior to the respective redemption dates or maturity dates of such Bonds, (b) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Company has given to the Trustee irrevocable written instructions instructing the Trustee to effect the redemption of such Bonds on such date and to give notice of such redemption to Bondholders prior to said date as provided in Exhibit A to the Indenture with respect to such Bonds, (c) in the event such Bonds are not to be redeemed within the 60 days next succeeding the date of such deposit with the Trustee, the Issuer has given irrevocable written instructions to the Trustee to give notice to the Holders of such Bonds advising that the deposit required by clause (a) of this paragraph above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this provision and stating such maturity or redemption date or dates upon which money is to be available for the payment of the Debt Service and (d) there has been delivered to the Trustee (A) an Opinion of Counsel (in form and substance reasonably acceptable to the Trustee and the Bondholders Representative) to the effect that (1) such Bonds have been deemed paid for purposes of the Indenture, (2) any amounts deposited with the Trustee pursuant to clause (a) above will not be subject to recovery by a trustee in bankruptcy or debtor in possession for or of the Issuer or the Borrower as an

avoidable preferential transfer and (3) such deposit with the Trustee pursuant to clause (a) above does not have an adverse effect on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, and (B) a verification report of independent certified public accountants with respect to the sufficiency of such deposit, and (e) an “Aaa” or “AAA” rating on the Bonds deemed to have been paid will have been issued by, or such rating will have been applied for from, Moody’s or S&P, respectively, and there will have been delivered to the Trustee an Opinion of Counsel to the effect that the Company has taken all actions necessary to comply with the then current requirements of the rating agency or rating agencies to which application has been made for an “Aaa” or “AAA” rating. The Trustee will not be required to accept any deposit of Government Obligations pursuant to clause (a)(ii) or (a)(iii) during the continuance of an Event of Default. For purposes of this Section, Government Obligations issued or held in the name of the Trustee in book entry form on the books of the Department of Treasury of the United States of America will be deemed to be deposited with the Trustee.

Any Government Obligations deposited with the Trustee pursuant to this Section will mature (or be redeemable) on such dates as will coincide as nearly as practicable with, but not later than, the times at which the money provided upon such maturity will be required for the aforesaid purpose. Such Government Obligations will not contain provisions permitting the redemption or prepayment thereof at the option of the issuer thereof.

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## **APPENDIX B**

### **SUMMARY OF AMENDED GROUND LEASE**

The following summarizes certain provisions of the Ground Lease between the Issuer, as landlord, and the Company, as tenant, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Ground Lease in its entirety.

#### **Definitions**

Except as set forth below, capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement and Appendix A.

“Amendment” means the Amended and Restated Amendment No. 2 to Ground Lease, dated as of December 1, 2010, between the Issuer and the Company as the same may from time to time be amended.

“Applicable Laws” means all present and future applicable laws, ordinances, orders, directives, rules, codes, regulations and decrees of federal, state and municipal authorities and agencies and their respective agencies, departments, authorities and commissions (individually, a “Governmental Authority” and collectively, the “Governmental Authorities”) and all present and future grant assurances provided by the Issuer to any Governmental Authority in connection with the Issuer’s ownership or operation of the Airport and all rules, regulations, policies and procedures of the Issuer, as the same may be amended, modified or updated from time to time.

“Governmental Authorities” will specifically include, without limitation, the Issuer, The Metropolitan Government of Nashville and Davidson County, the State of Tennessee, the United States Department of Transportation, the Federal Aviation Administration (the “FAA”) and the Transportation Security Administration (the “TSA”).

“Minimum Rating” means a rating (if A.M. Best Company is the Rating Service) of A- (Financial Size: X) based upon the criteria for financial strength and financial size ratings utilized by A.M. Best Company on the date of the Ground Lease, or such equivalent rating (if A.M. Best Company is not the Rating Service or if A.M. Best Company subsequently revises its criteria for financial strength and financial size ratings) as determined in the sole discretion of the Chief Financial Officer of the Issuer.

“Property” means the land, together with all other non-exclusive rights and easements appurtenant thereto, and the improvements constructed on the land, leased to the Company under the Ground Lease.

“Rating Service” means A.M. Best Company, or, if A.M. Best Company no longer exists or discontinue its rating of insurance companies, such alternative rating service for insurance companies as determined in the sole discretion of the Chief Financial Officer of the Issuer.

“Reserved Rights” means the following rights of the Issuer under the Ground Lease which are assigned to the Trustee under the Indenture but which are also reserved and may be enforced by the Issuer: (i) to receive any notices provided for under the Ground Lease or the Amendment; (ii) to enforce all provisions or covenants pertaining to the land title survey, the improvements, repair and maintenance, compliance with laws, environmental covenants (other than the Issuer’s remedies with respect to the Company’s environmental covenants that are Unassigned Rights), trade fixtures, liens, taxes (other than certain enforcement rights that are Unassigned Rights), utilities, insurance (other than the Issuer’s

remedies with respect to the Company's insurance covenant that are Unassigned Rights), damage and destruction (other than the right of the issuer to receive insurance proceeds from PC Coverage and the amount of any deductible or self-insurance retention amount with respect to such PC Coverage that are Unassigned Rights), condemnation (except to the extent pertaining to the right of the Issuer to receive condemnation proceeds that are Unassigned Rights), assignment and subletting (other than Issuer's right to consent to assign or sublet the Project and receive attorneys' fees and expenses in connection therewith that are Unassigned Rights), quiet enjoyment, and certain miscellaneous provisions, (iii) to enforce all tax provisions or covenants in the Amendment and (iv) to exercise all rights and remedies under the Ground Lease with respect to the Reserved Rights.

"Unassigned Rights" means all rights and remedies with respect to the following Sections of the Ground Lease which are expressly not assigned to the Trustee under the Indenture but are reserved solely to and may be enforced solely by the Issuer: all rent except rent described in (c), (e) or (f) under "– Rent" below; the Company's security deposit under the Ground Lease; Issuer's right to consent to the use of the Project other than as an air cargo facility and remedies with respect thereto; the Issuer's remedies with respect to the Company's environmental covenant; the Issuer's remedies with respect to the Company's tax covenant; the indemnification provisions of the Ground Lease; the Issuer's remedies with respect to the Company's insurance covenant; the right of the Issuer to receive insurance proceeds from PC Coverage and the amount of any deductible or self-insurance retention amount with respect to such PC Coverage; the right of the Issuer to receive condemnation proceeds; Issuer's right to consent to assign or sublet the Project and receive attorneys' fees and expenses in connection therewith; Issuer's remedies upon the occurrence of an Event of Default, including the remedies described in the first three paragraphs under "– Remedies" below; provisions of the Ground Lease regarding holding over and surrender of the premises; Issuer's reservation of aviation easement; leasehold mortgage provisions; provisions of the Ground Lease pertaining to signage; provisions of the Ground Lease pertaining to nondiscrimination and governmental matters and provisions of the Ground Lease pertaining to an airfield operating agreement and Issuer's rights as a co-loss payee and additional insured with respect to the coverages required to be maintained under the Indenture and the proceeds thereof.

## **Term**

The Ground Lease expires on June 16, 2036.

## **Rent**

Annual rental payments by the Company to the Issuer under the Ground Lease consist of:

(a) A base rent (currently \$99,407 annually) payable monthly in advance (the "Issuer Base Rent"). Such Issuer Base Rent is subject to escalation at the Consumer Price Index, as defined in the Ground Lease, on the 6th, 11th, 16th, 21st and 26th anniversaries of the rent commencement date (June 16, 2006).

(b) Additional rent consisting of all taxes, charges, costs and expenses that the Company has assumed or agreed to pay under the Ground Lease.

(c) on or before the 20th day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of interest which is due on the next ensuing date for payment of such interest with respect to the Bonds; and on or before the 20th day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of the principal of or sinking

fund payment on the Bonds which is next due for payment of such principal or for such sinking fund redemption payment.

(d) the reasonable expenses of the Issuer related to the issuance of the Bonds.

(e) the reasonable compensation for all services rendered by the Trustee under the Indenture and reimbursement for its actual out of pocket expenses (including counsel fees) necessarily incurred in connection therewith, all other amounts which may be payable to the Trustee thereunder and all other amounts payable under the Indenture.

(f) timely calculate and pay any rebate amount payable with respect to the Refunded Bonds as defined in accordance with Treas. Reg. § 1.148-3.

(g) the administrative and other expenses of the Issuer properly attributable to the Project.

The Company's obligation to make such payments will be absolute and unconditional.

### **Tax-Exempt Status of Bonds**

The Company makes various representations, warranties and covenants to assure that interest on the Bonds will be and remain excluded from the gross income of the Holders for federal income tax purposes.

### **Repair and Maintenance**

The Company, at its sole cost and expense, will keep and maintain all of the Property in a state of good condition and repair and in accordance with the reasonable requirements of Issuer applicable to all comparable tenants of the Airport, as the same may be amended from time to time, and will make all necessary repairs, replacements and renewals, whether structural or nonstructural, foreseen or unforeseen and ordinary or extraordinary, in order to maintain such state of condition and repair and will comply with Issuer's permit standards, as the same may be imposed in a consistent manner upon all comparable tenants of the Airport and modified from time to time, which will require compliance with all Applicable Laws of the Governmental Authorities.

### **Compliance with Laws**

The Company will comply with all Applicable Laws of Governmental Authorities having jurisdiction over the Property that are applicable to the Company's use and occupancy of the Property, and the Company will pay all costs, expenses, liabilities, losses, fines, penalties, claims and demands, including, without limitation, reasonable attorneys' fees, that may in any way arise out of or be imposed because of the failure of the Company to comply with any Applicable Laws of Governmental Authorities. The Company will have the right to contest by appropriate legal proceedings diligently conducted in good faith, without cost or expense to the Issuer, the validity or application of any Applicable Laws of Governmental Authorities so long as neither the Property nor any rights or interest of the Issuer are prejudiced or jeopardized thereby.

### **Environmental Matters**

The Company represents, warrants and agrees that: (a) it will not permit any activity at or near the Property which could involve or lead to the use, manufacture, storage or disposal of any Hazardous

Materials (as defined in the Ground Lease), except for (i) the types, and in the amounts, used in the ordinary course of business of the Company or a permitted subtenant of the Company within the Property, and (ii) dangerous goods cargo that the Company or any permitted subtenant of the Company transports for its customers in the ordinary course of its business, but all such use, storage or disposal and the handling of dangerous cargo will, at all times, be in compliance with all applicable environmental laws (as defined in the Ground Lease); (b) it will cause the Property to strictly comply with applicable environmental laws (other than with respect to Hazardous Materials that existed on the Leased Premises prior to the effective date of the Ground Lease) and will keep the Property free and clear of any liens imposed pursuant to any applicable environmental laws (other than liens that arose from the presence of Hazardous Materials on the Leased Premises prior to the effective date of the Ground Lease); and (c) all licenses, permits and other governmental or regulatory actions necessary for operations that the Company or any of its permitted subtenants conduct or permit at the Property to comply with environmental laws will be obtained and maintained and the Company will ensure compliance therewith (other than any licenses, permits and other governmental or regulatory actions necessary for the Property to comply with environmental laws with respect to Hazardous Materials that existed on the Leased Premises prior to the effective date of the Ground Lease).

### **Liens**

Except for an Approved Leasehold Mortgage (as defined in the Ground Lease) the Company will not do or suffer anything to be done by which the Property, or any part thereof, may be encumbered by a mechanic's or materialmen's lien or other lien, and, if, whenever and as often as any mechanic's or materialmen's lien or other lien is filed against the Property or any part of any thereof, purporting to be for on account of any labor done or materials or services furnished in connection with any work on or about the Property or any part of any thereof done by, for or under the authority of the Company, or anyone claiming by, through or under the Company, the Company will discharge the same of record within ten days after service upon the Company of notice of a filing thereof; provided, however, that the Company will have the right to remove the lien by bonding against the same in accordance with applicable law and to contest any such lien; provided, further, that the Company will diligently prosecute any such contest at all times effectively staying or preventing any official or judicial sale of the Property or any part of any thereof under execution or otherwise, and, if unsuccessful, the Company will satisfy any final judgment against the Company adjudging or enforcing such lien or, if successful, obtain a record satisfaction or release thereof.

### **Taxes**

The Company will pay, not less than 30 days prior to delinquency (a) all taxes, assessments, levies, fees, fines, penalties and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, which during the term are imposed or levied upon or assessed against (i) the Property; (ii) any rent (except for taxes generally classified as income or franchise taxes assessed against the Issuer); or (iii) the Ground Lease, the leasehold estate created or the operation, possession or use of the Property; (b) any in-lieu of tax or tax equivalent charges assessed against the Property by a Governmental Authority as a result of the Company's leasehold interest in the Property and the exempt status of the Issuer; and (c) all gross receipts or similar taxes imposed or levied upon, assessed against or measured by rent.

### **Insurance**

The Company will obtain and maintain continuously in effect at all times during the term, at its sole cost and expense:

(a) commercial general liability insurance coverage (the “CGL Coverage”), with coverage limits of not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, that insures against claims, damages, losses and liabilities arising from or relating to the Property or the Company’s leasehold interest in and/or occupancy of the Property. The aggregate deductible amount under the insurance policy or policies providing the CGL Coverage will not exceed \$250,000 per occurrence.

