Metropolitan Nashville and Davidson County, TN

Legislation Details (With Text)

File #:	RS2022-1845		
Type:	Resolution	**Status:**	Passed
File created:	10/21/2022	**In control:**	Metropolitan Council
On agenda:	11/15/2022	**Final action:**	11/15/2022
Title:	Resolution authorizing and providing for the issuance and sale of water and sewer revenue bond anticipation notes in a principal amount not to exceed $217,753,425 at any one time in the form of commercial paper of The Metropolitan Government of Nashville and Davidson County; authorizing and providing for one or more dealer agreements, issuing and paying agency agreements, and credit and/or liquidity facility agreements; and providing for certain other matters related thereto		
Sponsors:	Kevin Rhoten		
Indexes:			
Code sections:			
Attachments:	1. Exhibit A - Form of Master Note, 2. Exhibit B - Form of Offering Memorandum, 3. Exhibit C - Form of Dealer Agreement, 4. Exhibit D - Form of Issuing and Paying Agreement, 5. Exhibit E-1 - Form of Fee Letter, 6. Exhibit E-2 - Form of Reimbursement Agreement		

Date	Ver.	Action By	Action	Result
11/17/2022	1	Mayor	approved	
11/15/2022	1	Metropolitan Council	adopted	
11/1/2022	1	Metropolitan Council	deferred	
10/31/2022	1	Budget and Finance Committee	approved	
10/25/2022	1	Metropolitan Council	filed	

Resolution authorizing and providing for the issuance and sale of water and sewer revenue bond anticipation notes in a principal amount not to exceed $217,753,425 at any one time in the form of commercial paper of The Metropolitan Government of Nashville and Davidson County; authorizing and providing for one or more dealer agreements, issuing and paying agency agreements, and credit and/or liquidity facility agreements; and providing for certain other matters related thereto

WHEREAS, under the provisions of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") is authorized to issue and sell from time to time its water and sewer revenue bonds, and in anticipation thereof to issue and sell from time to time water and sewer revenue bond anticipation notes, to finance capital improvements to the Metropolitan Government's water and sewer system (the "System", as more fully defined herein) and related costs; and

WHEREAS, in order to provide financing for the cost of capital improvements to the System and related costs for which water and sewer revenue bonds and bond anticipation notes have been authorized to be issued and sold, the Metropolitan County Council deems it advisable and in the best interests of the Metropolitan Government to provide at this time for the issuance and sale from time to time of water and sewer revenue bond anticipation notes of the Metropolitan Government, in the form of commercial paper; and

WHEREAS, the Metropolitan County 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

powered by Legistar™

Metropolitan County Council of a supplemental resolution, providing for the terms of such water and sewer revenue bonds; and

WHEREAS, the Metropolitan County Council on November 16, 2010 adopted Substitute Resolution No. RS2010-1443 supplementing the Water and Sewer Bond Resolution (the "First Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds in multiple series, and 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 Metropolitan County Council on March 19, 2013 adopted Resolution No. RS2013-621 supplementing the Water and Sewer Bond Resolution (the "Third Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds, and 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 County Council on October 3, 2017 adopted Resolution No. RS2017-902 supplementing the Water and Sewer Bond Resolution (the "Fourth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds, and 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 (together, the "Series 2017 Bonds"); and

WHEREAS, the Metropolitan County Council on March 17, 2020 adopted Resolution No. RS2020-215 supplementing the Water and Sewer Bond Resolution (the "Fifth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds, and 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 (together, the "Series 2020 Bonds"); and

WHEREAS, the Metropolitan County Council on April 7, 2020 adopted Resolution Nos. RS2020-262, -263 and -264 supplementing the Water and Sewer Bond Resolution (together, the "Sixth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds in the form of state revolving fund loan agreements, and pursuant to the Sixth Supplemental Resolution, the Metropolitan Government incurred State Revolving Fund Loans Nos. 2020-223, 2020-224 and 2020-446 (the "SRF Loans"); and

WHEREAS, the Metropolitan County Council on September 21, 2021 adopted Resolution No. RS2021-1148 supplementing the Water and Sewer Bond Resolution (the "Seventh Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds, and pursuant to the Seventh Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Bonds, Series 2021A (Green Bonds) and Federally Taxable Water and Sewer Revenue Bonds, Series 2021B (Green Bonds) (together, the "Series 2021 Bonds"); and

WHEREAS, the Metropolitan County Council on September 6, 2022 adopted Resolution No. RS2022-1695 supplementing and amending the Water and Sewer Bond Resolution (the "Eighth Supplemental Resolution"), authorizing the issuance of water and sewer revenue bonds, and pursuant to the Eighth Supplemental Resolution, the Metropolitan Government issued its Water and Sewer Revenue Bond, Series 2022 (WIFIA ID - N20115TN) (the "WIFIA Loan" and, together with the Series 2010 Bonds, the Series 2013 Bonds, the Series 2017 Bonds, the Series 2020 Bonds, the SRF Loans and the Series 2021 Bonds, the "Senior Lien Bonds");

and

WHEREAS, as required by Tennessee Code Annotated Sections 9-21-301 et seq., the Metropolitan County Council adopted (i) Initial Resolution No. RS2009-994 on October 20, 2009, preliminarily authorizing the issuance of up to $500,000,000 of water and sewer revenue bonds; (ii) Initial Resolution No. RS2013-620 on March 19, 2013, preliminarily authorizing the issuance of up to $500,000,000 of water and sewer revenue bonds; (iii) Initial Resolution No. RS2020-214 on March 17, 2020, preliminarily authorizing the issuance of up to $500,000,000 of water and sewer revenue bonds; (iv) Initial Resolution No. RS2021-1147 on September 21, 2021, preliminarily authorizing the issuance of up to $500,000,000 of water and sewer revenue bonds; and (v) Initial Resolution No. RS2022-1694 on September 6, 2022, preliminarily authorizing the issuance of up to $315,000,000 of water and sewer revenue bonds (collectively, the “Current Initial Resolutions”), and such Current Initial Resolutions were published in a newspaper of general circulation in the Metropolitan Government as prescribed by the Act; and

