



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2021-1281, **Version:** 1

Resolution amending Resolution No. RS2015-1417, as supplemented and amended, to increase the size of the water and sewer revenue extendable commercial paper program of The Metropolitan Government of Nashville and Davidson County from a maximum aggregate principal amount not to exceed \$100 million to a maximum aggregate principal amount not to exceed \$200 million.

WHEREAS, pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), and Metropolitan County Council Resolution No. RS2015-1417, as supplemented and amended (the "Extendable Resolution"), The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") has heretofore authorized the issuance of up to \$100 million at any time of water and sewer revenue extendable commercial paper notes;

WHEREAS, the Metropolitan Government desires to amend the Extendable Resolution to increase to \$200 million the maximum aggregate principal amount of water and sewer revenue extendable commercial paper notes that may be issued thereunder;

WHEREAS, the Extendable Resolution may be amended, pursuant to Section 6.01 thereof, to increase the maximum aggregate principal amount of water and sewer revenue extendable commercial paper notes issued thereunder, upon receipt of written evidence from the rating agencies providing a credit rating therefor that such increase will not, by itself, result in a reduction, withdrawal or suspension of such rating agency's prevailing rating on the notes; and

NOW, THEREFORE, BE IT RESOLVED by the Metropolitan County Council of The Metropolitan Government of Nashville and Davidson County, as follows:

- 1. Increase in Maximum Aggregate Principal Amount.** The Extendable Resolution is hereby amended to increase the maximum aggregate principal amount of ECP Notes that may be Outstanding at any time from \$100 million to \$200 million, and all references in the Extendable Resolution to \$100 million shall be replaced with references to \$200 million.
- 2. Effective Date.** This Resolution shall take effect upon receipt by the Metropolitan Government of written evidence from each Rating Agency to the effect that the increase to the maximum aggregate principal amount of ECP Notes provided herein will not, by itself, result in a reduction, withdrawal or suspension of such Rating Agency's rating of the ECP Program which then prevails.
- 3. Authorization of Additional Actions.** The officers of the Metropolitan Government are hereby authorized to take such actions, and execute and deliver such agreements and certificates, as may be necessary to effectuate the amendment to the Extendable Resolution and the ECP Program described above, including without limitation, amending and restating the Dealer Agreement and the Issuing and Paying Agency Agreement. The Metropolitan Government hereby approves the use of the offering memorandum in connection with the ECP Program substantially in the form of the draft attached hereto as Exhibit A, with such changes, insertions, deletions, amendments, and supplements as an Authorized Officer shall approve.
- 4. Defined Terms.** Capitalized terms not otherwise defined herein shall have the meanings ascribed by the Extendable Resolution.

Analysis

This resolution amends Resolution No. RS2015-1417, as supplemented and amended, to increase the size of the water and sewer revenue extendable commercial paper program of the Metropolitan Government from a maximum of \$100 million to a maximum of \$200 million. RS2018-1253 amended RS2015-1417 by extending the final maturation date to July 10, 2021. This resolution authorizes a final maturity date of January 1, 2026.

Resolution No. RS2015-1417 authorized the issuance and sale of revenue bond anticipation notes not to exceed \$100 million in the form of extendable commercial paper. There is no bank line of credit for this \$100 million, which means Metro does not have to pay an annual capacity fee. The commercial paper issued under this resolution has a maximum maturity date of 90 days. Metro has the option of extending this maturity to a maximum of 270 days, but would pay a higher interest rate if extended. If payment of the principal and interest on the 90-day commercial paper is not made on the date of maturity, the maturity date would automatically extend to 270 days. Morgan Stanley is the dealer for this portion of the commercial paper program, and is paid an annual fee of 0.1% multiplied by the principal amount of commercial paper outstanding.