(b) property insurance coverage (the “PC Coverage”) with respect to the Improvements for 100% of the insurable replacement value of the Improvements, with no co-insurance penalty, that provides (i) special form property insurance at least as broad as that provided by form CP 10 30 (© ISO Properties, Inc.), together with builder’s risk (with respect to the construction or alteration of or addition to Improvements during the Term) with any deductible in excess of \$250,000 to be approved by the Issuer, and (ii) ordinance and law coverage.

(c) excess liability insurance coverage (the “Umbrella Coverage”), with coverage limits of not less than \$8,000,000 per occurrence and \$8,000,000 in aggregate, that provides additional insurance coverage for claims, damages, losses and liabilities which are insured under the CGL Coverage, the Auto Coverage and the employer’s liability provisions of the WC Coverage. Each insurance policy providing the Umbrella Coverage will have no deductible.

(d) the following additional insurance coverages (the “AI Coverage”); (i) in the event the Land is located in an area identified by the National Flood Insurance Program as an area having “special flood hazards” (zones beginning with “A” or “V”), the Company will maintain, throughout the Term, flood insurance for the full replacement value of the Improvements, with any deductible in excess of \$25,000 to be approved by the Issuer ; (ii) in the event the Land is located in a major earthquake damage area and earthquake insurance is available, earthquake insurance for the full replacement value of the Improvements, with any deductible in excess of \$250,000 to be approved by the Issuer; and (iii) such other insurance on or in connection with the Property as reasonably required on a non-discriminatory basis from time to time by the Issuer, which is commonly obtained in connection with air cargo facilities similar to and in the same area as the Land and which is commercially reasonable to obtain.

Each insurance company issuing an insurance policy providing the insurance coverage will be (A) admitted to do business in the State of Tennessee and rated not less than the Minimum Rating or (B) otherwise approved by the Chief Financial Officer of the Issuer. Such approval may be denied or withheld based upon an insurance company’s rating by the Rating Service or other indications of financial inadequacy, as determined in the sole discretion of the Chief Financial Officer of the Issuer.

### **Damage and Destruction**

Except as hereinafter provided, if, during the term, any of the Improvements will be damaged or destroyed by fire or any other casualty, the Company will thereafter commence and diligently prosecute to completion, at the Company’s sole expense, the repair or rebuilding of the Improvements or such portion thereof which was damaged, in a good and workmanlike manner using materials of first grade and quality, in the condition of the Improvements or such portion thereof at the time of such fire or other casualty. Notwithstanding the foregoing, however, in the event the Improvements are damaged or destroyed at any time during the final three Lease Years of the term, and if either (A) the cost to repair or replace the Improvements, as estimated by a contractor, architect or other construction consultant selected by the Company and approved by the Issuer, exceeds 75% of the full replacement value of all Improvements located on the land; or (B) such repair and replacement cannot reasonably be completed

within 360 days of the date of the damage or destruction, as estimated by a contractor, architect or other construction consultant selected by the Company and approved by the Issuer, then the Company may terminate the Ground Lease upon such dates as is set forth in a notice given to the Issuer within 30 days of the date of the damage or destruction; provided, however, that the dates of termination will be no less than five and no more than 60 days after the effectiveness of such notice and in no event will the Company terminate the Ground Lease upon the occurrence of damage or destruction of the Improvements unless (i) it has maintained the PC Coverage and (ii) it pays over to the Issuer all insurance proceeds from such PC Coverage and the amount of any deductible or self-insurance retention amount with respect to such PC Coverage. Unless the Ground Lease is so terminated, the Company will proceed with repair or rebuilding in accordance with the requirements of the Ground Lease and Issuer will make the net insurance proceeds of such PC Coverage payable with respect to such fire or other casualty available to the Company on a commercially reasonable basis to pay the costs of such repair and rebuilding, and all costs of such repair or rebuilding in excess of the net insurance proceeds will be paid by the Company. There will be no abatement of Rent during the period of such repair or rebuilding.

### **Condemnation**

If all of the Land is taken by any entity through the exercise of the power of eminent domain (a "Condemning Party"), or if all the Land is conveyed to a Condemning Party by a negotiated sale in lieu of a taking by exercise of the power of eminent domain, then the Ground Lease will terminate as of the date of such taking or conveyance. If a portion of the Land is so taken or conveyed such that the remainder of the Property cannot be rebuilt or restored so that upon completion, the Company may again use the Property in substantially the same manner as prior to such taking or conveyance, as reasonably determined by the Issuer and the Company, then the Company may terminate the Ground Lease by giving the Issuer notice within 30 days after such taking or conveyance, and such termination will be effective as of the effectiveness of such notice.

In the event of any taking or conveyance in lieu thereof, any award therefor will be paid over in the following manner and order of priority: First, to Issuer to the extent of the value of the Land taken, assuming for the purpose of valuing the Land in such event that it was subject to the Ground Lease but unimproved; Second, (i) if the Ground Lease is not terminated, to the Company to the extent required for the repair or restoration of any of the improvements or to the extent otherwise allocable to any loss to the Improvements, or (ii) if the Ground Lease is terminated, to the Company to the extent the Company is entitled to compensation therefore under the Applicable Laws of the State of Tennessee; and Third, any balance of the award will be paid to Issuer.

### **Mortgage of Leasehold Estate**

Upon the prior consent of the Issuer, which consent will not be unreasonably delayed, conditioned, or withheld, and subject to the terms and conditions of the Ground Lease, the Company may convey, pledge or encumber, by deed of trust, mortgage or similar instrument (the "Approved Leasehold Mortgage"), its leasehold interest in and to the Property in favor of a lender (the "Approved Leasehold Mortgagee"), and the Company may assign the Ground Lease as collateral security for such Approved Leasehold Mortgage. Any such Approved Leasehold Mortgage, and all rights under or relating thereto, will be subject to each of the covenants, conditions and restrictions set forth in the Ground Lease, and to all rights of the Issuer under the Ground Lease.

If an Approved Leasehold Mortgagee will give the Issuer notice of such Approved Leasehold Mortgagee's interest in the Property and such notice will contain the address to which notices to such Approved Leasehold Mortgagee are to be sent, the Issuer will thereafter send to such Approved Leasehold Mortgagee, a copy of any notice of default which the Issuer may thereafter deliver or send to the

Company. Within the time permitted for the curing or commencing the curing of any default under the Ground Lease, such Approved Leasehold Mortgagee, at its option, may pay any amount due or do any other act or thing required of the Company by the terms of the Ground Lease, and all amounts so paid or other acts so done by such Approved Leasehold Mortgagee will be as effective to cure such default as the same would have been if paid or done by the Company.

If a non-monetary default by the Company under the Ground Lease is susceptible of being cured by an Approved Leasehold Mortgagee only after such Approved Leasehold Mortgagee has obtained possession of the Property, then an Approved Leasehold Mortgagee will have an additional period not to exceed 30 days to cure a non-monetary default after obtaining possession of the Property; provided, however, that (i) such Approved Leasehold Mortgagee initiated all necessary actions to obtain possession of the Property, including, without limitation, the initiation of foreclosure proceedings under its Approved Leasehold Mortgage, within 60 days after the earlier of the date on which such Approved Leasehold Mortgagee became aware of such non-monetary default or the date on which such Approved Leasehold Mortgagee received notice from the Issuer of such non-monetary default, (ii) such Approved Leasehold Mortgagee will have pursued such actions with reasonable diligence, (iii) such Approved Leasehold Mortgagee, within any applicable cure period provided in the Ground Lease, will have paid all Rent and other sums then due to the Issuer under the Ground Lease, and (iv) such Approved Leasehold Mortgagee will have cured any other defaults by the Company under the Ground Lease that are susceptible of being cured by such Approved Leasehold Mortgagee without obtaining possession of the Property.

In the event of the termination of the Ground Lease prior to the expiration of the Term, the Ground Lease will remain in full force and effect in accordance with its terms as a direct lease with the Issuer, as lessor, and an Approved Leasehold Mortgagee, as lessee; provided, however, that such Approved Leasehold Mortgagee, within any applicable cure period set forth in the Ground Lease, will have paid all Rent and will have cured all other defaults by the Company under the Ground Lease that are susceptible of being cured by such Approved Leasehold Mortgagee without obtaining possession of the Premises. Such Approved Leasehold Mortgagee may, within 20 days after such termination of the Ground Lease (the "Election Period"), elect by notice to the Issuer for the Issuer and such Approved Leasehold Mortgagee to enter into a new lease with respect to the Property within 30 days following such election by such Approved Leasehold Mortgagee, on the same terms and conditions as provided in the Ground Lease for the portion of the Term that remained under the Ground Lease at the time of such termination. If such Approved Leasehold Mortgagee fails to make such election within the Election Period, such Approved Leasehold Mortgagee will be deemed to elect not to enter into a new lease with the Issuer for the Property. Upon the Ground Lease becoming a direct lease (or a new lease being entered into) with the Issuer, as lessor, and such Approved Leasehold Mortgagee, as lessee, as above contemplated, (i) such Approved Leasehold Mortgagee agrees to attorn to the Issuer; (ii) the Issuer agrees that, so long as such Approved Leasehold Mortgagee will comply with all of the obligations and responsibilities of the lessee under the Ground Lease which accrue thereafter, such Approved Leasehold Mortgagee's possession of the Property will not be disturbed and such Approved Leasehold Mortgagee will be entitled to the peaceable possession of the Property subject to the terms and conditions of the Ground Lease or such new lease; and (iii) after obtaining possession of the Property, such Approved Leasehold Mortgagee will cure all non-monetary defaults that then exist under the Ground Lease within 30 days after such Approved Leasehold obtained possession of the Property. The provisions hereof will survive any termination of the Ground Lease prior to the expiration of the Term.

## **Events of Default**

The Lease provides that any of the following occurrences or acts will constitute an event of default under the Ground Lease (an "Event of Default under the Ground Lease") (terms not otherwise defined herein will have the meanings ascribed to such terms in the Ground Lease):

(a) if the Company will:

(i) fail to pay any Issuer Base Rent under the Ground Lease as and when required to be paid by the Company thereunder and such failure will continue for a period of ten (10) Business Days (as defined therein) following the Company's receipt of notice from Issuer of such failure to pay Issuer Base Rent; or

(ii) (A) fail to make the payments of rent for the payment of principal of, premium, if any, and interest, purchase price of, or rebate payments with respect to, the Bonds as and when required to be paid by the Company under the Ground Lease; or (B) fail to pay any Additional Rent or other charges under the Ground Lease (other than payments referred to in (ii)(A)) as and when required to be paid by the Company under the Ground Lease and such failure will continue for a period of ten days (or for such shorter period as may be expressly provided in the Ground Lease for payment of any Additional Rent or other charge) following the Company's receipt of notice from the Issuer of such failure to pay Additional Rent or other charge; or

(iii) fail to provide any insurance coverage as and when required by the Ground Lease and such failure will continue for a period of three days; or

(iv) fail to discharge any lien, encumbrance or charge upon the Property as provided in the Ground Lease; or

(v) breach or fail to observe or perform any of its covenants, agreement or obligations under the Ground Lease (other than those described in (i), (ii), (iii) and (iv) above) and such breach or failure will continue for 30 days after the earlier of (A) the date the Company becomes aware of such breach or failure or (B) notice from Issuer to the Company of such breach or failure; provided, however, that if any such breach or failure (1) is such that it cannot be cured or remedied within such 30 day period, (2) does not involve the payment of any monetary sum, and (3) does not place any rights or interest of Issuer in immediate jeopardy and Issuer is given additional security reasonably satisfactory to it to protect it from loss, all as determined by Issuer in its reasonable discretion, then such breach or failure will not constitute an Event of Default under the Ground Lease, if corrective action is instituted by the Company to the reasonable satisfaction of Issuer within such 30 day period and diligently pursued until such breach or failure is corrected. If the Company will fail to correct or cure such breach or failure within such cure period, an Event of Default under the Ground Lease will be deemed to have occurred under the Ground Lease without further notice or demand of any kind being required; or

(b) if the Company (i) will make an assignment for the benefit of creditors or petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it, the Property or a substantial part of its assets; or (ii) will commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or will have had any such petition or application filed or any such proceeding commenced against it that is not dismissed within thirty (30) days of the filing or commencement thereof; or (iii) will indicate, by any act or omission, its consent to, approval of or acquiescence in any such petition, application or proceeding or the appointment of a custodian, receiver or trustee for it, the Property or a substantial part of its assets; or (iv) will suffer any such custodianship, receivership, or trusteeship to continue undischarged for a period of 30 days or more; or



(c) if a receiver, trustee or liquidator of the Company or of all or substantially all of the assets of the Company or of the Property or the Company's leasehold interest therein will be appointed in any proceeding brought by the Company, or if any such receiver, trustee or liquidator will be appointed in any proceeding brought against the Company and will not be discharged within 60 days after the Company's receipt of notice of such appointment, or if the Company will consent to or acquiesce in such appointment; or

(d) the occurrence of a default under the Indenture.

## **Remedies**

Upon the occurrence of an Event of Default, the Issuer will have the right to give the Company notice of the Issuer's termination of the Ground Lease.

In addition, upon the occurrence of an Event of Default, the Issuer will have the immediate right, whether or not the Ground Lease will have been terminated, to re-enter and repossess the Property by summary proceedings, ejectment or any other legal action or in any lawful manner the Issuer determines to be necessary or desirable, and the right to remove all persons and property therefrom.