WHEREAS, the Metropolitan County Council on April 7, 2015 adopted Resolution No. RS2015-1417 (including all supplements and amendments, the “Extendable Note Resolution”), authorizing the issuance of water and sewer revenue extendable commercial paper notes for the purpose of financing capital improvements to the System (the “Extendable Notes”); and

WHEREAS, the Metropolitan Government on December 21, 2021 adopted Resolution No. RS2021-1280 (the “Prior Commercial Paper Note Resolution”), authorizing the issuance of traditional water and sewer revenue commercial paper notes for the purpose of financing capital improvements to the System; and

WHEREAS, the Metropolitan Government wishes to cease issuing new commercial paper notes pursuant to the Prior Commercial Paper Note Resolution and hereby desires to authorize the issuance of traditional water and sewer revenue commercial paper notes under a successor commercial paper program pursuant to this Resolution (as further described herein, the “Commercial Paper Notes”) for the purpose of financing capital improvements to the System; and

WHEREAS, the Metropolitan Government further hereby desires to authorize the execution and delivery of agreements in connection with the Commercial Paper Notes authorized hereunder; and

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

ARTICLE I

DEFINITIONS; AUTHORITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, including the preambles hereto, have the following respective meanings:

"Act" means Title 9, Chapter 21, Tennessee Code Annotated, as amended from time to time.

"Authorized Officer" means the Director of Finance and any other persons authorized in writing by the Director of Finance to act as an Authorized Officer hereunder.

"Bank" means a provider of a Facility and any successor and assign.

"Bank Note" means a promissory note issued by the Metropolitan Government to the order of a Bank, evidencing and securing all loans or advances made and/or drawings honored by such Bank under its Facility to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon, under and in accordance with such Facility.

"Bond Counsel" means Bass, Berry & Sims PLC or any other firm of attorneys specializing in the field of municipal finance law, selected by the Metropolitan Government.

powered by Legistar™

"Bonds" means water and sewer revenue bonds of the Metropolitan Government authorized on a preliminary basis by the Initial Resolutions.

"Book-Entry Commercial Paper Notes" means Commercial Paper Notes issued in book-entry only form through the Depository pursuant to Section 2.03.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) a State legal holiday, (iv) a day on which banking institutions in Nashville, Tennessee, New York, New York, or the city in which the office of the Issuing and Paying Agent is located, or the city in which the principal office of the Dealer is located or the city in which the office of any Bank at which requests for funds under a Facility are required to be presented, are authorized or obligated by law or executive order to be closed, (v) a day on which the New York Stock Exchange is not open for trading, or (vi) with respect to the Book-Entry Commercial Paper Notes, a day on which the Depository is not scheduled to be open for money market instrument settlement services.

"Code" means the Internal Revenue Code of 1986, including regulations, rulings and judicial decisions promulgated thereunder.

"Commercial Paper Fund" means each special purpose trust fund established pursuant to Section 2.06 and to be held by the Issuing and Paying Agent.

"Commercial Paper Notes" means water and sewer revenue bond anticipation notes of the Metropolitan Government issued in the form of commercial paper in anticipation of the issuance of Bonds in accordance with Section 2.01 hereof.

"Commercial Paper Program" means a program of the Metropolitan Government consisting of the issuance from time to time of Commercial Paper Notes pursuant to the terms of this Resolution.

"Costs" shall mean any of the costs of Projects permitted to be financed by the Act.

"Dealer" means J.P. Morgan Securities LLC, and any other dealer for the Commercial Paper Program or any successor to any of them appointed pursuant to this Resolution.

"Dealer Agreement" means each Dealer Agreement authorized by Section 5.01, as the same may be amended or supplemented, and any other dealer agreement which the Metropolitan Government determines to be in replacement thereof as may be entered into by the Metropolitan Government from time to time with respect to the Commercial Paper Program.

"Depository" means (i) DTC, (ii) any other Person appointed by the Metropolitan Government to serve as securities depository for the Master Note(s), and (iii) in each such case, its successors and assigns.

"Director of Finance" means the Director of Finance of the Metropolitan Government appointed pursuant to the provisions of the Charter of the Metropolitan Government or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Finance.

"Director of Law" means the Director of Law of the Metropolitan Government appointed pursuant to the provisions of the Charter of the Metropolitan Government or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Law.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Electronic Means" means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

“Extendable Notes” shall have the meaning ascribed in the preamble.

"Facility" means a letter of credit (and, to the extent the context may require, the accompanying reimbursement agreement), revolving credit agreement, line of credit or other credit or liquidity support or mechanism delivered, made, entered into or otherwise obtained for the purpose of securing the payment of principal of and (if applicable) interest on the Commercial Paper Notes or any substitute Facility and includes the Initial Facility and the agreement(s) providing for a Facility authorized pursuant to Section 4.06 hereof, including any similar agreement which provides for a substitute Facility pursuant to Section 4.06 hereof.

"Holder" means any Person who is in possession of any Commercial Paper Notes issued or endorsed to such Person or to the order of such Person or to bearer or in blank and the owner of any Bank Note; provided, however, that "Holder", when used with reference to Book-Entry Commercial Paper Notes evidenced by a Master Note, and such Master Note, shall mean the registered owner of such Master Note as shown on the books of the Issuing and Paying Agent kept pursuant to Section 2.03(b).

"Initial Bank" means TD Bank, N.A. and its permitted successors and assigns.

"Initial Facility" means, collectively, the (i) Letter of Credit issued pursuant to the Reimbursement Agreement between the Metropolitan Government and the Initial Bank, as amended, supplemented, modified or restated from time to time, (ii) the Reimbursement Agreement between the Metropolitan Government and the Initial Bank, as amended, supplemented, modified or restated from time to time and (iii) the Fee Letter to be entered into between the Metropolitan Government and the Initial Bank, as amended, supplemented, modified or restated from time to time.

