



# Metropolitan Nashville and Davidson County, TN

## Legislation Details (With Text)

**File #:** RS2022-1695      **Name:**

**Type:** Resolution      **Status:** Passed

**File created:** 8/5/2022      **In control:** Budget and Finance Committee

**On agenda:** 9/6/2022      **Final action:** 9/6/2022

**Title:** Resolution supplementing and amending Substitute Resolution No. RS2010-1442 to authorize the execution, terms and delivery of a loan agreement by and between the Metropolitan Government and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, pursuant to which a loan will be provided in a principal amount not to exceed \$315,000,000, providing for the financing of certain water and sewer system projects of the Metropolitan Government, and to authorize the execution, terms, issuance, sale and payment of one or more water and sewer revenue bonds in connection with and as evidence of said loan agreement; and repealing those provisions of Resolution No. RS2011-114 authorizing the issuance of subordinate lien water and sewer revenue bonds.

**Sponsors:** Burkley Allen

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - WIFIA TERM SHEET, 2. Exhibit B - WIFIA LOAN AGREEMENT

| Date      | Ver. | Action By                    | Action   | Result |
|-----------|------|------------------------------|----------|--------|
| 9/7/2022  | 1    | Mayor                        | approved |        |
| 9/6/2022  | 1    | Metropolitan Council         | adopted  |        |
| 9/6/2022  | 1    | Budget and Finance Committee | approved |        |
| 8/16/2022 | 1    | Metropolitan Council         | deferred |        |
| 8/9/2022  | 1    | Metropolitan Council         | filed    |        |

Resolution supplementing and amending Substitute Resolution No. RS2010-1442 to authorize the execution, terms and delivery of a loan agreement by and between the Metropolitan Government and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, pursuant to which a loan will be provided in a principal amount not to exceed \$315,000,000, providing for the financing of certain water and sewer system projects of the Metropolitan Government, and to authorize the execution, terms, issuance, sale and payment of one or more water and sewer revenue bonds in connection with and as evidence of said loan agreement; and repealing those provisions of Resolution No. RS2011-114 authorizing the issuance of subordinate lien water and sewer revenue bonds.

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 funding capital improvements to the System; 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 on September 21, 2021 adopted Resolution No. RS2021-1148 (the “Seventh Supplemental Resolution”), authorizing the issuance of water and sewer revenue bonds and the defeasance of the Series 2012 Subordinate Lien Bonds from available System funds; and

WHEREAS, pursuant to the Seventh Supplemental Resolution, the Metropolitan Government (i) issued its Water and Sewer Revenue Bonds, Series 2021A (Green Bonds) and Federally Taxable Water and Sewer Revenue Refunding Bonds, Series 2021B (Green Bonds) (collectively, the “Series 2021 Bonds”), the proceeds of which, among other things, refunded a portion of the Series 2013 Bonds, and (ii) defeased the remaining outstanding maturities of the Series 2012 Subordinate Lien Bonds using available System funds; and

WHEREAS, the Metropolitan Government has determined it is necessary to finance additional capital improvements to the System and advisable to finance such improvements by entering into a loan agreement with the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, pursuant to The Water Infrastructure Finance and Innovation Act, § 5021 *et seq.* of Public Law 113-121, as amended and as may be further amended from time to time (the “WIFIA Loan Agreement”), pursuant to which the WIFIA Lender will make a loan to the Metropolitan Government in a principal amount not to exceed \$315,000,000 to finance such improvements (the “WIFIA Loan”), and by issuing one or more water and sewer revenue bonds in connection with and as evidence of said loan agreement, on terms and conditions favorable to the Metropolitan Government; and

WHEREAS, prior to the date hereof, the Metropolitan Government has requested and received consent of the Tennessee Local Development Authority to incur the WIFIA Loan (as evidenced by a water and sewer revenue bond or bonds) on parity with 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 an eighth supplemental resolution to the Water and Sewer Bond Resolution for the purpose of (i) entering into the WIFIA Loan Agreement with the WIFIA Lender, providing for the WIFIA Loan in a principal amount not to exceed \$315,000,000, to provide funds to finance capital improvements to the System, as more fully described herein and therein, including all legal, fiscal, architectural, administrative and engineering costs incident thereto, and related costs of issuance, and (ii) issuing a water and sewer revenue bond or bonds, in connection with and as evidence of the WIFIA Loan, on parity with the Outstanding Series 2010 Bonds, Series 2013 Bonds, Series 2017 Bonds, Series 2020 Bonds, 2020 SRF Loans and Series 2021 Bonds; and

WHEREAS, the Metropolitan Government no longer finds it necessary or advisable to issue subordinate lien water and sewer revenue bonds pursuant to the Second Supplemental Resolution, and therefore, the Metropolitan Council hereby further finds that it is in the best interest of the citizens of the Metropolitan Government to adopt this resolution for the purpose of repealing those provisions of the Second Supplemental Resolution authorizing the issuance of subordinate lien 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. RS2022-\_\_\_ (the “Initial Resolution”), preliminarily authorizing the issuance of up to \$315,000,000 of additional water and sewer revenue bonds evidencing the WIFIA Loan.

