



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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Resolution supplementing Substitute Resolution No. RS2010-1442 to authorize the execution, terms, issuance, sale and payment of water and sewer revenue bonds in an aggregate principal amount of not to exceed \$780,000,000 and authorizing the use of available funds of the Metropolitan Government's Water and Sewer Department to defease the Metropolitan Government's remaining outstanding Subordinate Lien Water and Sewer Revenue Refunding Bonds, Series 2012.

WHEREAS, pursuant to the Act and the Charter (as such terms are hereafter defined), the Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") owns and operates a water and sewer system (the "System");

WHEREAS, the Metropolitan Government is authorized under the Act and the Charter to issue its water and sewer revenue bonds for the purposes of (i) retiring its outstanding water and sewer bond anticipation notes, (ii) funding capital improvements to the System; and (iii) refunding previously-issued water and sewer revenue bonds; and

WHEREAS, the Metropolitan County Council (the "Metropolitan Council") on November 16, 2010 adopted Substitute Resolution No. RS2010-1442 (as subsequently supplemented and amended, the "Water and Sewer Bond Resolution"), authorizing the issuance from time to time of water and sewer revenue bonds upon the adoption by the Metropolitan Council of a supplemental resolution, providing for the terms of such water and sewer revenue bonds; and

WHEREAS, the Metropolitan Council on November 16, 2010 adopted Substitute Resolution No. RS2010-1443 (the "First Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds in multiple series; and

WHEREAS, pursuant to the First Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Refunding Bonds, Series 2010A, Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds - Direct Payment), Water and Sewer Revenue Bonds Federally Taxable, Series 2010C (Recovery Zone Economic Development Bonds) and Water and Sewer Revenue Refunding Bonds Federally Taxable, Series 2010D (collectively, the "Series 2010 Bonds"); and

WHEREAS, the Water and Sewer Bond Resolution was further supplemented and amended by Resolution No. RS2011-114 (the "Second Supplemental Resolution") adopted by the Metropolitan Government on December 20, 2011, for the purpose, in part, of amending certain provisions of the Water and Sewer Bond Resolution; and

WHEREAS, the Second Supplemental Resolution also authorized the issuance from time to time of subordinate lien water and sewer revenue bonds upon the adoption by the Metropolitan Council of a supplemental resolution, providing for the terms of such subordinate lien water and sewer revenue bonds; and

WHEREAS, the Metropolitan Council on December 20, 2011 adopted Resolution No. RS2011-115 (the "Subordinate Lien Supplemental Resolution"), authorizing the issuance of subordinate lien water and sewer revenue bonds; and

WHEREAS, pursuant to the Subordinate Lien Supplemental Resolution, the Metropolitan Government issued its Subordinate Lien Water and Sewer Revenue Refunding Bonds, Series 2012 (the "Series 2012 Subordinate

Lien Bonds"); and

WHEREAS, the Metropolitan Council on March 19, 2013 adopted Resolution No. RS2013-621 (the "Third Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds; and

WHEREAS, pursuant to the Third Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Bonds, Series 2013 (the "Series 2013 Bonds"); and

WHEREAS, the Metropolitan Council on October 3, 2017 adopted Resolution No. RS2017-902 (the "Fourth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds; and

WHEREAS, pursuant to the Fourth Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Bonds, Series 2017A (Green Bonds) and Water and Sewer Revenue Bonds, Series 2017B (collectively, the "Series 2017 Bonds"); and

WHEREAS, the Metropolitan Council on March 17, 2020 adopted Resolution No. RS2020-215 (the "Fifth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds; and

WHEREAS, pursuant to the Fifth Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Bonds, Series 2020A and Water and Sewer Revenue Bonds, Series 2020B (collectively, the "Series 2020 Bonds"), the proceeds of which, among other things, refunded the Water and Sewer Revenue Refunding Bonds, Series 2010A described above; and

WHEREAS, the Metropolitan Council on April 7, 2020 adopted Resolution Nos. RS2020-262, -263 and -264 (together, the "Sixth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds in the form of state revolving fund loan agreements; and

WHEREAS, pursuant to the Sixth Supplemental Resolution, the Metropolitan Government incurred State Revolving Fund Loans Nos. 2020-223, 2020-224 and 2020-446 (collectively, the "2020 SRF Loans"); and

WHEREAS, the Metropolitan Council hereby finds that it is in the best interest of the citizens of the Metropolitan Government to adopt a seventh supplemental resolution to the Water and Sewer Bond Resolution for the purpose of issuing bonds on parity with the Series 2010 Bonds, the Series 2013 Bonds, the Series 2017 Bonds, the Series 2020 Bonds and the 2020 SRF Loans to provide funds to:

- (a) retire all or a portion of the Metropolitan Government's outstanding water and sewer commercial paper bond anticipation notes (the "Commercial Paper") which were issued pursuant to (i) Resolution No. RS2018-1254, adopted by the Metropolitan Council on July 3, 2018, as amended by Resolution No. RS2021-991, adopted by the Metropolitan Council on June 15, 2021 and (ii) Resolution No. RS2015-1417, adopted by the Metropolitan Council on April 7, 2015, as amended by Resolution No. RS2018-1253, adopted by the Metropolitan Council on July 3, 2018, and Resolution No. RS2021-906, adopted by the Metropolitan Council on May 4, 2021;
- (b) finance capital improvements to the System (the "Projects"), including all legal, fiscal, architectural, administrative and engineering costs incident thereto;
- (c) refund all or a portion of the Series 2013 Bonds; and
- (d) pay the costs of issuing said bonds; and

WHEREAS, as required by Tennessee Code Annotated Sections 9-21-301 *et seq.*, the Metropolitan Council on October 20, 2009 adopted Resolution No. RS2009-994 (the "First Initial Resolution"), preliminarily authorizing the issuance of up to \$500,000,000 of water and sewer revenue bonds; and

WHEREAS, as required by Tennessee Code Annotated Sections 9-21-301 *et seq.*, the Metropolitan Council on March 19, 2013 adopted Resolution No. RS2013-620 (the “Second Initial Resolution”), preliminarily authorizing the issuance of up to \$500,000,000 of additional water and sewer revenue bonds; and

WHEREAS, as required by Tennessee Code Annotated Sections 9-21-301 *et seq.*, the Metropolitan Council on the date hereof adopted Resolution No. RS2021-\_\_\_ (the “Third Initial Resolution” and, together with the First Initial Resolution and Second Initial Resolution, the “Initial Resolutions”), preliminarily authorizing the issuance of up to \$500,000,000 of additional water and sewer revenue bonds; and

WHEREAS, under applicable federal tax laws, refunding bonds may not be issued on a tax-exempt basis, but may be issued on a taxable basis, in order to refund outstanding bonds more than 90 days prior to their first optional redemption date; and

WHEREAS, the Series 2013 Bonds are not subject to optional redemption until July 1, 2023, so any bonds issued to refund the Series 2013 Bonds must at this time be issued on a taxable basis; and

WHEREAS, a plan of refunding for the Series 2013 Bonds has been filed with the Director of the Division of Local Government Finance (the “State Director”) as required by Section 9-21-1003, Tennessee Code Annotated, as amended, and the State Director has submitted to the Metropolitan Government a report thereon, a copy of which has been made available to the members of the Metropolitan Council; and

WHEREAS, in order to maximize the marketability of the water and sewer revenue bonds authorized herein, the Metropolitan Council wishes to authorize the taking of all steps necessary to designate (and to maintain the designation of) all or a portion of such bonds as “Green Bonds” in accordance with the 2021 edition of the Green Bond Principles published by the International Capital Market Association; and

WHEREAS, in order to maximize the marketability of future issuances of the Metropolitan Government’s Commercial Paper, the payment of which is secured by a pledge of System revenues subordinate to the pledge in favor of the bonds issued pursuant to the Water and Sewer Bond Resolution and the Series 2012 Subordinate Lien Bonds, the Metropolitan Council hereby finds it to be in the best interest of the citizens of the Metropolitan Government to defease the remaining outstanding Series 2012 Subordinate Lien Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNTY COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY AS FOLLOWS:

ARTICLE I.

AUTHORITY; FINDINGS; DEFINITIONS

Section 1.1. Resolution Supplemental to the Water and Sewer Bond Resolution. This Seventh Supplemental Resolution is a Supplemental Resolution, as defined in the Water and Sewer Bond Resolution, providing for the issuance of an additional series of Bonds thereunder.

Section 1.2. Findings. The Metropolitan Council hereby finds that retiring the Commercial Paper and financing the costs of the Projects is advisable at this time because prevailing long-term interest rates are at historic lows and the Metropolitan Government has limited additional Commercial Paper capacity. The Metropolitan Council further hereby finds that refunding the Series 2013 Bonds is advisable insofar as the refunding will result in debt service savings for the System. The Metropolitan Council further hereby finds that defeasing the Series 2012 Subordinate Lien Bonds is advisable to facilitate the future issuance of water and sewer commercial paper at the lowest interest rates possible.