"Initial Resolutions" means, collectively, (i) the Current Initial Resolutions; and (ii) future initial resolutions adopted by the Metropolitan County Council of the Metropolitan Government for the purpose of financing capital improvements to the System; provided that any future initial resolution must first be published as prescribed by the Act.

"Issuing and Paying Agency Agreement" means the Issuing and Paying Agency Agreement authorized by Section 5.02, as the same may be amended or supplemented, and any other issuing and paying agency agreements which the Metropolitan Government determines to be in replacement thereof as may be entered into by the Metropolitan Government from time to time with respect to the Commercial Paper Program.

"Issuing and Paying Agent" means U.S. Bank Trust Company, National Association, appointed by the Metropolitan Government pursuant to this Resolution to serve as Issuing and Paying Agent in accordance with the Issuing and Paying Agency Agreement, and any successor thereto appointed pursuant to this Resolution.

"Loan Date" means a Business Day on which a Bank is required to loan or advance funds to the Metropolitan Government or honor a drawing pursuant to a Facility to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon.

"Master Note" has the meaning ascribed in Section 2.03.

"Maximum Rate" means, as of any time, with respect to any Commercial Paper Notes, the lesser of 12% or the maximum rate permitted by applicable State law and, with respect to any Bank Note, the maximum rate permitted by applicable State law.

"Metropolitan Government" means The Metropolitan Government of Nashville and Davidson County.

"Moody's" means Moody's Investors Service, Inc., or any successor then maintaining a rating on Commercial Paper Notes at the request of the Metropolitan Government.

"Office" means, when used with reference to the Issuing and Paying Agent, such address as the Issuing and Paying Agent may designate from time to time by notice in writing to the Metropolitan Government and the

Dealer.

"Operation and Maintenance Expenses" shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include payments in lieu of taxes or any reserve for renewals or replacements or any allowance for depreciation or amortization, and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of the Metropolitan Government which are properly allocable to the System.

"Original Commercial Paper Notes" means Commercial Paper Notes issued for a purpose described in clause (i) of Section 2.02.

"Outstanding" means, when used as of any particular time with reference to Commercial Paper Notes, all Commercial Paper Notes and any Bank Note (to the extent evidencing loans or advances made under a Facility) theretofore or thereupon issued pursuant to this Resolution except (i) Commercial Paper Notes theretofore canceled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation; (ii) Commercial Paper Notes with respect to which, and only to the extent, all liability of the Metropolitan Government shall have been discharged in accordance with Section 8.01; and (iii) Commercial Paper Notes in lieu of, or in substitution for which, other Commercial Paper Notes have been or are then being issued by the Issuing and Paying Agent pursuant to the terms of this Resolution.

"Person" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prior Commercial Paper Note Resolution" shall have the meaning ascribed in the preamble.

"Projects" means capital improvements to the System.

"Program Documents" shall mean, collectively, this Resolution, the Dealer Agreements, the Issuing and Paying Agency Agreements and the Facility.

"Rating Agency" means Moody's and S&P, and/or such other securities rating agencies providing a rating on Commercial Paper Notes at the request of the Metropolitan Government.

"Representation Letter" shall have the meaning set forth in Section 2.03(c).

"Request" shall have the meaning set forth in Section 3.01(c).

"Request for Loan" means a request by the Issuing and Paying Agent (on behalf of the Metropolitan Government) to a Bank, requesting that a loan or advance of funds or a drawing be made pursuant to a Facility in order to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon, pursuant to Article IV of this Resolution.

"Resolution" means this Resolution, as the same may be amended or supplemented pursuant to Article VII.

"Revenues" shall mean (a) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding any customer deposits or other deposits subject to refund, unless such deposits have become property of the Metropolitan Government, (b) the proceeds of any insurance covering business interruption loss relating to the System and (c) interest received or to be received on any moneys or securities held in any of the funds or accounts established by the Water and Sewer Bond Resolution, with the exception of (i) moneys held in any Construction Fund established under the Water and Sewer Bond Resolution, or any account thereof and (ii) moneys held in any Debt Service Reserve Fund established under the Water and Sewer Bond Resolution during any period in which the investment earnings thereon are directed by resolution supplemental thereto to any Construction Fund

established under the Water and Sewer Bond Resolution, or any account thereof. The computation of Revenues with respect to any period of time hereunder shall be increased by the amount of transfers during such period from the Rate Stabilization Fund (as defined in the Water and Sewer Bond Resolution) to the Revenue Fund described in the Water and Sewer Bond Resolution pursuant to Section 509(a) of the Water and Sewer Bond Resolution, and decreased by the amount of any transfers during such period from the Revenue Fund to the Rate Stabilization Fund pursuant to Section 506(e) of the Water and Sewer Bond Resolution. “Revenues” shall not include any Tax Credit Payments (as defined in the Water and Sewer Bond Resolution), grant proceeds or, except as set forth in (b) above, insurance proceeds.

"Rollover Commercial Paper Notes" means Commercial Paper Notes issued for the purpose described in clause (ii) of Section 2.02.

"Senior Lien Bonds" shall have the meaning ascribed in the preamble, and shall also include any other bonds, notes or debt obligations issued on parity therewith pursuant to the terms of the Water and Sewer Bond Resolution.

"Series" means a series of Commercial Paper Notes issued under the authority of Section 2.01(c) hereof.

"S&P" means S&P Global Ratings, or any successor, then maintaining a rating on Commercial Paper Notes at the request of the Metropolitan Government.

"State" means the State of Tennessee.

"System" shall mean each and every part of the water system and sewer system of the Metropolitan Government that shall be owned and operated by the Metropolitan Government for water supply, transmission, treatment and distribution and for sewage collection, transmission, treatment and disposal or distribution now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of the Metropolitan Government in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said system. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of the Metropolitan Government (a) which the Metropolitan Government determines shall not constitute a part of the System for the purpose of the Water and Sewer Bond Resolution at the time of the acquisition thereof by the Metropolitan Government or (b) as to which there shall be filed with the records of the Metropolitan Government a certificate of a Consultant (as defined in the Water and Sewer Bond Resolution) stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of the Metropolitan Government to comply during the current or any future Fiscal Year with the provisions of Sections 711 of the Water and Sewer Bond Resolution.