At any time or from time to time after the re-entry or repossession of the Property, whether or not the Ground Lease will have been terminated, the Issuer may attempt to re-let the Property for the account of the Issuer in the name of the Issuer or otherwise, for such term or terms and on such other conditions and for such uses as the Issuer, in its sole and absolute discretion, may determine, may collect and receive any rent payable by reason of such re-letting and will apply the same to reduce the obligations of the Company under the Ground Lease.

Whenever any Event of Default under the Ground Lease will have occurred and be continuing under the Ground Lease, the Trustee, as assignee of the Issuer, (i) will by notice in writing, to the Company upon the occurrence and continuation of an Event of Default under the Ground Lease described in (a), (d) or (e) under "Events of Default" above, and without notice to the Company upon the occurrence and continuation of an Event of Default under the Ground Lease described in (b) or (c) under "Events of Default" above, declare all amounts payable under the Ground Lease with respect to the Bonds to be due and payable immediately, if concurrently with or prior to such declaration the unpaid principal amount of the Bonds, together with interest accrued thereon, will have been declared to be due and payable, upon any such declaration all such amounts will become and will be immediately due and payable, and (ii) may, subject to Reserved Rights, and except for Unassigned Rights, take whatever action at law or in equity as may appear necessary or desirable to collect the rentals then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Ground Lease.

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## **APPENDIX C**

### **SUMMARY OF COLLATERAL AGREEMENT**

The following summarizes certain provisions of the Collateral Agreement between the Issuer and the Trustee, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Collateral Agreement in its entirety.

#### **Definitions**

Capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement, Appendix A and Appendix B.

#### **Pledge of Collateral**

For valuable consideration, the receipt of which the Company acknowledges, as collateral security for the prompt payment by the Company as and when due and payable of the Bonds and the performance of all other obligations to the Trustee under the Guaranty (the Guaranty and all such other obligations being referred to as the “Obligations”), the Company grants, bargains, pledges, assigns, transfers, sets over, sells and conveys to the Trustee, and grants to the Trustee, a continuing security interest in and to and a lien on, all of the Company’s right, title and interest in and to the following (collectively, the “Collateral”):

- (a) the Funds and all amounts at any time deposited therein;
- (b) the Operation and Maintenance Fund and Capital and Repair Replacement Fund;
- (c) the Project Revenues (to the extent not included in Rents as defined in and pledged under the Leasehold Deed of Trust) and all cash, checks, drafts, money orders, bank account balances, instruments, certificates, securities (whether or not certificated), items or other things of value from time to time paid, held or deposited in (whether for collection or otherwise) or credited to (whether provisionally or otherwise) the Funds and any proceeds thereof (collectively, the “Pledged Amounts”);
- (d) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing collateral, and all certificates and instruments, if any, from time to time representing or evidencing the Funds or any Pledged Amounts deposited therein;
- (e) The Management Agreement dated as of October 1, 2010, between the Company and Aeroterm US, Inc., a Delaware corporation, relating to the Property; and
- (f) to the extent not described above, all proceeds of any and all of the foregoing collateral.

The Company acknowledges and agrees that for purposes of the Collateral Agreement, each Person that may now or hereafter be in possession of the Collateral or any part thereof will constitute and be deemed the agent and bailee of the Trustee for purposes of perfection of the interests herein granted,

the same as if all such Collateral were held in the sole and exclusive possession and control of the Trustee.

Notwithstanding anything to the contrary in the Collateral Agreement, the rights and remedies of Trustee under the Collateral Agreement will be subject to each of the covenants, conditions and restrictions set forth in the Ground Lease and to the rights and remedies of the Issuer thereunder.

### **Transfers and Other Liens**

The Company agrees that it will not, without the prior written consent of the Trustee, unless otherwise expressly permitted by the Bond Documents, (a) sell, assign (by operation of law or otherwise), or otherwise dispose of any interest in the Collateral, or (b) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any Collateral except for the liens and security interests provided for herein and in the other Bond Documents.

### **Deposits into Facility Revenue Fund**

The Company will transfer to the Trustee for deposit in the Facility Revenue Fund all Pledged Amounts or payments of any kind whatsoever which such Person may have or receive, or which may be subject to the control of such Person within five Business Days from the day of receipt thereof. In addition, the Company will take all actions reasonably required or requested by the Trustee at any time and from time to time to effect the deposit of all Pledged Amounts into the Facility Revenue Fund in accordance with the terms hereof and to confirm, preserve, protect and perfect the interests of the Trustee therein.

### **Use and Disposition of Pledged Amounts Prior to an Event of Default**

Except as otherwise provided in the Indenture, neither the Company, any affiliate of the Company nor any other Person, may withdraw, transfer or cause to be paid or disbursed any Pledged Amounts from the Funds.

### **Remedies Upon Default**

Upon and after the occurrence of an Event of Default, in addition to any and all other rights and remedies provided for herein or in the other Financing Documents or otherwise available to the Trustee:

(a) The Trustee will have the sole right to make and cause to be made withdrawals, payments and disbursements of Pledged Amounts from the Funds and the Trustee may exercise such right without prior notice to the Company or any other Person; and

(b) The Trustee will be entitled to exercise any and all other rights and remedies available under the Indenture and applicable law, whether at law or in equity.

Any and all Collateral and cash proceeds received by the Trustee, in respect of any sale of, collection from or other realization upon any or all of the Collateral will be applied against any or all Obligations in such order as the Trustee will determine in its sole election or, if the Trustee will elect, held for future application against any or all Obligations.

## Covenants

***Filing and Recording.*** The Company covenants that (i) upon the execution and delivery of the Bond Documents and thereafter, from time to time, it will cause any Bond Document and each amendment and supplement thereto (or a memorandum with respect thereto or to such amendment or supplement) to be filed, registered and recorded and to be refiled, reregistered and rerecorded in such manner and in such places as may be required in order to publish notice of and fully to protect the liens, or to perfect or continue the perfection of the security interests, created thereby (ii) it will perform or cause to be performed from time to time any other act as required by law, and it will execute or cause to be executed any and all instruments of further assurance that may be necessary for such publication, perfection, continuation and protection (iii) it will comply with its obligations under the Indenture.

***Transactions with Affiliates.*** The Company will not enter into any transaction or agreement, nor permit the Manager to enter into any contract related to the Project with any Affiliate other than (i) the Facility Documents, (ii) transactions in the ordinary course of business on terms that are certified by the Company, as being fair and reasonable to the Company and (iii) as permitted pursuant to the provisions described under “—Management Agreements”.

***Merger and Sales of Assets.*** While the Bonds are Outstanding, the Company will not consolidate with or merge into any other entity or convey or transfer its properties and assets (whether in one transaction or a series of transactions) substantially as an entirety to any Person, unless:

(a) the entity formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety will be an entity organized and existing under the laws of the United States of America or any state or the District of Columbia, and will expressly assume, by an amendment hereto, executed and delivered to the Trustee and the Authority, the due and punctual payment of the amounts which may become due under the Collateral Agreement and the performance of every covenant of Bond Documents to which it is a party on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction, no default or Event of Default, and no event which, after notice or lapse of time, or both, would become a default or an Event of Default, will have happened and be continuing under any of the Bond Documents;

(c) the Trustee and the Authority will receive an Opinion of Counsel in form and substance satisfactory to the Trustee and the Authority to the effect that any such consolidation, merger, sale, or conveyance, and any such assumption, complies with the foregoing provisions;

(d) the Trustee and the Authority will receive an opinion of Bond Counsel in form and substance satisfactory to the Trustee to the effect that such consolidation, merger, sale or conveyance and any such assumption, will not adversely affect the exclusion of interest on the Bonds from the gross income of the holders thereof under the Code;

(e) the Company will have given written notice to the Authority, the Trustee and each Bondholder at least 15 days prior to such merger or consolidation, sale or conveyance;

(f) the net worth of the surviving, resulting or transferee entity immediately following the merger, consolidation or transfer is equal to or greater than the net worth of the Company immediately preceding the merger, consolidation or transfer, as evidenced by the certificate of a certified public accountant or by a certificate of the Company in the case of a

transfer where the transferee and transferor have no liabilities other than those relating to the Project;

(g) any litigation or investigations in which the surviving, resulting or transferee entity or its officers and directors or partners are involved, and any court, administrative or other orders to which the surviving, resulting or transferee entity or its officer and directors or partners are subject, relate to matters arising in the ordinary course of business;

(h) the surviving, resulting or transferee entity will comply with the provisions described under “—Single Purpose Entity”; and

(i) after the merger, consolidation or transfer, the Project will be operated as an authorized project under the Act.

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with the foregoing provisions, the successor entity formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Financing Documents with the same effect as if such successor entity had been named as the Company herein. In such case and as a condition to any such merger, conveyance or transfer, the successor entity will assume or be assigned the Financing Documents and all liability under the Collateral Agreement, and the predecessor Company will be released from all liability under the Collateral Agreement and the Financing Documents.

***Maintenance of Principal Place of Business.*** The Company will not change or relocate its place of business (or its chief executive office if it has more than one place of business) unless it has taken all actions, and made all filings necessary to continue the effectiveness and perfection of all security interests created by the Bond Documents.

***Preservation of Existence.*** Subject to the requirements set forth under “—Merger and Sales of Assets”, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Company with the consent of the Holders of the Applicable Percentage of the Outstanding Bonds will not be required to preserve any right or franchise if the Company will determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Bondholders.

***Establishment and Use of Operation and Maintenance Expense Fund.*** The Company covenants that it will establish an Operation and Maintenance Fund and will use the amounts deposited into the Operation and Maintenance Expense Fund only for the purpose of paying Operation and Maintenance Expenses of the Project. The Company further covenants to provide to the Trustee, as soon as practicable after such information is available but in no event more than 30 days after the expiration of each monthly period, a certificate of an Authorized Representative of the Company certifying (i) the amount of the prior months’ expenditures from such account and (ii) that all such expenditures were made for Operation and Maintenance Expenses of the Project.

***Establishment and Use of Capital Repair and Replacement Fund.*** The Company covenants that it will establish a Capital and Repair Replacement Fund and will use the amounts deposited into the Capital and Repair Replacement Fund only for the purpose of paying Capital Repair and Replacement Expenses of the Project. The Company further covenants to provide to the Trustee, as soon as practicable after such information is available but in no event more than 30 days after the expiration of each monthly

period, a certificate of an Authorized Representative of the Company certifying (i) the amount of the prior months' expenditures from such account and (ii) that all such expenditures were made for Capital Repair and Replacement Expenses of the Project.

***Financial Statements and Other Information.*** The Company will keep proper books of record and account, in which full and correct entries will be made of all dealings or transactions of or in relation to the properties, business and affairs of the Company in accordance with generally accepted accounting principles.

(a) ***Financial Statements.*** The Company will furnish to the Trustee, and upon written request to the Bondholders' Representative and each Bondholder making such request, (i) as soon as practicable after they are available but in no event more than 120 days after the last day of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2011), an audited financial statement for such Fiscal Year and (ii) within 45 days after the last day of each fiscal quarter, unaudited quarterly operating statements.

(b) ***Quarterly Compliance Certificates.*** The Company will furnish to the Authority and the Trustee no later than 45 days following the end of each three-month period ending December 31, March 31, June 30, and September 30, commencing with the quarter ending March 31, 2011, a certificate of an Authorized Representative of the Company stating (i) the operating results of the Company for the preceding three-month and twelve-month period, (ii) the Debt Service Coverage Ratio for the preceding twelve-month period, (iii) the distributions made by the Company for the preceding twelve-month period, and (iv) the operating budget of the Company for the current year and actual costs incurred for the year to date.

(c) ***Annual Budget.*** No later than 60 days prior to the end of each Fiscal Year, the Company will submit to the Trustee an operating plan and a budget, detailed by month (the "Annual Forecast"). Each Annual Forecast will specify, on a monthly basis, estimates of operating revenues by category, other revenues, Operation and Maintenance Expenses by category, Capital Repair and Replacement Expenses by category and a maintenance and repair schedule. The Company will use reasonable efforts, consistent with normal operations and maintenance requirements, to operate and maintain the Project, or cause the Project to be operated and maintained, substantially in accordance with the Annual Forecast in accordance with applicable law.

***Subordination of Certain Payments.*** Company agrees to subordinate all management fees to be received by the Company (or any affiliate of the Company), distributions to members of the Company and all other non-operating expenses to payment of principal and interest on the Bonds and all Lease Payments.

***Management Agreements.***

(a) The initial Manager for the Project will be Aeroterm U.S., Inc., pursuant to the Management Agreement. Any amendment or termination of the initial Management Agreement will be approved by the Applicable Percentage of Holders of Outstanding Bonds, which will not be unreasonably withheld; provided, however, that no such approval will be required when (i) such termination is due to a default under such agreement and (ii) such amendment does not materially increase the Manager's rights or decrease the Manager's obligations under such agreement.

(b) The initial Management Agreement may be assigned to an Affiliate of the Manager without Bondholder Approval or assigned to and assumed by a new management company without Bondholder approval provided that at the time of such assignment and assumption (i) the new management company manages at least 500,000 square feet of cargo facilities and (ii) the new management company's senior management personnel have at least five years of experience in managing cargo facilities.