Section 1.3. Definition of Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed in the Water and Sewer Bond Resolution. The following words and terms as used herein, whether or

not capitalized, shall have the following meanings, unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

**Act** means Tennessee Code Annotated Sections 7-34-101 et seq. and 9-21-101 et seq.

**Bond Purchase Agreement** means the bond purchase agreement providing for the purchase and sale of the Series 2021 Bonds, by and between the Underwriters and the Metropolitan Government, in substantially the form attached hereto as Exhibit B, with such modifications thereto as may be approved by the Metropolitan Mayor.

**Commercial Paper** has the meaning ascribed in the preamble.

**Debt Management Policy** means the debt management policy of the Metropolitan Government adopted by ordinance of the Metropolitan Council on December 5, 2017, as may hereafter be amended.

**Debt Service Reserve Requirement** means, with respect to the Series 2021 Bonds, an amount of \$0, because the Series 2021 Bonds will not be an Additionally Secured Series.

**Defeasance Escrow Agent** means U.S. Bank National Association, or its successor under the terms of the Defeasance Escrow Agreement.

**Defeasance Escrow Agreement** means the Refunding Escrow Agreement to be entered into by and between the Metropolitan Government and the Defeasance Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit D.

**DTC** means The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

**DTC Participant(s)** means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

**Federally Taxable Bonds** means any series of Series 2021 Bonds, the interest on which is includable in gross income of the holders thereof for federal income tax purposes.

**Federally Tax-Exempt Bonds** means any series of Series 2021 Bonds, the interest on which is intended to be excludable from gross income of the holders thereof for federal income tax purposes.

**Financial Advisor** means Hilltop Securities Inc.

**Initial Resolutions** has the meaning ascribed in the preamble.

**Letter of Representation** means the Blanket Issuer Letter of Representations to DTC of the Metropolitan Government, dated April 27, 1995.

**Official Statement** and **Preliminary Official Statement** mean the Official Statement and Preliminary Official Statement described herein pertaining to the sale of the Series 2021 Bonds.

**Paying Agent** means U.S. Bank National Association, or its successor.

**Projects** has the meaning ascribed in the preamble.

**Refunding Escrow Agent** means U.S. Bank National Association, or its successor under the terms of the Refunding Escrow Agreement.

**Refunding Escrow Agreement** means the Refunding Escrow Agreement to be entered into by and between the Metropolitan Government and the Refunding Escrow Agent, in the form of the document attached

hereto and incorporated herein by this reference as Exhibit C.

**Series 2010 Bonds** has the meaning ascribed in the preamble.

**Series 2012 Subordinate Lien Bonds** has the meaning ascribed in the preamble.

**Series 2013 Bonds** has the meaning ascribed in the preamble.

**Series 2017 Bonds** has the meaning ascribed in the preamble.

**Series 2020 Bonds** means, collectively, each series of water and sewer revenue bonds authorized by this Fifth Supplemental Resolution.

**Seventh Supplemental Resolution** means this resolution, which is the seventh supplement to the Water and Sewer Bond Resolution.

**2020 SRF Loan Agreements** has the meaning ascribed in the preamble.

**Underwriters** means, collectively, UBS Financial Services Inc., Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Fifth Third Securities, Inc., Piper Sandler & Co., Blaylock Vann, LLC, Ramirez & Co., Inc. and American Veterans Group, PBC.

**Water and Sewer Bond Resolution** has the meaning ascribed in the preamble.

## ARTICLE II.

### AUTHORITY, PLEDGE OF TRUST ESTATE, ADDITIONALLY SECURED OBLIGATIONS

Section 2.1. Authority. For the purposes of (i) retiring the Commercial Paper at maturity; (ii) funding the costs of the Projects; (iii) refunding all or a portion of the Series 2013 Bonds; and (iv) paying costs incident to the sale and issuance of the Series 2021 Bonds, there shall be issued pursuant to, and in accordance with, the provisions of the Act, the Charter, the Initial Resolutions, the Water and Sewer Bond Resolution and other applicable provisions of law, water and sewer revenue bonds of the Metropolitan Government in an aggregate principal amount of not to exceed \$780,000,000. The Metropolitan Government is hereby authorized to issue the Series 2021 Bonds in separate series, with one or more series being issued as Federally Tax-Exempt Bonds and Federally Taxable Bonds, all as permitted pursuant to Section 6.1 hereof. Federally Taxable Bonds shall be issued only to (i) refund the Series 2013 Bonds, and (ii) pay costs of issuing the Federally Taxable Bonds. Federally Tax-Exempt Bonds shall be issued only to (i) retire Commercial Paper, (ii) fund the costs of the Projects, and (iii) pay costs of issuing the Federally Tax-Exempt Bonds.