"Termination Date" means the date on which a Facility in effect terminates or expires in accordance with its terms.

"Water and Sewer Bond Resolution" shall have the meaning ascribed in the preamble.

SECTION 1.02 Interpretation.

(a) Unless the context shall otherwise indicate, words importing the singular shall include the plural and vice versa.

(b) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(c) The terms "hereby," "hereof," "herein," "hereunder," and any similar terms used in this Resolution refer

to this Resolution as a whole unless otherwise expressly stated.

(d) Any headings preceding the text of the several Articles and Sections and the table of contents of this Resolution are solely for convenience of reference and shall neither constitute a part of this Resolution nor affect its meaning, interpretation or effect.

(e) All references to time herein shall, unless otherwise stated, be to prevailing time in New York, New York.

SECTION 1.03 Authority for this Resolution. This Resolution is adopted pursuant to the Act and the Initial Resolutions.

ARTICLE II

GENERAL OBLIGATION COMMERCIAL PAPER

SECTION 2.01 Authorization and Issuance of Commercial Paper Notes.

(a) Authorization of Commercial Paper Notes. In anticipation of the issuance and sale of Bonds, Commercial Paper Notes are hereby authorized to be issued from time to time in an aggregate principal amount outstanding at any time of not to exceed $200,000,000, consisting of (i) Original Commercial Paper Notes and (ii) Rollover Commercial Paper Notes related thereto. Not more than $200,000,000 in principal amount of Commercial Paper Notes shall be at any one time Outstanding pursuant to this Resolution, but the Metropolitan Government may, during the course of the Commercial Paper Program, issue more than $200,000,000 in principal amount of Commercial Paper Notes. Notwithstanding anything herein to the contrary, any Bank Note is hereby authorized to be issued in a principal amount not exceeding $217,753,425 in order to evidence all loans or advances made and/or drawings honored by a Bank under a Facility to pay the principal amount of maturing Commercial Paper Notes and interest thereon, under and in accordance with the Facility. Nothing herein shall preclude the Metropolitan Government from, or limit its ability to, issue bond anticipation notes in anticipation of the issuance of the Bonds outside of this Resolution.

(b) Conditions for and Limitations on Issuance of Commercial Paper Notes. Commercial Paper Notes shall not be issued by the Metropolitan Government unless and until an Authorized Officer shall determine that:

(i) the aggregate of (1) the principal amount of Outstanding Commercial Paper Notes and Bank Notes, plus (2) the principal amount of the Commercial Paper Notes then being issued, plus (3) the principal amount of all Bonds, notes and other debt obligations theretofore issued pursuant to the Initial Resolutions, does not exceed the maximum principal amount of Bonds authorized to be issued by the Initial Resolutions;

(ii) the aggregate of (1) the principal amount of Outstanding Commercial Paper Notes plus (2) the principal amount of the Commercial Paper Notes then being issued, does not exceed $200,000,000;

(iii) the aggregate of (1) the principal amount of Outstanding Commercial Paper Notes and Bank Notes plus (2) the principal amount of the Commercial Paper Notes then being issued, does not exceed $217,753,425;

(iv) the aggregate of the principal of (1) any Series of Outstanding Commercial Paper Notes and the related Bank Note, and (2) the Series of Commercial Paper Notes then being issued, does not exceed the available commitment under the Facility securing the principal due at maturity and (if applicable) interest thereon in connection with such Series of Commercial Paper Notes; and

powered by Legistar™

(v) such Commercial Paper Notes will not mature later than the times permitted by the Act for the retirement of bond anticipation notes, as may be approved by the State Director of the Division of Local Government Finance pursuant to the Act.

(c) Separate Series of Commercial Paper Notes. The Commercial Paper Notes authorized hereunder may be issued in one or more Series. In the event there are multiple Facilities outstanding at any one time, the Commercial Paper Notes shall be issued in separate Series in order to distinguish between Commercial Paper Notes with respect to which one Bank has provided its Facility, and Commercial Paper Notes with respect to which another Bank has provided its Facility. The principal amount of each Series of Commercial Paper Notes and (if applicable) interest thereon shall be supported by a single Facility and not any other Facility and shall be given a Series-specific designation.

SECTION 2.02 Use of Proceeds. The proceeds of Commercial Paper Notes shall be used only for (i) the purpose of providing financing for the Costs of Projects; (ii) the payment of the principal of Outstanding Commercial Paper Notes; and (iii) the payment of the principal of and interest on Bank Notes. The proceeds of the sale of Commercial Paper Notes shall be applied in the manner set forth in Section 3.02. Notwithstanding the foregoing, the proceeds of the first issuance of the Commercial Paper Notes may be used to retire commercial paper notes issued pursuant to the Prior Commercial Paper Note Resolution.

SECTION 2.03 Book-Entry Commercial Paper Notes.

(a) Subject to subsection (f) of this Section, the Commercial Paper Notes of a Series shall be issued (i) in the form of one or more fully registered master note or notes (each, a "Master Note") the ownership of which shall be registered in the name of the nominee of the Depository (initially, with respect to DTC, Cede & Co.) and which may be transferred or exchanged only as hereinafter provided in this Section and, to the extent not inconsistent herewith, in accordance with the procedures of the Depository as then in effect, and (ii) otherwise in book-entry only form through the Depository.

(b) The ownership and transfer of Master Notes shall be registered on books of the Issuing and Paying Agent, which shall be kept for that purpose at the Office of the Issuing and Paying Agent. The Master Notes shall be transferable by the registered owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or his or her duly authorized attorney. Upon the registration or transfer of a Master Note, the Issuing and Paying Agent shall issue in the name of the transferee a new Master Note, evidencing the Metropolitan Government's obligations with respect to the same Book-Entry Commercial Paper Notes as the instrument surrendered.