(c) The initial Management Agreement may be replaced with a new management agreement entered into with a new management company without Bondholder approval provided that at the time of execution of such new management agreement (i) the new management company manages at least 500,000 square feet of cargo facilities, (ii) the new management company's senior management personnel has at least five years of experience in managing cargo facilities, (iii) the new management company's duties, rights and obligations under the new management contract are substantially similar to the Manager's duties, rights and obligations under the initial Management Agreement and (iv) the fees contained in the new Management Agreement are not materially greater than the fees set forth in the initial Management Agreement.

***Single Purpose Entity.*** The Company will (i) not engage in any businesses other than those necessary for the ownership, management, leasing or operation of the Project and any business transactions with an Affiliate of the Company will be entered into upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with a third Person; (ii) not incur or contract to incur any obligations, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the obligations evidenced by the Collateral Agreement and the other Bond Documents, (iii) do or cause to be done all things necessary to preserve its existence, and will not amend, modify or otherwise change its operating agreement; (iv) conduct and operate its business as presently conducted and operated; (v) maintain its books and records separate from those of its Affiliates; (vi) be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate); (vii) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and in any event not less than that required under State law in order to remain a separate legal entity; and (viii) not seek or consent to the dissolution or winding up, in whole or in part, of the Company, nor will the Company consent to the dissolution or liquidation in whole or in part of the Company.

***No Termination of Lease.*** While the Bonds are Outstanding, the Company will not terminate the Ground Lease as provided in the insurance section without the written approval of the Trustee.

***Debt Service Coverage Ratio.*** The Company will maintain for each Fiscal Year a Debt Service Coverage Ratio of 1.10 to 1.00. In the event the Debt Service Coverage Ratio for all or a portion of any Fiscal Year is less than 1.10 to 1.00, the Company will designate an Independent Consultant to analyze its operations and state the appropriate actions to be taken by the Company to obtain, as soon as practicable, a Debt Service Coverage Ratio of 1.10 to 1.00. The Company will commence the actions stated by the Independent Consultant not later than 60 days following receipt of the Independent Consultant's report.

***Provisions Pertaining to Management Agreement.***

(a) By the Trustee's acceptance of the Collateral Agreement, the Trustee grants to the Company a limited license (the "License") to exercise and enjoy all of the Company's rights and benefits under the Management Agreement. Upon the occurrence of an Event of Default (as defined in the Indenture), the Trustee will have the complete right, power and authority under the Collateral Agreement, then or thereafter, to terminate the License and,



without taking possession of the Project, in its own name or in the name of the Company, to exercise and enjoy all of the Company's rights and benefits under the Management Agreement.

(b) If the Trustee acquires the Project, by foreclosure of the Leasehold Deed of Trust or acceptance of an assignment or deed in lieu of foreclosure, or if a receiver or trustee is appointed for the Company or the Project, then the Trustee or any receiver or trustee appointed for the Company or the Project may, at its sole option, either (a) terminate the Management Agreement or (b) succeed to all of the Company's rights, benefits, duties and obligations under the Management Agreement, and the manager under the Management Agreement will perform all of the duties and obligations on its part to be performed under the Management Agreement for the benefit of the Trustee or any receiver or trustee appointed for the Company or the Property.

(c) The Company agrees to perform in all material respects all of the Company's duties and obligations under the Management Agreement and to satisfy each of the conditions in the Management Agreement required to be satisfied by the Company. Except as specifically provided for under " – Management Agreements", the Company will not materially amend or modify and will not replace or terminate the Management Agreement without the Trustee's prior written consent. The Company will immediately notify the Trustee if any default occurs or dispute arises under or in connection with the Management Agreement. The Trustee will not be bound by any amendment or modification of the Management Agreement made without the Trustee's prior written consent.

(d) In the event the Company fails to perform any of the Company's duties and obligations under the Management Agreement, or fails to satisfy each of the conditions in the Management Agreement required to be satisfied by the Company, then the Trustee will have the right, in addition to any other right or remedy of the Trustee, but not the obligation, in its own name or in the name of the Company, to perform any or all of the Company's duties and obligations under the Management Agreement or satisfy any condition in the Management Agreement. The Trustee will have no obligation to undertake any of the foregoing actions, and, if the Trustee should do so, the Trustee will have no liability to the Company for the sufficiency or adequacy of any such actions taken by the Trustee. The Company constitutes and appoints the Trustee its attorney-in-fact to execute all documents and take all actions for and on its behalf which the Trustee determines to be reasonably necessary and convenient to allow the Trustee to perform any of the Company's duties and obligations under the Management Agreement or satisfy any condition in the Management Agreement. This power of attorney will be irrevocable and is coupled with an interest.

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## **APPENDIX D**

### **SUMMARY OF LEASEHOLD DEED OF TRUST**

The following summarizes certain provisions of the Leasehold Deed of Trust granted by the Company, as grantor, to the Trustee, as bond trustee, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Leasehold Deed of Trust in its entirety.

#### **Definitions**

Except as set forth below, capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement, Appendix A and Appendix B.

“Permitted Exceptions” means the easements, restrictions, reservations, oil and gas leases, mineral severances, covenants, conditions, and other instruments of record affecting the Property, if any, which are listed in the Leasehold Deed of Trust.

“Real Property” means the leasehold estate in and to the air cargo facilities at the Nashville International Airport in Davidson County, Tennessee, and legally described in the Leasehold Deed of Trust.

“Trustee” means the Chicago Title Insurance Company.

#### **Conveyance of Trust**

To secure the payment of the Indebtedness (described under “—Indebtedness”) and performance of the warranties, representations, covenants and agreements stated in the Guaranty and other Bond Documents, the Company grants, sells and conveys all of the Company’s leasehold interest in the Property (described under “—Property”), including without limitation the Real Property, to Trustee in trust for the sole benefit of the Trustee. The rights and remedies of the Trustee under the Leasehold Deed of Trust will be subject to each of the covenants, conditions and restrictions set forth in the Ground Lease and to the rights and remedies of the Issuer thereunder.

#### **Property**

The Property covered by the Leasehold Deed of Trust includes the Real Property and all of the Company’s right, title and interest in the following items set forth below, whether now existing or hereafter acquired by the Company, all of which, including replacements and additions thereto, and all rights, privileges, and appurtenances pertaining thereto, will be and remain a part of the Property covered by the Leasehold Deed of Trust, and which together will be referred to herein as the “Property”:

- (a) all buildings, improvements, structures, and tenements now or hereafter attached to or placed, erected, constructed, or developed on the Real Property (the “Improvements”);
- (b) all equipment, fixtures, furnishings, appliances, inventory, and articles of personal property (the “Personal Property”) now or hereafter attached to or used in or about the Real Property or the Improvements;

- (c) all plans and specifications for construction, development, or improvement of the Real Property or the Improvements;
- (d) all the Company's rights under any construction contracts (and all payment and performance bonds, statutory or otherwise, issued by any surety in connection with the construction contracts, and the proceeds of such bonds) providing for the construction, development or improvement of the Real Property or the Improvements;
- (e) all the Company's rights under any architectural or engineering agreements providing for the design, engineering or supervision of the construction, development or improvement of the Real Property or the Improvements;
- (f) all the Company's rights under any management contracts providing for the project management or supervision of the construction, development or improvement of the Real Property or the Improvements;
- (g) all development rights, utility commitments, water and wastewater taps, living unit equivalents, capital improvement project contracts, utility construction agreements with municipal utility districts or utility companies (and all refunds and reimbursements thereunder) relating to the Real Property or the Improvements;
- (h) all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Real Property, the Improvements, or the Personal Property;
- (i) all proceeds arising from or by virtue of the sale, lease or other disposition of the Real Property, the Improvements, or the Personal Property;
- (j) all proceeds (including premium refunds) of each policy of insurance relating to the Real Property, the Improvements, or the Personal Property;
- (k) all proceeds from the taking of any of the Real Property, the Improvements, the Personal Property or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law;
- (l) all right, title, and interest of the Company in and to all streets, roads, public places, easements, and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Real Property;
- (m) all of the Company's rights under existing and future leases, including subleases, and any and all extensions, renewals, modifications, and replacements of such leases, upon or of any part of the Property, including cash or securities deposited and guaranties to secure performance by the tenants of their obligations thereunder (the "Subleases");
- (n) all of the rents, receipts, royalties, bonuses, issues, profits, revenues, or other benefits of the Real Property, the Improvements, or the Personal Property, including those now due or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property (the "Rents");

(o) other interests of every kind and character that the Company now has or at any time hereafter acquires in and to the Real Property, Improvements, or Personal Property and all property that is used or useful in connection therewith, including appurtenances, rights of ingress and egress, and all reversionary rights or interests of the Company with respect to such property; and

(p) all products and proceeds of any of the foregoing.

### **Indebtedness**

The indebtedness secured by the Leasehold Deed of Trust (the “Indebtedness”) will mean and include the following:

(a) all sums becoming due and payable pursuant to the Bonds, including the principal of, redemption premium, if any, sinking fund installments for, and the interest on the Bonds.

(b) all obligations, warranties, representations, covenants and agreements made by the Company in connection with the Bond Documents.

(c) all other sums becoming due and payable by the Company to the Trustee as a result of advances made by the Trustee pursuant to any of the Bond Documents, including without limitation the repayment of any sums advanced for the protection of the Trustee’s security.

(d) all other indebtedness and obligations of the Company to the Trustee, whether presently existing or in any manner or means hereafter incurred, and evidenced in any manner whatsoever, either by notes, advances, letters of credit, overdrafts, bookkeeping entries, guaranty agreements, liens or security agreements, or any other method or means.

(e) any and all renewals, extensions, replacements, rearrangements, substitutions, or modifications of any of the foregoing.

### **Subleases**

**Assignment.** The Company will grant, bargain, assign, transfer, set over, sell and convey, the Subleases and the Rents unto the Trustee.

**Limited License.** The Trustee will grant to the Company a limited license (the “License”) to exercise and enjoy all the rights and benefits of the landlord or lessor of the Subleases and the Rents, including without limitation, the right to collect, demand, sue for, attach, levy, recover, and receive the Rents, as and when, but not before, they become due and payable, and to give proper receipts, releases, and acquittances therefor. The Company agrees to receive all Rents and hold the same as a trust fund to be applied, and to apply the Rents so collected, first to the payment of the Indebtedness then due and payable, next to the payment of the taxes and assessments on the Property and the insurance premiums required by the terms of the Bond Documents, and then to the costs of maintaining, repairing and operating the Property pursuant to the requirements of the Bond Documents and the Subleases. Thereafter, the Company may use the balance of the Rents collected in any manner not inconsistent with the Bond Documents.

***Termination of License.*** Upon the occurrence of an Event of Default (as defined in the Indenture), the License will terminate immediately and without notice, and the Trustee will have the complete right, power and authority under the Leasehold Deed of Trust, then or thereafter, without taking possession of the Property, in the Company's name, to collect, demand, sue for, attach, levy, recover, and receive the Rents and to give proper receipts, releases and acquittances therefor, and after deducting all reasonably incurred costs and expenses of operation and collection, including reasonable attorney's fees, to apply the net proceeds thereof in reduction or repayment of the Indebtedness in such order of priority as the Trustee may determine, in its sole discretion. Upon termination of the License, and without regard to the adequacy of the security, with or without any action or proceeding through any person or by any agent, the Trustee may and will have the complete right, power and authority under the Leasehold Deed of Trust, then or thereafter, to enter upon, take possession of, manage and operate the Property; to make, modify, enforce, cancel or accept surrender of any lease; to remove and evict any tenant or lessee under any of the Subleases; to increase or decrease the Rents; and to make tenant finish and capital improvements, clean and repair, and otherwise do any act or incur any cost or expense which the Trustee may deem reasonably necessary to protect the status and value of the Property.

***Appointment of Receiver; Possession of the Property.*** Upon the occurrence of an Event of Default, the Trustee may in person, by agent or by a court-appointed receiver, regardless of the adequacy of the Trustee's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof, including without limitation the execution, cancellation or modification of Subleases, the collection of Rents, the making of repairs to the Property, and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of the Leasehold Deed of Trust. In the event the Trustee elects to seek the appointment of a receiver for the Property upon the occurrence of an Event of Default, the Company consents to the appointment of such receiver. The Trustee or the receiver will be entitled to receive a reasonable fee for so managing the Property.

### **Company's Covenants and Agreements**

The Company covenants and agrees with the Trustee as follows:

***Payment and Performance.*** The Company will make all payments on the Indebtedness when due and will punctually and properly perform all of the Company's covenants, obligations and agreements under the Bond Documents.

***Compliance with Governmental Requirements.*** The Company will comply with all applicable governmental requirements with respect to the use, operation, maintenance and repair of the Property and will procure, maintain and comply with all certificates of occupancy, permits, licenses, agreements and other authorizations required for the proper use, operation, maintenance and repair of the Property. The Company will promptly give written notice to the Trustee of any violation of any governmental requirement after the Company becomes aware of such violation. The Company will not use the Property, and no act will be done to or upon the Property, which will cause the cancellation of, or make void or voidable, any insurance policy covering the Property. The Company will not sell or otherwise provide to any person, or permit to be kept, used or sold in or about the Property any material or article which may be prohibited by law or by any insurance policy required to be carried by the Company under the Bond Documents, or fire underwriter's regulations. The Company will not use or occupy the Property, or allow the Property to be used or occupied, in any manner which would or might (a) violate any certificate of occupancy, (b) make it difficult or impossible to obtain fire or other insurance which the Company is required to furnish under the Bond Documents at commercially reasonable rates, (c) cause structural injury to the Property, (d) constitute waste, or (e) make possible a claim of adverse possession

or of implied dedication of the Property. The Company will not maintain or permit any nuisance in, on or about the Property.