Section 2.2. Pledge of Trust Estate. The Series 2021 Bonds shall be payable from and secured by the Trust Estate, as set forth in the Water and Sewer Bond Resolution.

Section 2.3. Additionally Secured Obligations. The Series 2021 Bonds shall not be an Additionally Secured Series.

## ARTICLE III.

### FORM AND TERMS OF SERIES 2020 BONDS

Section 3.1 Authorized Bonds. The aggregate principal amount of Series 2021 Bonds that may be issued under this Seventh Supplemental Resolution shall not exceed \$780,000,000. The Series 2021 Bonds may be issued in one or more series, as designated by the Metropolitan Mayor and set forth in the Bond Purchase

Agreement.

Section 3.2 Form of Bonds. The Series 2021 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Series 2021 Bonds shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions, and insertions as are permitted or required by this Seventh Supplemental Resolution, the blanks therein to be appropriately completed when the Series 2021 Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Metropolitan Government.

Section 3.3 Maturities, Interest Rates, Book-Entry Bond.

(a) Each series of Series 2021 Bonds shall be designated "Water and Sewer Revenue Bonds, Series 2021". Each series of Series 2021 Bonds shall bear a designation that identifies them as Federally Taxable Bonds or Federally Tax-Exempt Bonds, together with such other designation as may identify the series of Series 2021 Bonds being issued and shall be dated the Date of Issuance. Each series of the Series 2021 Bonds shall bear interest from the date thereof at fixed rates not exceeding 6.00%, such interest being payable semi-annually on the first day of January and July of each year, commencing on January 1, 2022. The Federally Taxable Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory redemption, from July 1, 2022 through July 1, 2043, in such amounts as shall be provided in the Bond Purchase Agreement. The Federally Tax-Exempt Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory redemption, from July 1, 2022 through July 1, 2051, in such amounts as shall be provided in the Bond Purchase Agreement. The foregoing terms are subject to adjustment as described in Section 6.1.

(b) The Series 2021 Bonds will be Book Entry Bonds, registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Transfers of beneficial ownership will be effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC. Payments of principal, interest, and redemption premium, if any, with respect to the Series 2021 Bonds, so long as DTC is the only owner of the Series 2021 Bonds, shall be paid by the Paying Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation.

(c) The Paying Agent appointed herein is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Series 2021 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2021 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2021 Bonds and provision of notices with respect to Series 2021 Bonds registered by DTC (or any of its designees identified to the Paying Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Series 2021 Bonds, provided, however, that the Paying Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 3.4. Designation of Series 2021 Bonds as Green Bonds. The Metropolitan Mayor and the Director of Finance are hereby authorized to designate one or more series of the Series 2021 Bonds as "Green Bonds" in accordance with the 2021 edition of the Green Bond Principles published by the International Capital Market Association. Any designation of a series of Series 2021 Bonds as Green Bonds shall be set forth in the Bond Purchase Agreement, and the designation of such series of Bonds shall include a reference to "Green Bonds". The officers of the Metropolitan Government are hereby authorized to take such steps and enter into such reporting and monitoring agreements as may be necessary to designate and maintain the designation of such series of bonds as Green Bonds.

ARTICLE IV.

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 4.1. Redemption Dates and Prices.

(a) Subject to the adjustments permitted pursuant to Section 6.1 hereof, the Series 2021 Bonds may be subject to redemption prior to maturity at the option of the Metropolitan Government on July 1, 2031 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

(b) Subject to the adjustments permitted pursuant to Section 6.1 hereof, if less than all the Series 2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Metropolitan Council in its discretion. If less than all of the Series 2021 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 Bonds within the maturity to be redeemed shall be selected by the Paying Agent by lot or such other random manner as the Paying Agent in its discretion shall determine.

(c) Pursuant to Section 6.1 hereof, the Metropolitan Mayor is authorized to sell the Series 2021 Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities established pursuant to the terms hereof. In the event any or all the Series 2021 Bonds are sold as Term Bonds, the Metropolitan Government shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the amounts provided in the Bond Purchase Agreement for each redemption date at a price of par plus accrued interest thereon to the date of redemption. The interest of each DTC Participant in the Term Bonds to be so redeemed shall be selected by DTC, or such person as shall then be serving as Depository for the Series 2021 Bonds, using its procedures generally in use at that time. If DTC, or another Depository is no longer serving as securities depository for the Series 2021 Bonds, the Term Bonds to be so redeemed shall be selected by the Paying Agent by lot or such other random manner as the Paying Agent in its discretion shall select.