(c) In order to qualify the Commercial Paper Notes for the Depository's book-entry system, any Authorized Officer is hereby authorized from time to time to execute and deliver on behalf of the Metropolitan Government to such Depository a letter or letters from the Metropolitan Government representing such matters as shall be necessary or advisable to so qualify the Commercial Paper Notes (each, a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way impose upon the Metropolitan Government any obligation whatsoever with respect to persons having interests in the Commercial Paper Notes other than the Holders thereof and the Depository. In addition to the execution and delivery of a Representation Letter, the Authorized Officers and the other officers and employees of the Metropolitan Government are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Commercial Paper Notes for the Depository's book-entry system.

(d) The Depository and its nominee shall be deemed to be and be treated by the Metropolitan Government and the Issuing and Paying Agent as the sole and exclusive Holder of the Master Notes and of all Book-Entry Commercial Paper Notes evidenced thereby, and the beneficial owners of Book-Entry Commercial Paper Notes shall not be deemed to be or treated as the Holders thereof, for the purposes of payment of the principal of or interest on such Book-Entry Commercial Paper Notes, payments

under the Master Notes, giving any notice permitted or required to be given to Holders under this Resolution, registering the transfer of the Master Notes, obtaining any consent or other action to be taken by Holders, and for any and all other purposes whatsoever, and neither the Metropolitan Government nor the Issuing and Paying Agent shall be affected by any notice to the contrary. The Issuing and Paying Agent shall pay all principal of and interest on Book-Entry Commercial Paper Notes only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the Metropolitan Government's obligations with respect to the principal of and interest on such Book-Entry Commercial Paper Notes to the extent of the sum or sums so paid.

(e) With respect to all Book-Entry Commercial Paper Notes, neither the Metropolitan Government nor the Issuing and Paying Agent shall have any responsibility or obligation to any Depository, direct or indirect participant or any Person claiming a beneficial ownership interest in Book-Entry Commercial Paper Notes under or through the Depository or any Depository participant, or any nominee of any thereof, or any other Person which is not shown on the books of the Issuing and Paying Agent as being the Holder of a Master Note, with respect to: (1) sending transaction statements; (2) maintaining, supervising or reviewing, or the accuracy of, any records maintained by the Depository, any Depository participant or any such nominees; (3) payment or the timeliness of payment by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any amount in respect of the principal of or interest on Book-Entry Commercial Paper Notes; (4) delivery or timely delivery by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any notice which is permitted or required to be given to Holders under this Resolution; or (5) any consent or other action taken by the Depository or its nominee as Holder of Book-Entry Commercial Paper Notes.

(f) The Depository may determine not to continue to act as securities depository for the Commercial Paper Notes, or the Metropolitan Government may determine to discontinue the book-entry only issuance of the Commercial Paper Notes through the Depository and in such case shall deliver a written notice to the Issuing and Paying Agent and the Dealer to that effect. In either case, if the Metropolitan Government determines to replace the Depository with another qualified securities depository, the Metropolitan Government shall prepare or direct the preparation of one or more new, separate, fully registered Master Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the Metropolitan Government, the Issuing and Paying Agent and the replacement Depository as are not inconsistent with the terms of this Resolution. If the Metropolitan Government fails to identify another securities depository to replace the Depository, the Metropolitan Government may amend this Resolution pursuant to paragraph (f) of Section 7.01 and shall deliver to the Issuing and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions of this Resolution, as so amended, and of the Issuing and Paying Agency Agreement(s), Commercial Paper Notes instruments executed on behalf of the Metropolitan Government, with the date of issuance, principal amount, maturity date, owner and rate of interest left blank. Each such Commercial Paper Notes instrument shall be held in safekeeping by the Issuing and Paying Agent until authenticated and issued in accordance with the provisions of this Resolution and of the Issuing and Paying Agency Agreement(s).

SECTION 2.04 Terms Applicable to Commercial Paper Notes.

(a) Subject to the conditions and limitations contained herein, the Commercial Paper Notes (i) shall be designated "Water and Sewer Revenue Commercial Paper Notes," (ii) shall bear a Series designation as described in Section 2.01(c) (if applicable) and may bear such additional designations as may be determined by an Authorized Officer, (iii) shall be dated as of the date of their issuance, (iv) shall mature on a Business Day, (v) shall not be subject to redemption prior to maturity, (vi) shall bear

interest from their issuance date, payable at maturity with principal, computed on the basis of actual days elapsed, including the issue date and excluding the maturity date, and a 365/366-day year, (vii) shall be issued in denominations of $100,000 and in integral multiples of $1,000 in excess of such amount, (viii) unless otherwise directed by an Authorized Officer, shall be numbered in such manner as the Issuing and Paying Agent shall determine, (ix) when issued, shall be sold at a price not less than 100% of the principal amount thereof and (x) shall be issued on such dates and otherwise have such terms and conditions, all as shall be specified in a Request given to the Issuing and Paying Agent pursuant to Section 3.01(c).

(b) Both principal of and interest on Commercial Paper Notes shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. Except in the case of Book-Entry Commercial Paper Notes, principal of and interest on Commercial Paper Notes shall be payable upon presentation and surrender thereof at the Office of the Issuing and Paying Agent.

SECTION 2.05 Security and Sources of Payment. The Commercial Paper Notes and each Bank Note are payable primarily from the proceeds of the Bonds in anticipation of which the Commercial Paper Notes are being issued. Additionally, the Metropolitan Government hereby grants a pledge of and lien upon the Revenues to secure the payment of the principal of and interest on the Commercial Paper Notes and each Bank Note, and the payment of principal of and interest on the Commercial Paper Notes and each Bank Note shall constitute and be limited obligations of the Metropolitan Government, payable solely from and secured solely by a pledge of and lien upon Revenues, subject to the application thereof pursuant to the terms of the Water and Sewer Bond Resolution (including without limitation to the payment of Operation and Maintenance Expenses) and subject to the prior pledge of the Revenues in favor of the Senior Lien Bonds. The pledge of Revenues to the payment of each Series of the Commercial Paper Notes and the related Bank Note is on parity (a) with the pledge thereof in favor of each other Series of Commercial Paper Notes and related Bank Note and (b) with the pledge thereof in favor of any Extendable Notes. All amounts payable to the Bank under a Facility (other than with respect to the principal of and interest on the Bank Note) shall be payable from the Revenues of the System, subject to the provisions of the Water and Sewer Bond Resolution and, if and to the extent permitted by the Act, secured by a pledge of Revenues of the System on parity with the Commercial Paper Notes and the Bank Note.