### **Ground Lease**

The Company represents, warrants, covenants and agrees that:

(a) The Leasehold Deed of Trust is lawfully executed and delivered in conformity with the Ground Lease;

(b) The Company will promptly pay, when due and payable, the rent, additional rents, taxes and all other sums and charges mentioned in and made payable by the Ground Lease;

(c) The Company will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by the lessee under the Ground Lease, within the periods provided in the Ground Lease, and will do all things necessary to preserve and to keep unimpaired its rights under the Ground Lease;

(d) The Company will promptly notify the Trustee in writing of any default by the Company or the lessor in the performance or observance of any of the terms, covenants or conditions on the part of the Company or the lessor to be performed or observed under the Ground Lease;

(e) The Company will (i) promptly notify the Trustee in writing of the receipt by the Company of any notice from the lessor under the Ground Lease and of any notice noting or claiming any default by the Company in the performance or observance of any of the terms, covenants or conditions on the part of the Company to be performed or observed under the Ground Lease, (ii) promptly notify the Trustee in writing of the receipt by the Company of any notice from the lessor of the Ground Lease to the Company of termination of the Ground Lease, and (iii) promptly cause a copy of each such notice received by the Company from the lessor under the Ground Lease to be delivered to the Trustee;

(f) The Company will not, without the prior written consent of the Trustee, which consent will not be unreasonably conditioned, withheld or delayed, terminate, amend, modify or surrender or suffer or permit any termination, amendment, modification or surrender of the Ground Lease (provided, however, the Company may extend the term of the Ground Lease without the Trustee's consent as long as the extension does not modify or amend any right or obligation of the parties under the Ground Lease during its current term);

(g) The Company will, promptly after written demand from the Trustee, use its best efforts to obtain from the lessor of the Ground Lease and deliver to the Trustee a certificate stating that the Ground Lease is in full force and effect, is unmodified except as will be stated and disclosed, that no notice of termination thereon has been served on the lessee thereof, stating the date to which the rent has been paid and stating whether or not there are any defaults or rights of set-off thereunder and specifying the nature of such defaults or set-off rights, if any;

(h) The Company will furnish to the Trustee, upon demand, proof of payment of all items which are required to be paid by the Company pursuant to the Ground Lease;

(i) Upon the occurrence of an Event of Default and the expiration of any applicable grace period under the Ground Lease, the Company will permit the Trustee to take such other action as the Trustee considers reasonably necessary to cure or remedy any default under the Ground Lease or preserve the interest of the Trustee in the Ground Lease and will execute and deliver, on request of the Trustee, such instruments as the Trustee may deem useful or required to permit the Trustee to cure the default. Upon receipt by the Trustee from the lessor under the Ground Lease of any written notice of default by the Company thereunder, the Trustee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof be questioned or denied by the Company or by any party on behalf of the Company. The Company expressly grants to the Trustee, and agrees that the Trustee will have, the absolute and immediate right to enter in and upon the Property to such extent and as often as the Trustee, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by the Company. The Trustee may pay and expend such sums of money as the Trustee, in its sole discretion, deems necessary for any such purpose, and all sums so paid and expended by the Trustee, and the interest thereon, will be added to the Indebtedness and be secured by the lien of the Leasehold Deed of Trust. For the purpose of curing any such default, the Trustee may (but will be under no obligation to) do any act or execute any document in the name of the Company or as its attorney-in-fact, as well as in the name of the Trustee. For the purpose of curing an Event of Default under the Ground Lease as provided herein, the Company irrevocably appoints the Trustee its true and lawful attorney-in-fact, to do any and all acts and to execute any and all documents which the Trustee considers reasonably necessary to preserve any rights of the Company in, to or under the Ground Lease;

(j) No event has occurred or is continuing which constitutes a default or event of default by the Company under the Ground Lease. There does not exist any event which with the passage of time or the giving of notice or both would constitute a default or event of default by the Company under the Ground Lease. The Company has not received any notice of default under the Ground Lease, and no legal proceedings have been threatened or commenced against the Company by the lessor under the Ground Lease.

## **Insurance, Taxes and Condemnation**

***Title Insurance.*** The Company will, at its sole cost and expense, obtain and maintain mortgagee title insurance (in the form of a commitment, binder, or policy as the Trustee may require) in form reasonably acceptable to the Trustee in an amount equal to the stated amount of the Bonds.

### ***Liability, Hazard and Other Insurance.***

(a) The Company, at its expense, will obtain and deliver to the Trustee policies of insurance providing the following:

(i) Policies of insurance evidencing bodily injury, death or property damage liability coverages in amounts not less than \$1,000,000.00 (combined single limit), and an excess/umbrella liability coverage in an amount not less than \$2,000,000.00 will be in effect with respect to the Company. Such policies must be written on an occurrence basis so as to provide blanket contractual liability, broad form property damage coverage, and coverage for products and completed operations.

(ii) “Special Cause of Loss” insurance on the Improvements in an amount not less than the full insurable value on a replacement cost basis of the insured Improvements and personal property related thereto.



(iii) If the Real Property, or any part thereof, lies within a “special flood hazard area” as designated on maps prepared by the Department of Housing and Urban Development, a National Flood Insurance Association standard flood insurance policy, plus insurance from a private insurance carrier if necessary, for the duration of the loan evidenced by the Bonds in the amount of the full insurable value of the Improvements.

(iv) Such other insurance as the Trustee may reasonably require, which may include, without limitation, errors and omissions insurance with respect to the contractors, architects and engineers, earthquake insurance, rent abatement and/or business loss.

All insurance policies will (A) be issued by an insurance company having a rating of “A” VII or better by A.M. Best Co., in Best’s Rating Guide, (B) name the Trustee as an additional insured on all liability insurance and as mortgagee and loss payee on all casualty insurance, (C) provide that the Trustee is to receive 30 days written notice prior to non-renewal or cancellation, (D) be evidenced by a certificate of insurance to be held by the Trustee, and (E) be in form and amounts acceptable to the Trustee.

(b) The Company will deliver certificates of insurance to the Trustee promptly as issued; and, if the Company fails to do so, the Trustee, at its option, may procure such insurance at the Company’s expense. The Company will promptly furnish to the Trustee all renewal notices and all receipts of paid premiums. All renewal and substitute certificates of insurance will be delivered at the office of the Trustee, premiums paid, at least fifteen (15) days before termination of policies previously delivered to the Trustee.

(c) In the event of loss, the Company will give immediate written notice to the insurance carrier and to the Trustee. The Company authorizes and empowers the Trustee as attorney-in-fact for the Company to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom the Trustee’s expenses incurred in the collection of such proceeds; provided however, that nothing contained in this Section will require the Trustee to incur any expense or take any action under the Leasehold Deed of Trust.

(d) If the Trustee reasonably determines that the Property can be restored or rebuilt with available funds to a profitable condition within a reasonable period of time, the Trustee will permit the Company to rebuild and restore the Property to its previous condition following a casualty, and to use the insurance proceeds paid as a result of the casualty, but the Trustee will hold the insurance proceeds in a separate account to be applied to the restoration and repair of the Property upon the following terms and provisions:

(i) The Property will be restored to the equivalent of its original condition or such other condition as the Trustee may approve in writing.

(ii) The Company will cause an architect acceptable to the Trustee and Issuer to prepare plans and specifications for the repair and restoration of the damaged property. In addition, the Company will have the repair and restoration work bid by a contractor or contractors acceptable to the Trustee and Issuer and will obtain the contractor’s cost estimate for such work. The Company will promptly submit the plans and specifications and the contractor’s cost estimate to the Trustee and Issuer for approval. Upon receipt of

approval by the Trustee and the Issuer, the Company will promptly commence and diligently pursue the work of repair and restoration.

(iii) If prior to the commencement of the work, or at any time during the restoration and repair of the Property, the Trustee will determine in good faith that the total cost of restoration or repair will exceed the balance of the proceeds held in its possession, the Company will immediately pay, in cash, to the Trustee the amount of such excess costs. Until the amount of such excess costs is paid to the Trustee, the Trustee will not be obligated to disburse any of the proceeds held by the Trustee. The insurance proceeds, together with the amount of excess costs paid by the Company, are hereinafter collectively called "Construction Funds".

(iv) The Construction Funds will be made available to the Company as restoration and repair work progresses. As a condition precedent to each advance, the Trustee may require the Company to furnish to the Trustee draw requests executed by the Company and its contractor, executed lien waivers signed by the contractor and any subcontractors or suppliers, and such other items as the Trustee will reasonably require. The final advance will not be made unless and until the Trustee has received a certificate and affidavit of the Company (with supporting evidence, including lien waivers and releases) that the construction work has been fully completed and all bills for labor and materials have been paid in full. The Trustee will be entitled to designate, at the Company's expense, an architect or engineer to make inspections or certifications required by the Trustee, and the Trustee will not be required to make any advance until the Trustee has received inspections and certifications satisfactory to the Trustee.

(v) In the event the Company will fail to promptly and fully perform the conditions and covenants set out herein, or in the event during the restoration and repair any Event of Default will have occurred under the Leasehold Deed of Trust, the Trustee may, at its option, immediately cease making further payments to the Company for the restoration and repair, and may further, at its option, apply the Construction Funds then in its possession either to the reduction of the Indebtedness secured or to the restoration of the Property in the manner above provided; provided, however, that, consistent with the last sentence under this caption, the application of the Construction Funds to the reduction of the Indebtedness will be subject to the written approval of the Issuer at its absolute discretion. Any excess Construction Funds, at the Trustee's option, may be applied to the reduction of the Indebtedness secured by the Leasehold Deed of Trust, subject to the written approval of the Issuer at its absolute discretion.

(e) If the insurance proceeds are applied to the reduction of the Indebtedness secured by the Leasehold Deed of Trust, any such application of proceeds will not extend or postpone the due dates of the installments payable under the Bonds, or change the amounts of such installments.

(f) If the Property is sold pursuant to the Leasehold Deed of Trust or if the Trustee acquires title to the Property, the Trustee will have all of the right, title, and interest of the Company in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

(g) If any loss will occur at any time when an Event of Default exists, the Trustee will be entitled to the benefit of all insurance held by or for any the Company, to the same

extent as if it had been made payable to the Trustee, and upon foreclosure under the Leasehold Deed of Trust, the Trustee will become the owner of all insurance policies.

The rights and remedies of Trustee and the Trustee in this Section will be subject to the rights and remedies of the Issuer under the Ground Lease.

***Taxes and Assessments.*** The Company will pay all taxes and assessments against or affecting the Property prior to delinquency, and, upon request by the Trustee, the Company will deliver to the Trustee such evidence of the payment thereof as the Trustee may require. If the Company fails to do so, the Trustee may pay such taxes and assessments, together with all costs, interest and penalties thereon, at the Company's expense, and any such amounts will be paid by the Company upon demand of the Trustee and will be Indebtedness secured by the Leasehold Deed of Trust.

***Condemnation.***

(a) The Company assigns to the Trustee all judgments, decrees and awards for injury or damage, direct or consequential, to the Property, and all awards pursuant to proceedings for condemnation or other taking, whether direct or indirect, of the Property or any part of the Property. The Trustee may apply any condemnation proceeds to the Indebtedness in such manner as the Trustee may elect. The Company will promptly notify the Trustee of any action or proceeding (or threatened action or proceeding) relating to any condemnation or other taking, whether direct or indirect, of all or any part of the Property. The Company will, unless otherwise directed by the Trustee in writing, file or defend its claim under any such action and prosecute same with due diligence to its final disposition and will cause any awards or settlements to be paid over to the Trustee for disposition pursuant to the terms of the Leasehold Deed of Trust. The Company authorizes the Trustee, at the Trustee's option, as attorney-in-fact for the Company, to commence, appear in, and prosecute, in the Trustee's or the Company's name, any action or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment, or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, or for conveyances in lieu of condemnation, are assigned to and will be paid to the Trustee. The Trustee will be entitled to participate in, control, and be represented by attorneys of the Trustee's own choice in any such action. The Company will deliver, or cause to be delivered, to the Trustee such instruments as may be requested by it from time to time to permit such participation.

(b) The Company authorizes the Trustee to apply such awards, payments, proceeds, or damages, after the deduction of the Trustee's expenses incurred in the collection of such amounts, at the Trustee's option, to restoration or repair of the Property, or to payment of the sums secured by the Leasehold Deed of Trust, whether or not then due, in such order as the Trustee, in the Trustee's sole and absolute discretion, directs, with the balance, if any, to the Company. Unless the Company and the Trustee otherwise agree in writing, any application of proceeds to principal will not extend or postpone the due date of the installments of principal and interest or of taxes and insurance escrows, or change the amount of such installments. The Company agrees to execute such further evidence of assignment of any awards, proceeds, damages, or claims arising in connection with such condemnation or taking as the Trustee may require.

The rights and remedies of the Trustee in this Section will be subject to the rights and remedies of the Issuer under the Ground Lease.