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 Eighth 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. This Eighth Supplemental Resolution also repeals those certain provisions of the Second Supplemental Resolution that authorize the issuance of subordinate lien water and sewer revenue bonds.

Section 1.2 Findings. The Metropolitan Council hereby finds that financing the costs of the Projects pursuant to the WIFIA Loan, as evidenced by the Series 2022 Bond, is advisable because of the advantageous interest rate or rates available to the Metropolitan Government from the WIFIA Lender. The Metropolitan Council also hereby finds that the financing contemplated by the WIFIA Loan Agreement and Series 2022 Bond is permitted by and in accordance with the Debt Management Policy. The Metropolitan Council further hereby finds that repealing those provisions of the Second Supplemental Resolution that authorize the issuance of subordinate lien water and sewer revenue bonds thereunder is advisable as the Metropolitan Government no longer intends to issue such subordinate lien water and sewer revenue bonds and there are no subordinate lien water and sewer revenue bonds of the Metropolitan Government outstanding thereunder.

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.

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

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

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

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

**Projects** means those capital improvement projects described in the WIFIA Loan Agreement and all costs related thereto which are permitted by the Act and the WIFIA Loan Agreement to be financed with the proceeds of the Series 2022 Bond.

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

**Series 2021 Bonds** has the meaning ascribed in the preamble.

**Series 2022 Bond** means the water and sewer revenue bond or bonds authorized by this Eighth Supplemental Resolution, as evidence of the WIFIA Loan.

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

**WIFIA Debt Service Reserve Requirement** has the meaning ascribed in the WIFIA Loan Agreement.

**WIFIA Lender** means the United States Environmental Protection Agency, acting by and through the

Administrator of the Environmental Protection Agency, including any successors and assigns, as lender under the WIFIA Loan Agreement and purchaser of the Series 2022 Bond.

**WIFIA Loan** means the loan to the Metropolitan Government made by the WIFIA Lender pursuant to the WIFIA Loan Agreement, in a principal amount not to exceed \$315,000,000, to provide funds to finance capital improvements to the System.

**WIFIA Loan Agreement** has the meaning ascribed in the preamble and is set forth in substantial form in Exhibit B attached hereto, with such modifications thereto as may be approved by the Metropolitan Mayor.

**WIFIA Term Sheet** means the term sheet by and between the Metropolitan Government and the WIFIA Lender providing for the terms of the WIFIA Loan and is set forth in substantial form in Exhibit A attached hereto, with such modifications thereto as may be approved by the Metropolitan Mayor.

## ARTICLE II.

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

Section 2.1 Authority. For the purposes of financing the costs of the Projects, the Metropolitan Government shall execute, issue and deliver the WIFIA Loan Agreement and, as evidence of the WIFIA Loan made by the WIFIA Lender thereunder, the Series 2022 Bond to the WIFIA Lender, in an aggregate principal amount not to exceed \$315,000,000, all pursuant to, and in accordance with, the provisions of the Act, the Charter, the Initial Resolution, the Water and Sewer Bond Resolution and other applicable provisions of law.

Section 2.2 Pledge of Trust Estate. The Series 2022 Bond shall be payable from and secured by the Trust Estate, as set forth in the Water and Sewer Bond Resolution, on a parity and equality of lien with the Outstanding Series 2010 Bonds, Series 2013 Bonds, Series 2017 Bonds, Series 2020 Bonds, 2020 SRF Loans and Series 2021 Bonds.

Section 2.3 Additionally Secured Obligations. The Series 2022 Bond shall be an Additionally Secured Series and beneficiary of the WIFIA Debt Service Reserve Account hereby established in accordance with the provisions of the WIFIA Loan Agreement. Upon issuance of the Series 2022 Bond, the Metropolitan Government shall fund the WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement.