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Metropolitan Government may (i) deliver to the Paying Agent for cancellation Series 2021 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under the mandatory redemption provisions set forth in (c) above for any Series 2021 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof on the obligation of the Metropolitan Government on such payment date and any excess shall be credited on future redemption obligations in chronological order, and

the principal amount of Series 2021 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Metropolitan Government shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Paying Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Section 4.2. Notice of Redemption. Notice of call for redemption, whether optional or mandatory, shall be given by the Paying Agent on behalf of the Metropolitan Government not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2021 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2021 Bond registration records of the Paying Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2021 Bonds for which proper notice was given. If at the time of the giving of the notice of optional or mandatory redemption there shall not be on deposit with the Paying Agent moneys sufficient to redeem all the Series 2021 Bonds of a series called for redemption, the notice of redemption shall state that the redemption of such Series 2021 Bonds of such series is conditional upon and subject to deposit of moneys with the Paying Agent sufficient to redeem all such Series 2021 Bonds not later than the opening of business on the redemption date and that such notice shall be of no effect if such moneys are not on deposit (A "Conditional Redemption"). The Paying Agent shall mail said notices, in the case of mandatory redemption of Term Bonds, as and when provided herein and in the Series 2021 Bonds, and, in the case of optional redemption, as and when directed by the Metropolitan Government pursuant to written instructions from an Authorized Officer of the Metropolitan Government given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Paying Agent). In the case of a Conditional Redemption, the failure of the Metropolitan Government to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Paying Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Section 4.3. Payment of Redeemed Bonds.

(a) If notice of redemption shall have been given in the manner and under the conditions provided in Section 4.2 hereof and if on the date so designated for redemption the Paying Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Series 2021 Bonds to be redeemed as provided in this Seventh Supplemental Resolution, then: (1) the Series 2021 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2021 Bonds on such date; (2) interest on the Series 2021 Bonds so called for redemption shall cease to accrue; and, (3) such Series 2021 Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of this Seventh Supplemental Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Paying Agent.

(b) If on the redemption date, monies for the redemption of all Series 2021 Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Paying Agent so as to be available therefor on such date, the Series 2021 Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Seventh Supplemental Resolution.

ARTICLE V.

PAYING AGENT AND BOND REGISTRAR

The Metropolitan Government hereby appoints U.S. Bank National Association to serve as the Paying Agent and Bond Registrar for the Series 2021 Bonds, and authorizes and directs the Paying Agent to maintain registration records with respect to the Series 2021 Bonds, to authenticate and deliver the Series 2021 Bonds at original issuance, upon transfer, or as otherwise directed by the Metropolitan Government, to effect transfers of the Series 2021 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2021 Bonds as provided herein, to cancel and destroy Series 2021 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Metropolitan Government at least annually a certificate of destruction with respect to Series 2021 Bonds canceled and destroyed, and to furnish the Metropolitan Government at least annually an audit confirmation of Series 2021 Bonds paid, Series 2021 Bonds Outstanding and payments made with respect to interest on the Series 2021 Bonds. The Metropolitan Mayor, the Director of Finance, the Metropolitan Treasurer, or any of them, is hereby authorized to execute and the Metropolitan Clerk is hereby authorized to attest such written agreement between the Metropolitan Government and the Paying Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Paying Agent and Bond Registrar. The payment of all reasonable fees and expenses of the Paying Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Metropolitan Mayor, the Director of Finance, the Metropolitan Treasurer, or any of them, is hereby authorized to enter into agreements with the Paying Agent for the performance of these duties on terms consistent with this Seventh Supplemental Resolution.

ARTICLE VI.

SALE OF BONDS AND APPLICATION OF PROCEEDS

Section 6.1. Sale of Series 2021 Bonds.

(a) The Series 2021 Bonds shall be sold at a negotiated sale by the Metropolitan Mayor, in one or more series, at a price of not less than 98% of par, without regard to any original issue discount, as a whole or in part from time to time as shall be determined by the Metropolitan Mayor, in consultation with the Financial Advisor. The Metropolitan Mayor is authorized to execute and Metropolitan Clerk to attest the Bond Purchase Agreement with the Underwriters, providing the details of the terms of sale. The sale of the Series 2021 Bonds to the Underwriters shall be binding on the Metropolitan Government, and no further action of the Metropolitan Council with respect thereto shall be required.