## **Default and Remedies**

***Acceleration and Waiver of Notices.*** Upon the occurrence of an Event of Default, as defined in the Bond Documents, the Trustee, at the Trustee's option, may declare all of the sums secured by the Leasehold Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law or provided herein. The Company acknowledges that the power of sale granted to the Trustee may be exercised by the Trustee without prior judicial hearing. Except as provided in the Bond Documents, the Company and each guarantor, surety, and endorser of all or any part of the Indebtedness expressly waive all notices of default, notices of intention to accelerate maturity, notices of acceleration of maturity, presentations for payment, notices of intention to demand payment, demands for payment, protests, and notices of protest.

***Power of Enforcement.*** The Trustee will have the statutory power of sale and any other remedies permitted by applicable law or provided in the Leasehold Deed of Trust or in the Bonds or in any of the other Bond Documents. The Company acknowledges that the power of sale granted in the Leasehold Deed of Trust may be exercised by the Trustee through the Trustee without prior judicial hearing. The Company has the right to bring an action to assert the non-existence of an Event of Default or any other defense of the Company to acceleration and sale. The Trustee will be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports.

***Foreclosure by Power of Sale.*** Trustee, at the request of the Trustee, and after publishing notice of the time and place of sale at least three different times in some newspaper published in a county in which the Property is located, the first of which publications will be at least 20 days prior to said sale, will proceed to sell the Property, at public auction for cash. The Trustee will apply the proceeds from such sale(s) as provided in the Leasehold Deed of Trust. In the event of any sale under the Leasehold Deed of Trust or pursuant to any order in any judicial proceedings or otherwise, the Property or any part thereof may be sold, in one parcel or in such parcels, manner or order as the Trustee, in its sole discretion, may direct. At the Trustee's option, a sale may be conducted alternately as a single parcel and in tracts, to be closed under whichever method yields a greater total price. If the Property is located in two or more counties, it may all be sold in one of the counties if Trustee so elects. Otherwise, the sale will occur in the county in which the Property is located unless Trustee, in his/her reasonable discretion, elects to conduct the sale elsewhere. The sale will be held at such location in the county as the foreclosure notice may specify. One or more exercises of the power of sale provided for herein will not extinguish or exhaust said power until the entire Property has been sold or the Indebtedness has been paid in full. Trustee is released from all obligations imposed by statute which can be waived, including any requirement of qualification or bond. The Trustee, in the event of any sale of the Property, may bid and buy as any third person might, but the Trustee will not be required to present cash at the sale except to the extent, if any, by which the Trustee's bid exceeds the amount of the Indebtedness, including all expenses of collection and sale provided for herein. Trustee may delegate, in his/her sole discretion, any authority possessed under the Leasehold Deed of Trust, including the authority to conduct a foreclosure sale. Without limiting the foregoing, Trustee may retain a professional auctioneer to preside over the bidding, and the customary charge for the auctioneer's services will be paid from sale proceeds as an expense of sale. If prior to or at any foreclosure sale a third party represents to the Trustee in writing that such party holds the next junior lien to the Leasehold Deed of Trust (whether by judgment lien, junior deed of trust, or otherwise), the Trustee may disburse surplus proceeds to such third party in an amount not to exceed the amount of lien alleged by the third party in its written statement to the Trustee. A foreclosure sale may be adjourned by Trustee and may be reset at a later time and/or date by announcement at the time and place of the originally advertised sale and without any further publication. The foreclosure sale of the Property will be conducted for cash to be tendered upon the conclusion of the bidding; provided, however, (i) Trustee may accept a check issued or certified by a local bank as consideration for the sale and (ii) if, in

his/her sole discretion, Trustee announces before or after bidding that, upon the failure of the high bidder to complete the sale for cash within one (1) hour, the Property may be sold to the second highest bidder, and if the high bidder should subsequently fail to complete the purchase within that time, then Trustee may, at his/her option, close the sale of the Property to the second highest bidder. The Company further agrees that, in the event of any sale under the Leasehold Deed of Trust, it will at once surrender possession of the Property, will from the moment of sale be the tenant-at-will of the purchaser, will be removable by process and will be liable to pay said purchaser the reasonable rental value of said Property after such sale. The Trustee or Trustee may, after default, advise third parties of the amount (or estimated amount) of principal, interest and expenses that will be outstanding as of the date of any foreclosure sale and may share any other available information regarding the Property. Following the occurrence of a default under the Leasehold Deed of Trust, any "release" provision included herein or in any other document whereby the Trustee agreed to release all or part of the Property upon the payment of less than all of the Indebtedness will become void and the Trustee will no longer be obligated to release any of the Property until the Indebtedness has been paid in full. The Company agrees that the Company will not bid at any sale under the Leasehold Deed of Trust and will not allow others to bid on the Company's behalf unless, at the time of sale, the Company has cash sufficient to pay at the sale the amount of the Company's bid.

***Trustee's Deed or Assignment.*** Trustee will deliver to the purchaser at the sale, within a reasonable time after the sale, a deed or assignment conveying the Property so sold without any covenant or warranty, express or implied. The recitals in Trustee's deed or assignment will be prima facie evidence of the truth of the statements made therein. Trustee will apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including Trustee's fees not to exceed 5% of the gross sales price, attorneys' fees and costs of title evidence; (b) to the Indebtedness in such order as the Trustee, in the Trustee's sole discretion, directs; and (c) the excess, if any, to the person or persons legally entitled thereto.

***Foreclosure of All Property.*** The Real Property, Improvements, Personal Property, Subleases, Rents and other collateral or security comprising the Property may be sold in one or more public sales. The Trustee will be entitled to foreclose its security interests against the Personal Property in accordance with any other rights and remedies the Trustee may have as a secured party under the Tennessee UCC. Provided, however, unless the Trustee notifies the Company to the contrary, the Company agrees that title to all of the Property will be conveyed to the purchaser at such public sale, including without limitation the Real Property, Improvements, Personal Property, Subleases, Rents, and other collateral or security comprising the Property. The Company agrees that notice of sale of the Property provided in the Leasehold Deed of Trust constitutes commercially reasonable notice of the sale of the Property. Trustee will not be required to exhibit, present, or display any of the Personal Property to be sold at any sale. Provided however, the Company will assemble the Personal Property and make it available to the Trustee upon the Trustee's written request. The Trustee will also be entitled to foreclose its security interests against the Personal Property in accordance with any other rights and remedies the Trustee may have as a secured party under the Tennessee UCC.

***Partial Sales.*** The Trustee may direct Trustee to sell all or any portion of the Property, together or in lots or parcels, and all references to the Property in the Leasehold Deed of Trust means and refers to all or part of the Property, as applicable. The sale by Trustee of less than all of the Property will not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sales under such power until all the Property is sold. If the proceeds of such sale of less than all the Property will be less than the aggregate of the Indebtedness and the expenses thereof, the Leasehold Deed of Trust and the lien, security interest and assignment hereof will remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that the Company will never have any right to require the sale of less than all the Property. If there is a default on the payment

of any installment on the Bonds or any portion of the Indebtedness, and the Trustee elects not to accelerate the unpaid balance of the Bonds or Indebtedness, the Trustee will have the option to proceed with foreclosure in satisfaction of such unpaid installment or other amount either through judicial proceedings or by directing Trustee to proceed as if under a full foreclosure, conducting the sale as herein provided without declaring the entire Indebtedness due. It is agreed that such sale, if so made, will not in any manner affect the unmatured part of the Indebtedness, and the Leasehold Deed of Trust will remain in full force and effect. Several, sales may be made under the Leasehold Deed of Trust without exhausting the right of sale for any unmatured part of the Indebtedness.

***Unilateral Subordination.*** At any time prior to foreclosure, the Trustee may unilaterally subordinate the liens created by the Leasehold Deed of Trust to any existing easement, restriction, preliminary plan, or subdivision plat granted or filed against or with respect to the Property, or any rental, lease or other contract which is then in effect and which affects the Property. Such unilateral subordination will be effective when filed in the real property records of the county where the Property is located.

***Proceeds of Sale.*** Trustee will apply the proceeds of the sale in the following order: (a) to the costs and expenses of the sale, including but not limited to, reasonable Trustee's and attorney's fees; (b) to all sums secured by the Leasehold Deed of Trust in such order as the Trustee, in the Trustee's absolute and sole discretion, directs; and (c) the excess, if any, to the person or persons legally entitled thereto.

## **APPENDIX E**

### **SUMMARY OF GUARANTY**

The following summarizes certain provisions of the Guaranty from the Company, as guarantor, to the Trustee, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Guaranty in its entirety.

#### **Definitions**

Capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement, Appendix A and Appendix B.

#### **Guaranty**

The Company will jointly, severally, absolutely, irrevocably, and unconditionally guarantee to Trustee the prompt payment and performance of the following (the “Indebtedness”):

- (a) any and all sums becoming due and payable pursuant to the Bonds, including the principal of, redemption premium, if any, sinking fund installments for, and the interest on the Bonds;
- (b) any and all obligations, warranties, representations, covenants and agreements made by the Company in connection with the Bond Documents; and
- (c) any and all renewals, extensions, replacements, rearrangements, substitutions, or modifications of any of the foregoing.

#### **Nature of Guaranty**

The Company agrees that the Guaranty is an absolute, complete, continuing, unconditional and irrevocable guarantee of payment and performance of the Indebtedness.

#### **Benefits to the Company**

The Company acknowledges, warrants and represents to Trustee that the Company will derive or expects to derive financial and other benefits, directly or indirectly, from the Indebtedness and from each and every renewal, extension, modification, alteration, refinancing, rearrangement, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by Trustee to the Company. The Company additionally acknowledges, warrants and represents to Trustee that the Guaranty may be expected to benefit the Company, directly or indirectly, and that the members of the Company have adopted appropriate resolutions so certifying.

#### **The Company’s Direct Liability**

The Company may be required to pay the Indebtedness in full without the assistance of any other party, or any collateral or security for the Indebtedness. Trustee will not be required to mitigate damages, file suit, or take any action to enforce, reduce, or collect the Indebtedness, in order to enforce the Guaranty. Trustee will not be required, before or as a condition of enforcing the liability of the Company under the Guaranty, or requiring payment of the Indebtedness by the Company under the Guaranty, or at

any time thereafter, to do any of the following: (a) proceed to obtain or assert a claim against the Company for the Indebtedness or make any effort to collect the Indebtedness from the Company; (b) foreclose against or seek to realize upon any collateral or security now or hereafter existing for the Indebtedness; (c) file suit or proceed to obtain or assert a claim for personal judgment against any other party (including any maker, guarantor, endorser or surety) liable for the Indebtedness or make any effort to collect the Indebtedness from any other party; (d) exercise or assert any other right or remedy to which Trustee is or may be entitled in connection with the Indebtedness or any collateral or security therefor; (e) assert or file any claim against the assets or estate of the Company or other person liable for the Indebtedness; (f) take any action or exhaust its remedies against the Company or any other person, or any collateral or security for the Indebtedness; or (g) pursue any other remedies Trustee may have in connection with the Indebtedness.

### **Obligations Not Impaired**

The Company's obligations under the Guaranty will not be released, diminished, impaired, reduced, or adversely affected, and the Company waives any common law, equitable, statutory or other rights that the Company might otherwise have, as a result of any of the following: (a) any full or partial release of the liability of the Company, any other guarantor of the Indebtedness, or any other person primarily or secondarily liable on the Indebtedness (including any maker, endorser, guarantor or surety), whether such liability is direct or indirect, joint, several, or joint and several; (b) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Company, or any receivership, insolvency, bankruptcy, reorganization or other similar proceedings affecting the Company or any of its assets; (c) any impairment, modification, release or limitation of liability of the Company, or stay of foreclosure or other lien enforcement proceedings against the Company, or the Company's property, or the Company's estate in bankruptcy, or any modification, discharge or extension of the Indebtedness resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other bankruptcy laws, or from the decision of any court; (d) any release of, subordination of, or substitution of any collateral or security for the Indebtedness, or other guaranty of the Indebtedness, now or hereafter held by Trustee; (e) Trustee's failure to use diligence or care in preserving the liability of any person on the Indebtedness, or in bringing suit to enforce collection of the Indebtedness; (f) the addition of another guarantor or guarantors of the Indebtedness; (g) the substitution, withdrawal or release of any collateral or security for the Indebtedness; (h) any renewal, extension, modification, alteration, refinancing or rearrangement of or any other indulgence with respect to the Indebtedness; (i) the exercise, failure to exercise, delay, omission or lack of diligence or care by Trustee in exercising any right or power conferred upon Trustee in the Guaranty or any other Bond Documents, or at law, in equity or by agreement; (j) any defense to payment of the Indebtedness because the act of creating the Indebtedness is ultra vires, or the officers or persons creating the Indebtedness acted in excess of their authority, or for any reason the Indebtedness cannot be enforced against the Company; (k) any payment by the Company to Trustee if such payment is held to constitute a preference under the Federal Bankruptcy Code or other bankruptcy laws, or if for any other reason Trustee is required to refund such payment to the Company or pay the amount thereof to any other party; or (l) the invalidity, illegality or unenforceability of all or any part of the Indebtedness, for any reason whatsoever, including without limitation the fact that the Indebtedness or the Bond Documents have been forged or otherwise are irregular or not genuine or authentic.