## ARTICLE III.

### FORM AND TERMS OF WIFIA LOAN AGREEMENT AND SERIES 2022 BOND

Section 3.1 Authorized Loan and Bonds. The principal amount borrowed by the Metropolitan Government pursuant to the WIFIA Loan shall not exceed \$315,000,000. Accordingly, the aggregate principal amount of the Series 2022 Bond that may be issued under this Eighth Supplemental Resolution shall not exceed \$315,000,000. The Series 2022 Bond shall be structured as a drawdown bond, and disbursements of proceeds of the Series 2022 Bond shall be made upon draws of such proceeds by the Metropolitan Government, as needed, pursuant to the terms of the WIFIA Loan Agreement.

Section 3.2 Form of Bonds. The Series 2022 Bond shall be in the form set forth in the WIFIA Loan Agreement and with such appropriate variations, omissions, and insertions as are permitted or required by this Eighth Supplemental Resolution, the blanks therein to be appropriately completed when the Series 2022 Bond is 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 Terms of the Bond. The Series 2022 Bond shall be designated “Water and Sewer Revenue Bond, Series 2022 (WIFIA ID -N20115TN)” or such other name or designation determined by the Metropolitan Mayor as may identify such Series 2022 Bond. The Series 2022 Bond shall bear interest, from the date specified therein, at a fixed rate calculated in the manner described in the WIFIA Term Sheet, but in no event exceeding the maximum rate permitted under applicable law, such interest being payable semi-annually pursuant to the schedule provided in the WIFIA Loan Agreement. The Series 2022 Bond shall mature, subject to prepayment and redemption, in the manner, on the dates and in such amounts as shall be provided in the WIFIA Loan Agreement. The terms of the WIFIA Loan are set forth in the WIFIA Loan Agreement and summarized in the WIFIA Term Sheet.

#### ARTICLE IV.

##### PAYING AGENT AND BOND REGISTRAR

The Metropolitan Government hereby appoints U.S. Bank Trust Company, National Association to serve as the Paying Agent and Bond Registrar for the Series 2022 Bond, and authorizes and directs the Paying Agent to maintain registration records with respect to the Series 2022 Bond, to authenticate and deliver the Series 2022 Bond at original issuance, upon transfer, or as otherwise directed by the Metropolitan Government, to effect transfers, if any, of the Series 2022 Bond, to give all notices of redemption as required, to make all payments of principal and interest with respect to the Series 2022 Bond, to cancel and destroy the Series 2022 Bond if and to the extent paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Metropolitan Government at least annually a certificate of cancellation and destruction, if and to the extent applicable, and to furnish the Metropolitan Government at least annually an audit confirmation of payments made and Outstanding with respect to the Series 2022 Bond, all in accordance with the terms of the WIFIA Loan Agreement. 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 or agreements 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 on terms consistent with this Eighth Supplemental Resolution and the WIFIA Loan Agreement. The payment of all reasonable fees and expenses of the Paying Agent and Bond Registrar for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

#### ARTICLE V.

##### EXECUTION OF LOAN, SALE OF BOND AND APPLICATION OF PROCEEDS

###### Section 5.1 Execution of WIFIA Term Sheet and WIFIA Loan Agreement and Sale of the Series 2022 Bond.

(a) The Metropolitan Mayor is hereby authorized to execute and Metropolitan Clerk to attest the WIFIA Term Sheet and the WIFIA Loan Agreement with the WIFIA Lender. The Series 2022 Bond shall be sold by the Metropolitan Mayor to the WIFIA Lender as evidence of the WIFIA Loan. The execution of the WIFIA Term Sheet and WIFIA Loan Agreement and sale of the Series 2022 Bond to the WIFIA Lender 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 borrow equal to or less than the maximum principal amount permitted to be borrowed under the WIFIA Loan pursuant to Section 3.1. The Metropolitan Mayor and Director of Finance, or either of them, are further authorized to make such modifications or adjustments to the Series 2022 Bond, as necessary, to correspond with the terms of the WIFIA Term Sheet and the WIFIA Loan Agreement, in accordance with the provisions herein.

(c) The Metropolitan Mayor is authorized to cause the Series 2022 Bond to be authenticated and delivered by the Paying Agent to the WIFIA Lender, and the Metropolitan Clerk is authorized to attest the execution of documents by the Metropolitan Mayor in connection therewith. The Metropolitan Mayor, the Director of Finance, the Metropolitan Clerk, the Metropolitan Treasurer and the Director of Law are authorized to execute, publish, and deliver all certificates and documents, as shall be required by the WIFIA Lender or as such officers otherwise shall deem necessary or advisable in connection with the execution, sale and delivery of the WIFIA Loan Agreement and Series 2022 Bond.