SECTION 2.06 Commercial Paper Fund.

(a) A Commercial Paper Fund is hereby created and established with the Issuing and Paying Agent as a separate and special purpose trust fund for the benefit of the Holders of each Series of Commercial Paper Notes. Each such Commercial Paper Fund shall be designated as the "Metropolitan Government Water and Sewer Commercial Paper Fund" together with a Series-specific designation. Subject to the provisions of subsection (b), the Issuing and Paying Agent shall have the sole right of withdrawal over the moneys in the Commercial Paper Fund.

(b) The Issuing and Paying Agent, as agent for the Holders from time to time of Commercial Paper Notes, shall:

(i) deposit into the applicable Commercial Paper Fund the proceeds of sale of all Commercial Paper Notes of a Series issued on any day, and (A) first, apply such proceeds (together with any amounts then on deposit pursuant to subsection (b)(iv) below) to the payment of the principal of the applicable Bank Note due and payable on such day, (B) second, apply such proceeds (together with any amounts then on deposit pursuant to subsection (b)(iv) below) to the payment of the principal of the Outstanding Commercial Paper Notes of such Series becoming due and payable on such day; and (C) third, transfer any remaining proceeds to or on behalf of the Metropolitan Government as directed in writing by an Authorized Officer, for the purpose of financing the Costs of Projects;

(ii) deposit into the applicable Commercial Paper Fund the proceeds of any loan, advance or drawing made pursuant to a Facility hereunder on any day; apply such proceeds exclusively to the payment of the principal of and (if applicable) interest on Outstanding Commercial Paper Notes becoming due and payable on such day; and immediately return to the applicable Bank the amount of such proceeds as shall not be necessary to pay such principal and (if applicable) interest thereon on such date (and correspondingly reduce the principal amount of outstanding loans, advances or drawings under the applicable Bank Note, as set forth in the applicable Facility);

(iii) deposit into the applicable Commercial Paper Fund any payments made by the Metropolitan Government to the Issuing and Paying Agent pursuant to a demand submitted by the Issuing and Paying Agent pursuant to Section 5.04(c), and apply such deposits to the payment of principal of and interest on Outstanding Commercial Paper Notes (with payments allocated first to interest and then to principal); and

(iv) deposit into the applicable Commercial Paper Fund any payments made to the Issuing and Paying Agent by the Metropolitan Government from the proceeds of Bonds, notes or otherwise for the purpose of paying the principal of Outstanding Commercial Paper Notes and/or the Bank Note of a Series pursuant to Section 6.01(b), and apply such proceeds to the payment of the principal of Outstanding Commercial Paper Notes and the Bank Note of such Series, as directed in writing by an Authorized Officer; provided that the Bank Note shall be paid prior to the payment of the Outstanding Commercial Paper Notes.

(c) Amounts on deposit in a Commercial Paper Fund as proceeds of Commercial Paper Notes or a Bank Note of a Series to be used to pay the principal of other Commercial Paper Notes of such Series and (in the case of a Bank Note and if applicable) interest thereon as required by subsection (b)(i) or (b)(ii) of this Section shall not be invested prior to their application for such purposes. Except as otherwise provided in Section 4.06(b) hereof, other amounts on deposit in a Commercial Paper Fund may be invested prior to their application for authorized purposes, but only at the direction of an Authorized Officer, and only in securities held in the name of the Metropolitan Government or the Issuing and Paying Agent as trustee for the Metropolitan Government (in either case, either as registered or beneficial owner), and otherwise shall not earn interest.

(d) Each Commercial Paper Fund, and all moneys and securities on deposit therein, shall be held by the Issuing and Paying Agent in a fiduciary capacity and shall not be commingled with the assets of the Issuing and Paying Agent or any other person. It is the intent of the Metropolitan Government that each Commercial Paper Fund, and all moneys and securities on deposit therein, shall constitute a special deposit held in a segregated account and not a general deposit of the Issuing and Paying Agent.

SECTION 2.07 Forms and Execution of Commercial Paper Notes.

(a) Each Master Note shall be executed on behalf of the Metropolitan Government with the manual or facsimile signatures of the Metropolitan Mayor and of the Metropolitan Clerk, shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Metropolitan Government, and shall be approved as to form and legality by the Director of Law by his or her manual or facsimile signature. In case any officer of the Metropolitan Government whose signature or whose facsimile signature shall appear on the Master Note shall cease to be such officer before the delivery of such Master Note, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

(b) The Master Notes and the endorsement for authentication to appear thereon shall be substantially in the form attached hereto as Exhibit A or such other form as shall be consistent with the terms of this Resolution, and each Commercial Paper Notes instrument, other than the Master Note, and the

endorsement for authentication to appear thereon shall be in such form as the Metropolitan Government may prescribe at the time such Commercial Paper Notes instrument is to be issued, in each case with such appropriate series designations, insertions, omissions, substitutions and other variations as are permitted or required by this Resolution, and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures, or CUSIP) and such legends and endorsements thereon as may, consistent herewith, be approved by an Authorized Officer.

(c) No Master Note or other Commercial Paper Notes instrument shall be valid or obligatory for any purpose until manually countersigned for authentication by the Issuing and Paying Agent.

ARTICLE III

ISSUANCE AND SALE OF COMMERCIAL PAPER

SECTION 3.01 Issuance and Sale of Commercial Paper Notes.

(a) The Commercial Paper Notes shall be issued by the Issuing and Paying Agent in accordance with Requests to be given pursuant to subsection (c) of this Section.

