

April 5, 2007

Sue Cain, Esq.
Director of Law
Metropolitan Government of Nashville and Davidson County
Courthouse, Suite 108
Nashville, Tennessee 37219

Re: Response to Letter Dated April 4, 2007
Notice of Default

Dear Ms. Cain:

This letter is in response to your April 4, 2007 letter in which you allege the Nashville Sounds are in default of the February 7, 2006 Memorandum of Understanding ("MOU"). Although the Sounds plan to respond to your letter in much greater detail, I feel it is important for me, as the Sounds Chief Operating Officer, to strongly dispute your characterization of the Sounds as being in default or breach of the MOU.

First, no one from my organization has ever stated publicly or privately that the Sounds would not perform to the best of their abilities the requirements of the MOU. Just the opposite is true. From the minute the MOU was signed on February 7, 2006, the Sounds diligently pursued all of their obligations as set forth in both Recital T and Paragraph 6 of the MOU. Let me remind you that the Nashville Sounds, unlike SBER, is not a developer. We are a minor league baseball team. In fact, my duties with the Sounds include being the Chief Operating Office, the responsibilities of a general manager and a broad range of other obligations and duties, as needed from time to time. A project of this size and scope was new to all of us. Nevertheless, everyone on our team worked around the clock for the last year to achieve all the goals set forth in the MOU.

To clarify the Sounds position, I will try to respond to your allegations of default with actual examples demonstrating completion or attempted completion of our part of the obligations:

1. From the spring of last year through last week, we have had direct and repeated contact with the IDB on leasing and financial issues. Your lawyer, Larry Thrailkill, is well aware of the number of hours we spent drafting and negotiating leases which were approved both by our lenders and the IDB. Mr. Bobby Davis, the attorney for the IDB, can further substantiate this. These leases were tendered to the IDB in February for their approval. At that time, Mr. Thrailkill directed the IDB to withhold its consideration of the leases because the City had not approved them.

2. The Nashville Sports Authority approved our sources and uses of funds, as well as our professional contracts, months ago. The MOU requires the Sports Authority to be the approval party for the budget and financing of the Ballpark and they were very involved in the project. For a reason unknown to the Sounds, the City decided not to involve them after August 2006.

3. Over the course of the last few months, we obtained two binding Bank Commitments to fund our part of the Ballpark construction. Your attorney, Mr. Thrailkill, is well aware of these commitments and has had them in hand for several months. These commitments contained provisions pursuant to which the Sounds would guaranty the completion of the Ballpark in a manner satisfactory to both the Bank consortium and us. As you know, the Tax Incremental Financing ("TIF") loan portion of the construction funds was to come from SBER. As your counsel was informed last fall in various MDHA meetings and in direct meetings among all the parties to the MOU, SBER was not able to secure the TIF loan either by December 31, 2006, the initial contemplated closing date, or April 15, 2006, the current closing date. The parties recognized and contemplated from the onset that the TIF loan was the linchpin of the Project and a prerequisite to many obligations of the parties, including but not limited to obtaining the additional financing necessary to complete the Project. Without the TIF loan, it was clear that SBER would be unable to meet its obligations under the MOU and that the conditions for closing could not and would not be met by the deadlines as set forth in the MOU. Under these conditions it would have been irresponsible of the Sounds to execute the IDB lease or the financial instruments related to the Project and futile to incur the financial obligations to third parties for work that would not be used to complete the Project.

4. Our plans and specifications for the Ballpark were approved by MDHA and the Nashville Sports Authority. Our budgeted schedule was approved by the Sports Authority a year ago. Steve North, our contact at the Sports Authority, should be able to confirm this.

5. Since August of last year, the Sounds have tried to execute a Development and Cooperation Agreement with SBER. We requested Metro's help to finalize negotiations of such an agreement last fall. Phil Ryan, of MDHA, did facilitate some meetings, but unfortunately, both sides have never been able to agree on terms of such an agreement which were workable for the all parties. As I stated Monday night to the Budget and Finance Committee of the Metro Council, it is my sincere belief that both parties made a good faith effort to negotiate an agreement. However, such an agreement was simply unattainable.

6. The Sounds disagree with your allegations concerning the relationship with our professionals. As I said earlier, our plans were in fact approved and our architects provided sufficient detail for MDHA and the Banks.

The Sounds have spent or accrued over \$1,500,000.00 for work actually done on this project. The Sounds are the biggest losers if the project fails. We absolutely deny that we have in any way defaulted on our obligations. More than anything else, we wanted to build a stadium that would provide the best venue and game experience for our fans, the citizens of Nashville. It is unfair and unjust to hold us responsible for a default under the MOU.

Sue Cain, Esq.

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Our detailed response will include specific information regarding the amount of money spent by the Sounds and the specific dates and times for actions taken to meet the Sounds' obligations under the MOU. The Sounds have worked diligently at all times using its best efforts to perform under the MOU. Despite the efforts of the Sounds to obtain assurances from SBER that it could perform under the MOU, SBER was never able to demonstrate that it was ready and able to perform. SBER's failure to obtain the TIF loan made it impossible for the Sounds to meet the other requirements of the MOU and futile to continue to perform and meet its obligations under the MOU

Sincerely,

Glenn Yeager
Chief Operating Officer