(b) The Metropolitan Mayor and the Director of Finance are authorized to cause the Series 2021 Bonds to be sold in an aggregate principal amount less than that provided in Section 3.1 hereof.

(c) The Metropolitan Mayor and Director of Finance, or either of them, are further authorized with respect to the Series 2021 Bonds to:

(1) change the dated date to a date other than the Date of Issuance;

(2) change the series designation;

(3) change the first interest payment date to a date other than January 1, 2022, provided that such date is not later than twelve months from the Date of Issuance;

(4) establish the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series 2021 Bonds, provided that (A) the total principal amount of the Series 2021 Bonds does not exceed the total amount of Series 2021 Bonds authorized herein, (B) the final maturity date shall be not later than that provided in Section 3.3 of this Seventh Supplemental Resolution, and (C) no series of the Series 2021 Bonds shall be structured in a manner that constitutes "balloon indebtedness" as defined by Tennessee Code Annotated Section 9-21-134;

(5) adjust the optional redemption provisions for the Series 2021 Bonds;

(6) sell the Series 2021 Bonds, or any maturities thereof, as Term Bonds with mandatory redemption requirements as determined by the Metropolitan Mayor or Director of Finance to be most advantageous to the Metropolitan Government;

(7) determine whether to refund the Series 2013 Bonds and select the maturities of such bonds to be refunded;

(8) direct that any series of Series 2021 Bonds be issued as Federally Taxable Bonds or as Federally Tax-Exempt Bonds, in a manner consistent with this Resolution; and

(9) designate one or more series of the Series 2021 Bonds as Green Bonds.

(d) The form of the Series 2021 Bonds set forth in Exhibit A hereto shall be conformed to reflect any changes made pursuant to this Section 6.1 hereof.

(e) The Metropolitan Mayor and the Metropolitan Clerk are authorized to cause the Series 2021 Bonds to be authenticated and delivered by the Paying Agent to the Underwriters, and the Metropolitan Mayor, the Director of Finance, the Metropolitan Clerk and Director of Law are authorized to execute, publish, and deliver all certificates and documents, including the Official Statement, and closing certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Series 2021 Bonds.

Section 6.2. Official Statement. The Metropolitan Mayor and Director of Finance, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Series 2021 Bonds in the form of the Preliminary Official Statement attached hereto as Exhibit E and by this reference made a part hereof (the "Preliminary Official Statement"), with such completions, omissions, insertions and changes as shall be necessary to cause the Preliminary Official Statement to accurately describe the Series 2021 Bonds and the financial condition of the Metropolitan Government. After the Series 2021 Bonds have been sold, the Metropolitan Mayor and Director of Finance, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent herewith as are necessary or desirable to complete it as a final Official Statement for the Series 2021 Bonds for purposes of Rule 15c2-12 (e)(3) of the Securities and Exchange Commission. The Metropolitan Mayor and Director of Finance shall arrange for the delivery to the Underwriters of a reasonable number of copies of the Official Statement within seven business days after the Series 2021 Bonds have been sold.

The Metropolitan Mayor and Director of Finance are authorized, on behalf of the Metropolitan Government, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Metropolitan Government

except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 6.3. Disposition of Bond Proceeds. The proceeds of the sale of the Series 2021 Bonds shall be disbursed as follows:

(a) An amount sufficient, together with such other System funds as may be identified by the Metropolitan Mayor and, if applicable, investment earnings on the foregoing, to refund the Series 2013 Bonds selected for refunding shall be applied to the refunding thereof by depositing such funds with the Refunding Escrow Agent to be held and applied to the payment and redemption of such Series 2013 Bonds pursuant to the terms of the Refunding Escrow Agreement.

(b) An amount which, together with such other System funds as may be identified by the Metropolitan Mayor, will be sufficient to retire the Commercial Paper at maturity shall be deposited to the Commercial Paper Fund established by the Issuing and Paying Agency Agreements related thereto, between the Metropolitan Government and U.S. Bank National Association (the "Issuing and Paying Agent"), and invested by the Issuing and Paying Agent as directed by the Director of Finance until needed to retire the Commercial Paper. Any amounts remaining with the Issuing and Paying Agent after the retirement of the Commercial Paper shall be transferred to the Debt Service Fund and applied to the payment of interest on the Series 2021 Bonds.