(b) The issuance of the Commercial Paper Notes is subject to the following conditions and limitations:

(i) The principal amount of Commercial Paper Notes Outstanding hereunder at any time shall not exceed $200,000,000; provided, however, that the principal amount of a Bank Note issued hereunder shall be in an amount not to exceed $217,753,425, in order to evidence all loans or advances made and/or drawings honored by a Bank under a Facility to pay the principal amount of maturing Commercial Paper Notes and interest thereon, under and in accordance with the Facility.

(ii) Commercial Paper Notes shall mature on a Business Day not later than 270 days from its date of issuance.

(iii) No Original Commercial Paper Notes, nor any Rollover Commercial Paper Notes associated therewith, shall mature later than two years from the initial date of issuance of the Original Commercial Paper Notes; *provided however*, that the Original Commercial Paper Notes may be extended or renewed for not more than two additional periods not exceeding two years each with the approval of the State Director of the Division of Local Government Finance, in each such instance in accordance with Section 9-21-505 of the Act. In each year in which the Original Commercial Paper Notes are extended or renewed and are Outstanding beyond two years from the date of initial issuance, the Metropolitan Government shall retire a portion thereof equal to not less than 1/20th of the principal amount of the Original Commercial Paper Notes as required by the Act unless otherwise waived by the State Director of the Division of Local Government Finance. Each such approval or waiver of the State Director of the Division of Local Government Finance shall be in writing and shall be delivered to the Metropolitan Government, the Issuing and Paying Agent and each Bank and Dealer. Commercial Paper Notes shall be sold at par.

(iv) No Original Commercial Paper Notes nor any Rollover Commercial Paper Notes of a Series shall be issued subsequent to the Termination Date with respect to the applicable Facility unless the Metropolitan Government delivers or causes to be delivered a substitute Facility to the Issuing and Paying Agent on or prior to such Termination Date.

(v) No Original Commercial Paper Notes shall be issued unless and until the Metropolitan Government delivers or causes to be delivered to the Dealer and the Issuing and Paying Agent an opinion of Bond Counsel regarding such Original Commercial Paper Notes in the form

attached to the Offering Memorandum.

(vi) No Commercial Paper Notes of a Series shall mature later than the Business Day preceding the Termination Date of the applicable Facility then in effect.

(vii) Subject to the automatic reinstatement provisions described in Section 4.06(c) hereof, no Commercial Paper Notes of a Series shall be issued by the Issuing and Paying Agent if the Issuing and Paying Agent has received a cease issuance notice (or similar notice having equivalent effect) from the Bank providing the applicable Facility. Prior to issuing such additional Commercial Paper Notes after receipt of such cease issuance notice, the Issuing and Paying Agent must receive written notice from the Bank providing such Facility that the cease issuance notice has been rescinded.

No Commercial Paper Notes shall be issued, authenticated or delivered if, as independently determined by the Issuing and Paying Agent in accordance with this Resolution and the Issuing and Paying Agency Agreements, upon the issuance of such Commercial Paper Notes any of the conditions or limitations contained in this subsection (b) or the conditions and limitations set forth in Section 2.01(b) shall not be complied with.

No Commercial Paper Notes shall be issued unless and until the State Director of the Division of Local Government Finance has approved the issuance thereof. Each such approval shall be in writing and shall be delivered to the Metropolitan Government, the Issuing and Paying Agent and each Bank and Dealer.

(c) Prior to the issuance by the Issuing and Paying Agent of any Commercial Paper Notes, an Authorized Officer shall instruct the Issuing and Paying Agent to, in the case of Book-Entry Commercial Paper Notes, deliver appropriate issuance instructions to DTC, or shall acknowledge or confirm the same (whether an instruction, acknowledgment or confirmation, herein referred to as a "Request"). Each Request shall contain information with respect to, and approve on behalf of the Metropolitan Government:

(i) the aggregate principal amount of Commercial Paper Notes of a Series then to be issued,

(ii) the rate or rates of interest, if any, on such Commercial Paper Notes,

(iii) the issue date or dates and maturity date or dates of such Commercial Paper Notes, and

(iv) in the case of Book-Entry Commercial Paper Notes, each Depository direct participant to which such Book-Entry Commercial Paper Notes is to be credited on the books of the Depository, and the principal amount (which shall be in an authorized denomination) of Commercial Paper Notes to be credited to each such participant.

Instructions and confirmations shall be given and/or confirmed by an Authorized Officer, as provided in the Issuing and Paying Agency Agreements.

(d) Each Request given by an Authorized Officer pursuant to subsection (c) of this Section 3.01 shall constitute a representation by the Metropolitan Government that (i) the Commercial Paper Program is in compliance with the conditions and limitations contained in subsection (b) of this Section 3.01, (ii) the Metropolitan Government is in receipt of an opinion of Bond Counsel, upon which Holders of the Commercial Paper Notes may rely, as to the validity of the Commercial Paper Notes and the exclusion of interest on the Commercial Paper Notes from gross income for Federal income tax purposes, and the exemption of interest on the Commercial Paper Notes from State taxes substantially in the form attached to the Offering Memorandum, (iii) all action on the part of the Metropolitan Government necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, (iv) all provisions of State and Federal law necessary for the valid issuance of such Commercial Paper Notes have been complied with, (v) such Commercial Paper Notes in the hands of the Holders thereof will be valid obligations of the Metropolitan Government according to their terms, subject to applicable

bankruptcy, insolvency, reorganization, moratorium, and other laws theretofore or thereafter enacted affecting creditors' rights, and to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law, (vi) the applicable Facility covering the Commercial Paper Notes is in full force and effect and no default exists under such Facility, and (vii) the Metropolitan Government is not in violation of the conditions and limitations contained in Section 2.01(b) and this Section, or the covenants and agreements of Sections 6.03 or 6.04(b).

The Metropolitan Government agrees that it shall immediately give notice by Electronic Means to the Issuing and Paying Agent and the Bank(s) if it is unable at any time to make any of the representations set forth in this Section 3.01(d). The Issuing and Paying Agent shall not honor any Request so long as the Metropolitan Government is unable to make any of the representations set forth in this Section 3.01(d).