## **APPENDIX F**

### **SUMMARY OF CONSENT AND ESTOPPEL CERTIFICATE**

The following summarizes certain provisions of the Consent and Estoppel Certificate between the Issuer, as landlord, and the Company, as tenant, and does not purport to be complete and is qualified by reference to and is subject to the provisions of the Consent and Estoppel Certificate in its entirety.

#### **Definitions**

Except as set forth below, capitalized terms used herein but not defined have the meanings set forth in the body of the Official Statement and Appendix A.

“Additional Rent” means the amounts payable pursuant to clauses (b), (c), (d), (e), (f) and (g) under “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Rent”.

“Property” will have the meaning specified in the Ground Lease.

#### **Additional Cure Period to Pay Issuer Base Rent**

The Trustee will have the right, but not the obligation unless so stated in writing, to remedy any default under the Ground Lease, or to cause any default under the Ground Lease to be remedied. Upon any failure by the Company to pay Issuer Base Rent, the Issuer agrees to provide simultaneous written notice thereof to the Trustee and the Company, and if the Company fails to pay such Issuer Base Rent within the ten Business Day period following receipt of such notice by the Trustee and the Company, the Trustee will have an additional 20 day period to pay such Issuer Base Rent, and if the Trustee fails to pay such Issuer Base Rent within such additional 20 period, an Event of Default under the Ground Lease will exist.

#### **Additional Cure Period to Pay Additional Rent**

Upon any failure by the Company to pay Additional Rent, the Issuer agrees to provide simultaneous written notice thereof to the Trustee and the Company, and if the Company fails to pay such Additional Rent within the ten day period following receipt of such notice by the Trustee and the Company (or shorter period as may be expressly provided in the Ground Lease for the payment of such Additional Rent), the Trustee will have an additional 20 day period to pay such Additional Rent, and if the Trustee fails to pay such Additional Rent within such additional 20 day period, an Event of Default under the Ground Lease will exist.

#### **Additional Cure Period to Comply with Covenant**

No Event of Default under clause (a)(v) under “APPENDIX B—SUMMARY OF AMENDED GROUND LEASE—Events of Default” will exist or will be deemed to exist (i) if corrective action is instituted by the Trustee to the reasonable satisfaction of the Issuer within the 30 day period referred to in said clause (a)(v) and diligently pursued until such breach or failure is corrected, or (ii) if a breach or default referred to in said clause (a)(v) by the Company is susceptible of being cured by the Trustee only after the Trustee has obtained possession of the Property, then the Trustee will have an additional period not to exceed 30 calendar days to cure such breach or default after obtaining possession of the Property; provided, however, that (i) the Trustee has initiated all necessary actions to obtain possession of the Property, including, without limitation, the initiation of foreclosure proceedings under the Leasehold

Deed of Trust, within 60 calendar days after the earlier of the date on which the Trustee became aware of such breach or default or the date on which the Trustee received notice from the Issuer of such breach or default, (ii) the Trustee will have pursued such actions with reasonable diligence, (iii) the Trustee, within any applicable cure period provided in the Ground Lease, will have paid all Rent and other sums then due to the Issuer under the Ground Lease, and (iv) the Trustee will have cured any other defaults by the Company under the Ground Lease that are susceptible of being cured by the Trustee without obtaining possession of the Property. Notwithstanding the foregoing, the rights granted to the Trustee will not impair any right granted to the Issuer in the Ground Lease (1) to perform any obligations under the Ground Lease that the Company is required, but fails, to perform, and (2) to obtain reimbursement from the Company of the Issuer's costs and expenses incurred in so performing and, subject to rights granted to the Trustee under "Additional Cure Period to Pay Issuer Base Rent" and "Additional Cure Period to Pay Additional Rent," to declare an Event of Default if the Company fails so to reimburse within any applicable cure period.

### **Assignment and Subleasing**

The provisions of the Ground Lease relating to assignment and subleasing will apply to the purchaser at foreclosure of the Leasehold Deed of Trust that may acquire the Company's interest in the Ground Lease, either as a purchaser at any foreclosure sale or by reason of the assignment of the Ground Lease in lieu of foreclosure, and all subsequent sales or assignments; provided, however, the Issuer will not unreasonably withhold its consent to any initial purchaser or assignee of the Ground Lease which meets the requirements of the Ground Lease.

### **Lease with Trustee**

In the event of the termination of the Ground Lease prior to the expiration of the Term, the Ground Lease will remain in full force and effect in accordance with its terms as a direct lease with the Issuer, as lessor, and the Trustee, as lessee; provided, however, that the Trustee, within any applicable cure period set forth in the Ground Lease, will have paid all Rent and will have cured all other defaults by the Company under the Ground Lease that are susceptible of being cured by the Trustee without obtaining possession of the leased premises. The Trustee may, within 20 calendar days after the Trustee's receipt of the Issuer's notice of such termination of the Ground Lease (the "Election Period"), elect by notice to the Issuer for the Issuer and the Trustee to enter into a new lease with respect to the Property within 30 calendar days following such election by the Trustee, on the same terms and conditions as provided in the Ground Lease for the portion of the Term that remained under the Ground Lease at the time of such termination. If the Trustee fails to make such election within the Election Period, the Trustee will be deemed to elect not to enter into a new lease with the Issuer for the Property. Upon the Ground Lease becoming a direct lease (or a new lease being entered into) with the Issuer, as lessor, and the Trustee, as lessee, as above contemplated, (i) the Trustee agrees to attorn to the Issuer, (ii) the Issuer agrees that, so long as the Trustee will comply with all of the obligations and responsibilities of the lessee under the Ground Lease which accrue thereafter, the Trustee's possession of the Property will not be disturbed and the Trustee will be entitled to the peaceable possession of the Property subject to the terms and conditions of the Ground Lease or such new lease; and (iii) after obtaining possession of the Property, the Trustee will cure all non-monetary defaults that then exist under the Ground Lease within 30 calendar days after the Trustee obtained possession of the Property.

### **Casualty**

In the event of any casualty, any right of the Company under the Ground Lease to terminate the Ground Lease will be made only with the concurrent approval of the Trustee. Any insurance proceeds paid by the Issuer to the Company under the terms of the Ground Lease will be applied solely to repair or

rebuild the Improvements and not be applied to pay principal of or interest on the Bonds and will be made by check payable jointly to the Company and the Trustee to be held in trust pending such repair or rebuilding; provided, however, that nothing herein will require the Issuer to pay any insurance proceeds to the Company unless required by the Ground Lease.

### **Condemnation**

In the event of a condemnation, any right of the Company under the Ground Lease to terminate the Ground Lease will be made only with the concurrent approval of the Trustee. Any condemnation proceeds paid by the Issuer to the Company under the terms of the Ground Lease will be applied solely to repair or restore the Property and not be applied to pay principal of or interest on the Bonds and will be made by check payable jointly to the Company and the Trustee to be held in trust pending such repair or restoration; provided, however, that nothing herein will require the Issuer to pay any condemnation proceeds to the Company unless required by the Ground Lease.

### **Leasehold Deed of Trust Subject to Lease**

The Trustee and the Company acknowledge and agree that the rights of the Trustee under any estoppel certificate and under the Leasehold Deed of Trust will be subject to each of the covenants, conditions and restrictions set forth in the Ground Lease and to all rights and interests of the Issuer thereunder. Nothing in any estoppel certificate delivered pursuant to the Ground Lease will constitute a waiver or subordination of the Issuer's rights and interests under the Ground Lease nor will anything in any estoppel certificate delivered pursuant to the Ground Lease constitute an estoppel as to the Issuer except to the extent of the matters explicitly set forth therein.

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## **APPENDIX G**

### **UNAUDITED FINANCIAL STATEMENTS FOR THE PROJECT**

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I, Ernest Fiorante, hereby certify that, to the best of my knowledge, the above statements fairly and accurately represents the financial position of Aero Nashville, LLC at June 30, 2010

Aero Nashville, LLC

Handwritten signature of Ernest Fiorante in black ink.

10/22/2010

Ernest Fiorante

Date

Senior Vice President

# Balance Sheet

## Aero Nashville, LLC

	June 2010	June 2009	June 2008	June 2007
<b><u>ASSETS</u></b>				
<b>Income Producing Property:</b>				
Income-producing property (note)	\$ 6,684,733	\$ 6,951,043	\$ 7,214,999	\$ 6,039,453
Construction-in-progress	-	-	-	845,701
Total Income Producing Properties	6,684,733	6,951,043	7,214,999	6,885,154
<b>Current Assets:</b>				
Accounts Receivable	-	-	-	37,018
Reserve for Bad Debt	-	-	-	-
Other Receivables	36,029	36,959	42,215	-
Prepaid Expenses	32,151	21,489	31,584	21,986
Total Current Assets	68,180	58,448	73,799	59,004
<b>Other Assets:</b>				
Restricted Funds	345,473	76,047	69,857	70,340
Deferred Financing Costs	289,235	330,678	271,733	335,153
Accum Amortz.-Deferred Financing	(61,438)	(65,975)	(43,992)	(85,416)
Deferred Rental Receivable	373,807	274,696	175,586	80,985
Total Other Assets	947,077	615,446	473,184	401,062
<b>TOTAL ASSETS</b>	<b>\$ 7,699,990</b>	<b>\$ 7,624,937</b>	<b>\$ 7,761,982</b>	<b>\$ 7,345,220</b>

### **LIABILITIES & EQUITY**

<b>Liabilities:</b>				
Revenue Bonds Payable	\$ 6,186,565	\$ 6,195,633	\$ 6,304,700	\$ 6,413,768
Accounts Payable	1,736	1,749	1,650	545,786
Other Payables	86,975	114,918	161,060	303,243
Total Liabilities	6,275,276	6,312,300	6,467,410	7,262,797
<b>Equity:</b>				
Member's Equity	1,424,714	1,312,637	1,294,572	82,423
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 7,699,990</b>	<b>\$ 7,624,937</b>	<b>\$ 7,761,982</b>	<b>\$ 7,345,220</b>



## Income Statement Summary

### Aero Nashville, LLC

	12 months ended June 30, 2010	12 months ended June 30, 2009	12 months ended June 30, 2008	12 months ended June 30, 2007
<b>REVENUES:</b>				
Rents - Building	\$ 608,369	\$ 607,826	\$ 582,473	\$ 484,082
OpEx Recovery	210,524	209,225	240,724	174,048
Other Revenues	99,111	99,112	98,400	77,746
<b>TOTAL REVENUES</b>	<b>918,004</b>	<b>916,163</b>	<b>921,597</b>	<b>735,876</b>
<b>OPERATING EXPENSES:</b>				
RECOVERABLE				
Property Mgmt Fees	21,988	21,933	22,231	17,165
General & Adm Expenses	1,070	71	872	413
Ground Rent - Building	85,955	85,955	85,955	85,955
Insurance - Building	2,793	2,635	481	5,908
Property Taxes - Building	73,494	72,195	108,290	47,212
NON-RECOVERABLE	260	360	1,368	6,678
<b>TOTAL OPERATING EXPENSE</b>	<b>185,560</b>	<b>183,149</b>	<b>219,197</b>	<b>163,331</b>
<b>TOTAL OPERATING INCOME</b>	<b>732,444</b>	<b>733,014</b>	<b>702,400</b>	<b>572,545</b>
<b>NON-OPERATING EXPENSES:</b>				
Administration	37,955	49,323	61,354	13,862
<b>Total Non-Operating Expenses</b>	<b>37,955</b>	<b>49,323</b>	<b>61,354</b>	<b>13,862</b>
<b>TOTAL EBITDA</b>	<b>694,489</b>	<b>683,691</b>	<b>641,046</b>	<b>558,683</b>
<b>OTHER EXPENSES:</b>				
Interest Expenses	377,749	254,881	325,160	377,280
Bond Funds Interest Inc.	(159)	(29)	(20)	(328)
Depreciation/Amortization	266,310	266,383	257,684	215,034
<b>Total Other Expenses</b>	<b>643,900</b>	<b>521,235</b>	<b>582,824</b>	<b>591,986</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 50,589</b>	<b>\$ 162,456</b>	<b>\$ 58,222</b>	<b>\$ (33,303)</b>

**Statement of Member's Equity**  
**Aero Nashville, LLC**

	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Member's equity, beginning of year	\$ 1,312,637	\$ 1,294,572	\$ 82,423	\$ 1,928,172
Restatement to adjust the prior year's deferred rental receivable	-	-	-	1,564
Contributions (Distributions)	61,488	(144,391)	1,153,927	(1,814,010)
Net income (loss)	50,589	162,456	58,222	(33,303)
Member's equity, end of year	<u>\$ 1,424,714</u>	<u>\$ 1,312,637</u>	<u>\$ 1,294,572</u>	<u>\$ 82,423</u>