(c) The balance of the proceeds of the Series 2021 Bonds shall be deposited to the Construction Fund, to be deposited to a Project Account which is hereby established and designated as the "Series 2021 Project Account". Amounts on deposit in the Series 2021 Project Account shall be expended on Costs of the Projects, including without limitation the costs of issuing the Series 2021 Bonds.

Section 6.4. Tax Matters.

(a) The Metropolitan Government recognizes that the purchasers and owners of the Federally Tax-Exempt Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Federally Tax-Exempt Bonds. As such, the Metropolitan Government agrees that it shall take no action which may cause the interest on any of said Federally Tax-Exempt Bonds to be included in gross income for purposes of federal income taxation. It is the reasonable expectation of the Metropolitan Council that the proceeds of the Federally Tax-Exempt Bonds will not be used in a manner which will cause the Federally Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Federally Tax-Exempt Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Metropolitan Government further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Federally Tax-Exempt Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Federally Tax-Exempt Bonds from being included in gross income for federal income tax purposes. The Metropolitan Mayor and the Director of Finance, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Federally Tax-Exempt Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Metropolitan Government.

(b) It is reasonably expected that the Metropolitan Government will reimburse itself for certain expenditures made by it in connection with the Projects by issuing the Federally Tax-Exempt Bonds. This resolution shall be placed in the minutes of the Metropolitan Council and shall be made available for inspection by the general public at the office of the Metropolitan Council. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

(c) Notwithstanding anything herein to the contrary, nothing shall preclude the Metropolitan

Government from issuing Series 2021 Bonds as Federally Tax-Exempt Bonds to refund the Series 2013 Bonds if federal tax law is changed to allow the refunding of the Series 2013 Bonds on a federally tax-exempt basis.

## ARTICLE VII.

### REFUNDING OF SERIES 2013 BONDS

Section 7.1. Authorization of Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and interest on the Series 2013 Bonds selected for refunding, there is hereby authorized to be executed and delivered on behalf of the Metropolitan Government a Refunding Escrow Agreement with the Refunding Escrow Agent and to be deposited with the Refunding Escrow Agent the amount described in Section 6.3 above to be used by the Refunding Escrow Agent to purchase the investments provided therein. The form of Refunding Escrow Agreement attached hereto as Exhibit C is hereby in all respects approved, and the Metropolitan Mayor is hereby authorized to execute and the Metropolitan Clerk to attest the Refunding Escrow Agreement on behalf of the Metropolitan Government in substantially the form thereof, with such changes as may be approved by the Metropolitan Mayor, including the inclusion of directions as to investment and reinvestment of funds or directions to enter into such investment contracts as shall be advantageous to the Metropolitan Government, the execution thereof by either of them to constitute conclusive evidence of the approval of all such changes; provided the Refunding Escrow Agreement shall be approved as to form and legality by the Director of Law. The Refunding Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Series 2013 Bonds selected for defeasance and to exercise such duties as set forth in the Refunding Escrow Agreement.

## ARTICLE VIII.

### DEFEASANCE OF SERIES 2012 SUBORDINATE LIEN BONDS

Section 8.1. Defeasance of Series 2012 Subordinate Lien Bonds. The Metropolitan Government is hereby authorized to defease all of the Series 2012 Subordinate Lien Bonds pursuant to the terms of the Second Supplemental Resolution. The Metropolitan Government shall defease the Series 2012 Subordinate Lien Bonds using available funds of the System. The Metropolitan Government shall transfer System funds to the Defeasance Escrow Agent under a defeasance escrow agreement in the form attached hereto as Exhibit D in an amount which, together with any investment earnings thereon, will be sufficient to pay principal of and interest on the Series 2012 Subordinate Lien Bonds to their July 1, 2022 maturity or redemption date. Such amount shall be deposited to the escrow fund established under the escrow agreement to be held and applied as provided therein. Nothing herein shall require the Metropolitan Government to defease the Series 2012 Subordinate Lien Bonds simultaneously with the issuance of the Series 2021 Bonds.

