

Metropolitan Development and Housing Agency
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November 25, 2009

Sue B. Cain, Director of Law
Richard Riebeling, Director of Finance
Metropolitan Courthouse
Nashville, TN 37219

Dear Ms. Cain and Mr. Riebeling

We read with great surprise your letter of today and feel the need to reply in writing immediately to avoid further unjustified tarnishing of the distinguished 70+ year reputation of this Agency. MDHA has been a consistently outstanding agency recognized as such by its annual high performance status and accolades from HUD and other independent groups.

We appreciate your reference to two of the many unqualified successes the Agency has achieved for Metro Nashville and its citizens, but we are frankly astonished that you believe there were serious flaws in our execution of the pre-development contracting work for the Music City Center and that you have questioned our ability to continue to serve the city on this important project.

MDHA has not achieved its status at the forefront of development and housing agencies nationally by resisting constructive criticism. We acknowledge that there were a few non-material examples of improper procedure in the contracting process. While not an excuse, in a project of the size and urgency of the Music City Center project, errors are inevitable. Nonetheless, we welcome the opportunity to improve our processes and to meet with you to assure you of the integrity, competence and diligence of the Agency, the model of Nashville's successful history as a progressive, responsible, fiscal entity.

The report itself states, "Expenditures appear to be consistent with relevant law and the agreements between Metro and MDHA", and there was no finding that appropriate value was not obtained for all funds expended on the project.

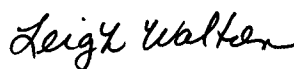
We don't believe your characterization of the report accurately portrays the manner in which MDHA handled the pre-development activities, and we believe that if you had taken the opportunity to visit with us and discuss the "observations" made by Kraft, that you would have concluded the same thing.

We will provide a written response to the report.

Sincerely



Chase Cole, Board Chair



Leigh Walton, Finance and Audit Chair



Phil Ryan, Executive Director