# STATEMENT OF CASH FLOWS

## Aero Nashville, LLC

For the Year Ended June 30

	2010	2009	2008	2007
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
OPERATIONS				
Net Income (loss) for the year	\$ 50,589	\$ 162,456	\$ 58,222	\$ (33,303)
Depreciation and amortization	266,310	266,383	257,684	215,034
Amortization of original bond discount	932	933	932	918
Amortization of deferred financing costs	37,713	21,983	21,996	85,416
Straight-line rental income	(99,111)	(99,110)	(94,601)	(77,746)
CHANGES IN NON-CASH WORKING CAPITAL				
Accounts Receivable	930	5,256	(5,197)	8,047
Prepaid Expenses	(10,662)	10,095	(9,598)	(21,986)
Accounts Payable & Accrued Liabilities	(27,956)	(46,043)	(686,319)	61,690
.	218,745	321,953	(456,881)	238,070
INVESTING ACTIVITIES				
Restricted Funds	(269,426)	(6,190)	483	(70,340)
Additions to income-producing property	-	(2,427)	(587,529)	(848,259)
.	(269,426)	(8,617)	(587,046)	(918,599)
FINANCING ACTIVITIES				
Assumption of Bonds Payable	-	-	-	6,515,000
Original Bond Issue Discount	-	-	-	(27,150)
Principal Repayments - Bonds Payable	(10,000)	(110,000)	(110,000)	(75,000)
Related Party Note Payable	-	-	-	(3,583,158)
Deferred Financing Costs	(807)	(58,945)	-	(335,153)
Contributions (distributions),net	61,488	(144,391)	1,153,927	(1,814,010)
.	50,681	(313,336)	1,043,927	680,529
INCREASE (DECREASE) IN CASH	-	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING AND END OF YEAR	\$ -	\$ -	\$ -	\$ -

**Note to Financial Statements**  
**Aero Nashville, LLC**

**Income-producing property**

<b>As at June 30, 2010</b>			
	<b>Cost</b>	<b>Accumulated Depr./Amortz.</b>	<b>Net Book Value</b>
Building and Building Improvements	\$ 7,707,559	\$ (1,022,826)	\$ 6,684,733

<b>As at June 30, 2009</b>			
	<b>Cost</b>	<b>Accumulated Depr./Amortz.</b>	<b>Net Book Value</b>
Building and Building Improvements	\$ 7,707,559	\$ (756,516)	\$ 6,951,043

<b>As at June 30, 2008</b>			
	<b>Cost</b>	<b>Accumulated Depr./Amortz.</b>	<b>Net Book Value</b>
Building and Building Improvements	\$ 7,705,132	\$ (490,133)	\$ 7,214,999

<b>As at June 30, 2007</b>			
	<b>Cost</b>	<b>Accumulated Depr./Amortz.</b>	<b>Net Book Value</b>
Building and Building Improvements	\$ 6,271,903	\$ (232,450)	\$ 6,039,453

## APPENDIX H

### FORM OF BOND COUNSEL OPINION

[Letterhead of Hawkins Delafield & Wood LLP]

December 1, 2010

Board of Commissioners  
Metropolitan Nashville Airport Authority  
Nashville Metropolitan Airport  
Nashville, Tennessee

Ladies and Gentlemen:

\$6,200,000  
METROPOLITAN NASHVILLE AIRPORT AUTHORITY  
SPECIAL FACILITY REVENUE BONDS  
(AERO NASHVILLE, LLC PROJECT)  
REFUNDING SERIES 2010

At your request we have examined into the validity of Six Million Two Hundred Thousand Dollars (\$6,200,000) principal amount of Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010 (the “Series 2010 Bonds”) of the Metropolitan Nashville Airport Authority (the “Authority”). The Series 2010 Bonds are issued in fully registered form; are dated their date of delivery; are of the denomination of \$5,000 or any integral multiple thereof; are numbered consecutively from R-1 upwards, bear interest payable July 1, 2011 and semi-annually thereafter each January 1 and July 1 at the rates per annum set forth in the schedule below; and mature and become payable as to principal on July 1 in each of the years and in the principal amounts as follows:

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2026	\$6,200,000	5.20%

The Series 2010 Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

The Series 2010 Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and laws of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and pursuant to a Trust Indenture (the “Indenture”), dated as of December 1, 2010, between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”) and a resolution of the Authority adopted on October 21, 2010. We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2010 Bonds, an executed copy of the Indenture and an executed copy of the Ground Lease, dated as of August 31, 2005, as amended by Amendment No. 1 to the Ground Lease, dated February 3, 2006, and Amended and Restated Amendment No. 2 to the Ground

Lease, dated as of December 1, 2010 (collectively, the “Lease”), each between the Authority and Aero Nashville, LLC (the “Company”). We have also examined a specimen Series 2010 Bond.

In our opinion:

1. The Series 2010 Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid and binding special obligations of the Authority enforceable against the Authority in accordance with their terms, secured solely by the Trust Estate, as defined in the Indenture, and payable solely from the Lease Revenues, as defined in the Indenture.

2. The Indenture has been duly authorized, executed and delivered by the Authority; the provisions of the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms; and the holders of the Series 2010 Bonds are entitled to the security and benefits of the Indenture.

3. The Lease has been duly authorized, executed and delivered by, and constitutes a valid and binding agreement of, the Authority enforceable against the Authority in accordance with its terms, and the rights of the Authority under the Lease have been duly assigned under the Indenture by the Authority to the Trustee (subject to certain Reserved Rights and exclusive of certain Unassigned Rights, as defined in the Indenture) as further security for the bonds issued or to be issued under the Indenture, including the Series 2010 Bonds.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2010 Bonds is (i) excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any Series 2010 Bond for any period during which the Series 2010 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities refinanced with the proceeds of the Bonds or a “related person,” and (ii) not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

5. Under existing statutes, the Series 2010 Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

It is to be understood that the exemption of the interest on the Series 2010 Bonds from federal income taxation is dependent upon compliance by the Authority and the Company with certain requirements of the Code and the applicable regulations promulgated thereunder, throughout the term of the Series 2010 Bonds. Failure to comply with such requirements may cause the interest on the Series 2010 Bonds to be included in gross income retroactively to their date of issuance. The Authority and the Company have covenanted in the Lease to comply with such provisions.

We express no opinion regarding other federal or state tax consequences arising with respect to the Series 2010 Bonds or the federal or state tax consequences of any actions taken with respect to the Series 2010 Bonds pursuant to the Indenture after the date hereof. We have rendered our opinion under

existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2010 Bonds, or under state and local tax law.

It is to be understood that the rights of the holders of the Series 2010 Bonds under the Indenture and under the Series 2010 Bonds and the rights of the parties under the Indenture, the Lease and the enforceability of such rights may be subject to the exercise of judicial discretion, the sovereign police powers of the State of Tennessee and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2010 Bonds and express herein no opinion relating thereto.

Very truly yours,

Hawkins Delafield & Wood LLP

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**APPENDIX I**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

December 1, 2010

Digital Assurance Certification, LLC, as dissemination agent  
390 North Orange Avenue, Suite 1750  
Orlando, FL 32801  
Attention: \_\_\_\_\_

Re: \$6,200,000 Metropolitan Nashville Airport Authority Special Facility Revenue Bonds (Aero Nashville, LLC Project), Refunding Series 2010 (the "Bonds"), issued under a Trust Indenture dated as of December 1, 2010 (the "Indenture") between the Metropolitan Nashville Airport Authority (the "Issuer") and Wells Fargo Bank, National Association, as trustee

Ladies and Gentlemen:

In connection with the issuance of the Bonds and with reference to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), Aero Nashville, LLC (the "Company") shall engage in the undertaking described in Paragraphs 1, 2 and 3 herein for the benefit of the registered owners of the Bonds (the "Bondowners") and the beneficial owners of the Bonds, subject to the conditions and limitations specified herein.

1. Within the expiration of one hundred eighty (180) calendar days after the close of the most recent fiscal year of the Company (the "Filing Deadline"), the Company will provide to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") system at <http://emma.msrb.org/submission>:
  - (a) Financial information and operating data for the Fiscal Year then ended relating to the Company, updating the financial information and operating data presented in the Official Statement dated November 2, 2010, relating to the issuance of the Bonds under the heading "FINANCIAL INFORMATION", to the extent not otherwise set forth in the audited financial statements provided pursuant to (b) below; and
  - (b) Audited financial statements of the Company for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles; provided if such audited financial statements are unavailable at such time, the Company will provide unaudited financial statements of the Company for such period and thereafter will provide the audited financial statements if and when they become available.

Items (a) and (b) are sometimes referred to herein respectively as the "Annual Report".

The Company shall file a certificate with Digital Assurance Certification, LLC, as dissemination agent (the "Dissemination Agent") certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement and stating the date it was provided

(the “Compliance Certificate”); such report shall include a certification from the Company that the Annual Report complies with the requirements of this Continuing Disclosure Agreement.

If the Dissemination Agent has not received a Compliance Certificate by the Filing Deadline, the Dissemination Agent shall send, and the Company hereby authorizes and directs the Dissemination Agent to submit on its behalf, a notice to the MSRB through EMMA in substantially the form attached hereto as Exhibit A.

The Company reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Company; provided that any such modification will be done in a manner consistent with the Rule. At its option, the Dissemination Agent may request that the Company provide an opinion of a nationally recognized bond counsel which states that said amendment will not have any adverse affect upon the taxability of the Bonds.

2. The Company promptly will provide, not in excess of ten (10) business days after the occurrence of the event, to the MSRB through EMMA, written notice of the occurrence of any of the following events with respect to the Bonds:
  - (a) Principal or interest payment delinquencies;
  - (b) Non-payment related defaults, if such event is material;
  - (c) Unscheduled draws on debt service reserves;
  - (d) Unscheduled draws on credit enhancement reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers, or their failure to perform;
  - (f) Adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability;
  - (g) Modifications to rights of Bondowners, if such event is material;
  - (h) Bond calls if such event is material (provided, however, that the giving of notice of regularly scheduled mandatory sinking fund redemptions shall not be deemed material for the purpose of this Continuing Disclosure Agreement);
  - (i) Defeasances;
  - (j) Release, substitution, or sale of property securing the repayment of the Bonds if such event is material;
  - (k) Ratings changes;
  - (l) tender offers;
  - (m) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (n) bankruptcy, insolvency, receivership or similar event of the Issuer or the Company;
  - (o) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material; and
  - (p) appointment of a successor or additional trustee or the change of name of a trustee, if such event is material.
- 3. The Dissemination Agent shall, promptly, upon obtaining actual knowledge of the alleged or actual occurrence of any of the events listed in Paragraph 2 hereof contact the person specified pursuant to Paragraph 5 hereof, inform such person of the event, and request that the Company promptly notify the Dissemination Agent in writing whether or not the Company will report the event pursuant to Paragraph 2 hereof. Whenever the Company obtains knowledge of the occurrence of any event listed in Paragraph 2 hereof, because of a notice from the Dissemination Agent pursuant to the preceding sentence above, or otherwise, the Company shall as soon as possible provide appropriate notice to the Dissemination Agent.
- 4. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Company and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Company, provided, however, the Dissemination Agent shall not be required to accept or acknowledge any amendment of this Continuing Disclosure Agreement if the amendment adversely affects its rights or immunities or increases its duties hereunder) and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Company and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.
- 5. The Company, or the Company's designee from time to time, shall be the contact persons on behalf of the Company from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person for the Company is Neil Frankel, 201 West Street, Suite 200, Annapolis, MD 21401, (514) 420-1106.
- 6. The Company's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If the Company's obligations under the Loan Agreement (as defined in the Indenture) are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Company and the Company shall have no further responsibility hereunder.
- 7. In the event of a failure by the Company or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and at the request of any Bondowner holding at least 25% aggregate principal amount of

outstanding Bonds, shall), or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Company or the Dissemination Agent, as the case may be, to comply with their obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Loan Agreement or the Indenture, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Company, or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

8. The Dissemination Agent is authorized to make such securities disclosures to the Bondowners as may be required hereunder including providing notices from the Company pursuant to Paragraph 2 hereof to the Bondowners. The Dissemination Agent is entitled to rely on any notices received by it from the Company in making or not making any securities disclosure. The Dissemination Agent shall have no liability to the Company or any Bondowners or anyone else for any disclosure or nondisclosure which is undertaken in reliance on notices from the Company.

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9. The Dissemination Agent shall have any such duties as are specifically set forth herein. The Dissemination Agent (i) shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct, (ii) shall not be obligated to take any legal action or other action hereunder which might in its judgment involve any expense or liability unless it has been furnished with indemnification satisfactory to it, and (iii) shall be entitled to consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel. The Company covenants and agrees to indemnify the Dissemination Agent and hold it harmless without limitation from and against any loss, liability or expense of any nature incurred by the Dissemination Agent arising out of or in connection with this Continuing Disclosure Agreement except due to its own gross negligence or willful misconduct. In no event shall the Dissemination Agent be liable for indirect, special or consequential damages. This Paragraph 9 shall survive termination of this Continuing Disclosure Agreement.

Very truly yours,

AERO NASHVILLE, LLC,  
a Delaware limited liability company

By: CAC AIR HOLDING II, LLC, A Delaware  
limited liability company, its sole member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

The foregoing is agreed to:

DIGITAL ASSURANCE CERTIFICATION, LLC, as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address: Digital Assurance Certification, LLC  
390 North Orange Avenue, Suite 1750  
Orlando, FL 32801  
Attention: \_\_\_\_\_

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## **APPENDIX J**

### **BOOK-ENTRY-ONLY SYSTEM**

#### **Introduction**

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. Neither the Issuer or the Company makes any representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE ISSUER, THE COMPANY OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

#### **General**

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

DTC 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, 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 Bonds 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 Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). Neither the Issuer or the Company has undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Bonds 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 prepaid.

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer, the Company or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Trustee, the Company or the Issuer, subject to any statutory or



regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this Appendix J concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer, the Company or the Underwriters take any responsibility for the accuracy thereof.

**BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.**