Section 5.2 Disposition of Bond Proceeds. Proceeds of the Series 2022 Bond, as received, shall be deposited to a Project Account which is hereby established within the Construction Fund and which is designated as the "Series 2022 Project Account". Amounts on deposit in the Series 2022 Project Account shall be expended on Costs of the Projects in accordance with the terms of the WIFIA Loan Agreement and as permitted by the Water and Sewer Bond Resolution.

## ARTICLE VI.

### REPEAL OF AUTHORIZATION FOR SUBORDINATE LIEN WATER AND SEWER REVENUE BONDS

The Metropolitan Government hereby repeals any and all provisions of the Second Supplemental Resolution that authorize the issuance of subordinate lien water and sewer revenue bonds thereunder and shall also repeal Sections 1401(a) and (b) of the Second Supplemental Resolution related to such authorization, it being the intent of the Metropolitan Government to no longer issue subordinate lien water and sewer revenue bonds pursuant to the Second Supplemental Resolution; provided, however, that those provisions in the Second Supplemental Resolution that relate to matters other than the authorization of subordinate lien water and sewer revenue bonds thereunder are not repealed hereby and shall continue to be validly existing provisions of the Second Supplemental Resolution applicable according to their terms.

## ARTICLE VII.

### MISCELLANEOUS

Section 7.1 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 Eighth Supplemental Resolution, or any of the documents herein authorized and approved, or for the authorization, execution, issuance, and delivery by the Metropolitan Government of the WIFIA Loan Agreement and Series 2022 Bond and/or the repeal of the Metropolitan Government's authorization to issue subordinate lien water and sewer revenue bonds pursuant to the Second Supplemental Resolution.

Section 7.2 No Recourse Under Resolution, WIFIA Loan Agreement or Series 2022 Bond. All stipulations, promises, agreements, and obligations of the Metropolitan Government contained in the Initial Resolution, the Water and Sewer Bond Resolution or this Eighth 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 2022 Bond or the WIFIA Loan for any claim based thereon or on the Initial Resolution, the Water and Sewer Bond Resolution or this Eighth Supplemental

Resolution against any officer, director, or employee of the Metropolitan Government or against any official or individual executing the Series 2022 Bond or the WIFIA Loan Agreement.

Section 7.3 Partial Invalidity. If any one or more of the provisions of this Eighth Supplemental Resolution, or of any exhibit or attachment hereto, 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 hereto, but this Eighth Supplemental Resolution, and the exhibits and attachments hereto, 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 7.4 Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 7.5 Effective Date. This Eighth Supplemental Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

### Analysis

This resolution authorizes the execution, terms and delivery of a loan agreement between the Metropolitan Government and the U.S. Environmental Protection Agency (“EPA”) not to exceed \$315,000,000, pursuant to The Water Infrastructure Finance and Innovation Act (“WIFIA”). The resolution further authorizes the execution, terms, issuance, sale and payment of one or more water and sewer revenue bonds in connection with and as evidence of this loan agreement. Finally, the resolution repeals the provisions of Resolution No. RS2011-114 (the “Second Supplemental Resolution”) which authorized the issuance of subordinate lien water and sewer revenue bonds because the subordinate lien bonds have been defeased and Metro Water does not need to have more subordinate lien bonds issued.

The WIFIA Loan will be issued on parity with the Bond Resolution as well as other supplemental resolutions. 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 seven 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 authorized the 2017 revenue bonds. The fifth supplemental resolution was approved in March 2020 and the sixth supplemental resolution was approved in April 2020 to authorize the financing and construction of several MWS capital projects through the State Revolving Fund Loan. The seventh supplemental resolution authorized the issuance of Series 2021 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 Bonds. The WIFIA Loan also will be on parity with the 2020 State Revolving Fund Loans, as approved by the Tennessee Local Development Authority.

This resolution, which will be the Eighth Supplemental Resolution, authorizes the Metropolitan Government to enter into a loan agreement with the WIFIA Lender, the EPA, as evidenced by a water and sewer bond and approves the WIFIA Loan Agreement, pursuant to which the WIFIA lender will make a loan to the Metropolitan Government in a principal amount not to exceed \$315,000,000. This loan will finance water and sewer infrastructure improvements. Participation in the EPA’s WIFIA program will be beneficial for MWS because it creates a ceiling for the interest rate. At closing, a flat interest rate will be established but may be reduced if



the interest rates drop prior to drawing on the loan. Additionally, the structure of the WIFIA Loan Agreement allows MWS to draw down the funds as needed, thus only paying the interest on the amount drawn. And, the WIFIA Loan Agreement is prepayable without penalty at any time, unlike public market bonds.