Section 8.2. Authorization of Defeasance Escrow Agreement. For the purpose of providing for the payment of the principal of and interest on the Series 2012 Subordinate Lien Bonds, there is hereby authorized to be executed and delivered on behalf of the Metropolitan Government a Defeasance Escrow Agreement with the Defeasance Escrow Agent and to be deposited with the Defeasance Escrow Agent the amount described in Section 8.1 above to be used by the Defeasance Escrow Agent to purchase the investments provided therein. The form of Defeasance Escrow Agreement attached hereto as Exhibit D is hereby in all respects approved, and the Metropolitan Mayor is hereby authorized to execute and the Metropolitan Clerk to attest the Defeasance Escrow Agreement on behalf of the Metropolitan Government in substantially the form thereof, with such changes as may be approved by the Metropolitan Mayor, including the inclusion of directions as to investment and reinvestment of funds or directions to enter into such investment contracts as shall be advantageous to the Metropolitan Government, the execution thereof by either of them to constitute conclusive

evidence of the approval of all such changes; provided the Defeasance Escrow Agreement shall be approved as to form and legality by the Director of Law. The Defeasance Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Series 2012 Subordinate Lien Bonds selected for defeasance and to exercise such duties as set forth in the Defeasance Escrow Agreement.

## ARTICLE IX.

### MISCELLANEOUS

Section 9.1. Miscellaneous Acts. The appropriate officers of the Metropolitan Government are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, deliver, and, if applicable file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, notices, instruments, and certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may, in their discretion, be necessary or desirable to implement or comply with the intent of this Seventh Supplemental Resolution, or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery by the Metropolitan Government of the Series 2021 Bonds or the defeasance of the Series 2012 Subordinate Lien Bonds.

Section 9.2. No Recourse Under Resolution or on Series 2021 Bonds. All stipulations, promises, agreements, and obligations of the Metropolitan Government contained in the Initial Resolutions, the Water and Sewer Bond Resolution or this Seventh Supplemental Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Metropolitan Government and not of any officer, director, or employee of the Metropolitan Government in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Series 2021 Bonds or for any claim based thereon or on the Initial Resolutions, the Water and Sewer Bond Resolution or this Seventh Supplemental Resolution against any officer, director, or employee of the Metropolitan Government or against any official or individual executing the Series 2021 Bonds.

Section 9.3. Partial Invalidity. If any one or more of the provisions of this Seventh Supplemental Resolution, or of any exhibit or attachment thereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but this Seventh Supplemental Resolution, and the exhibits and attachments thereto, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 9.4. Continuing Disclosure. The Metropolitan Government hereby covenants and agrees that it will provide financial information and event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2021 Bonds. The Metropolitan Mayor is authorized to execute at the Closing of the sale of the Series 2021 Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2021 Bonds specifying the details of the financial information and event notices to be provided and its obligations relating thereto. Failure of the Metropolitan Government to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2021 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Metropolitan Government to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 9.5 Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 9.6. Effective Date. This Seventh Supplemental Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

### Analysis

This resolution authorizes the issuance, execution, terms, sale, and payment of water and sewer revenue bonds to provide long-term financing for improvements to the water and sewer system, and authorizes additional capital spending for new water and sewer projects. Substitute Resolution RS2010-1442 (the "Bond Resolution") authorized the issuance from time to time of Metro Water and Sewer (MWS) revenue bonds after adoption of a supplemental Council resolution. This authority has been used six times since then. The first supplemental resolution authorized the 2010 bonds in four series, collectively known as the Series 2010 bonds. The second supplemental resolution, approved in 2011, amended certain provisions of the Bond Resolution. The third supplemental resolution authorized the 2013 revenue bonds, and the fourth supplement in the 2017 revenue bonds. The fifth supplemental resolution was approved in March 2020 to issue the Series 2020 Bonds in an amount not to exceed \$330,000,000. The sixth supplemental resolution was approved in April 2020 to authorizing the financing and construction of several MWS capital projects through the Tennessee Revolving Loan Fund.

This resolution would be the seventh supplemental resolution to Substitute Resolution No. RS2010-1442. It authorizes the issuance of Series 2021 water/sewer revenue bonds in an amount not to exceed \$780,000,000 to retire commercial paper, funding capital improvements to the water and sewer system, refund the Series 2013 Bonds, and to defease the remaining outstanding Series 2012 Subordinate Lien Water. This will result in a debt service savings for the water and sewer system and take advantage of historically low long-term interest rates. The Series 2021 bonds will have a final maturity date of July 1, 2051. The plan of financing is consistent with Metro's debt policy approved by the Council. These bonds will be sold through a negotiated sale. The underwriters on the bonds will be UBS Financial Services Inc., Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Fifth Third Securities, Inc., Piper Sandler & Co., Blaylock Vann, LLC, Ramirez & Co. Inc., and American Veterans Group, PBC. Only revenues generated by water and sewer customers are used to pay the obligations on these bonds. The bonds do not constitute a debt of the Metropolitan Government that would compel the use of sales or property tax revenues.