(e) Notwithstanding anything herein to the contrary, including without limitation Section 8.01 hereof, upon the (i) payment of the principal amount of any maturing Commercial Paper Notes by the Metropolitan Government pursuant to the terms of Section 5.04(c) hereof, and upon receipt of instructions from the Metropolitan Government (which shall conform to the requirements of Section 3.01(c) hereof), or (ii) payment of the principal amount of advances, loans or drawings outstanding under any Bank Note by the Metropolitan Government to the Bank pursuant to the applicable Facility, and upon receipt of instructions from the Metropolitan Government (which shall conform to the requirements of Section 3.01(c) hereof) and the Bank, the Issuing and Paying Agent shall cause to be issued to the Metropolitan Government Rollover Commercial Paper Notes in the principal amount of such payment. Such Rollover Commercial Paper Notes shall mature on such date and bear interest at such rate as may be specified by the Metropolitan Government in such instructions, provided that such maturity date and rate is consistent with the terms of Section 2.04 hereof. Such Rollover Commercial Paper Notes shall be considered Outstanding for all purposes of this Resolution, it being the intent of the Metropolitan Government that, as permitted by Sections 5-8-301 and 6-56-106, Tennessee Code Annotated, such Rollover Commercial Paper Notes shall remain an outstanding debt obligation of the Metropolitan Government until its subsequent payment pursuant to the terms of this Resolution.

SECTION 3.02 Proceeds of Sale of Commercial Paper Notes. The proceeds of the sale hereunder of Commercial Paper Notes shall be applied as follows:

(a) The proceeds of each sale of Commercial Paper Notes of a Series on any day in an amount not in excess of the principal amount of loans, advances or drawings outstanding under the Bank Note for such Series and the principal amount of the Outstanding Commercial Paper Notes of such Series becoming due and payable on such day, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the applicable Commercial Paper Fund, shall be issued for the purpose of paying such principal, and such proceeds shall be deposited into the applicable Commercial Paper Fund and used to pay such principal, as provided in Section 2.06(b)(i)(A) and (B).

(b) The proceeds of each sale of Commercial Paper Notes of a Series on any day in an amount in excess of the principal amount of loans, advances or drawings outstanding under the Bank Note for such Series and the principal amount of the Outstanding Commercial Paper Notes of such Series becoming due and payable on such day, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the applicable Commercial Paper Fund, shall be issued for the purpose of paying, and shall be allocated to, authorized purposes pursuant to Section 2.02(i) and shall be transferred to the Metropolitan Government as directed in writing by an Authorized Officer, as provided in Section 2.06(b)(i)(C).

SECTION 3.03 Offering Memoranda.

(a) Any Authorized Officer, acting singly, is hereby authorized to issue one or more Offering Memoranda or

other offering statements containing such information concerning the Commercial Paper Notes, the Metropolitan Government and its financial condition, the Banks, the Facilities, and such other information as such Authorized Officer shall approve, and to revise supplement and update the same from time to time. The Metropolitan Government hereby authorizes the use of any such Offering Memorandum and all such revisions, supplements and updates in connection with the sale of the Commercial Paper Notes.

(b) The Metropolitan Government hereby approves the use of the initial Offering Memorandum substantially in the form of the draft attached hereto as Exhibit B, with such changes, insertions, deletions, amendments, and supplements as such Authorized Officer shall approve. The Metropolitan Government further hereby approves each future Offering Memorandum or other offering statement, including any supplements and updates thereto, if and to the extent such Offering Memorandum or other offering statement and any supplements or updates thereto are approved by an Authorized Officer in accordance with Section 3.03(a).

ARTICLE IV

BANK FACILITIES

SECTION 4.01 Facility Required for Each Series of Commercial Paper Notes. With respect to each Series of Commercial Paper Notes issued hereunder, the Metropolitan Government agrees, on the terms and conditions contained in this Resolution, to cause a Bank to execute and deliver a Facility to the Issuing and Paying Agent pursuant to which such Bank will agree to loan or advance funds or honor drawings under such Facility sufficient to provide for the payment of the principal amount of and (if applicable) interest on such Series of maturing Commercial Paper Notes. Subject to the conditions precedent set forth in the applicable Facility, the Bank shall be responsible for making loans or advances or honoring drawings under such Facility with respect to maturing Commercial Paper Notes of its Series only, and shall have no obligation with respect to Commercial Paper Notes of another Series. Each Bank will agree to loan or advance funds or honor drawings from time to time on any Business Day in an aggregate principal amount equal to the principal of and (if applicable) interest on any Outstanding Commercial Paper Notes of its Series due and payable on such date, to the extent other amounts deposited in the applicable Commercial Paper Fund are insufficient therefor.

SECTION 4.02 Bank Notes. All loans or advances made by a Bank to the Metropolitan Government, and/or drawings honored by a Bank with respect to the Commercial Paper Notes, pursuant to a Facility shall be evidenced by a Bank Note, which shall be issued in the form contemplated by the Facility. The principal amount of each Bank Note shall be the maximum amount of funds available to be loaned, advanced or drawn under the related Facility, up to the maximum principal amount of the applicable Series of Commercial Paper Notes together with (if applicable) interest thereon at the Maximum Rate for a period of 270 days, and shall be payable by the Metropolitan Government at such times and in such manner as described in the Facility. Each Bank Note shall mature on such Business Day as shall be provided by the applicable Facility. Each Bank Note shall bear interest at a rate of interest as shall be provided by the applicable Facility, not to exceed the Maximum Rate, and shall otherwise contain the terms and provisions contemplated by the Facility.

SECTION 4.03 Condition to Loan Funds. The obligation of a Bank to loan or advance funds or honor drawing (s) pursuant to a Facility is subject to the delivery to the Bank by the Issuing and Paying Agent of a Request for Loan as required by Section 4.04, and the terms and conditions of the related Facility.

SECTION 4.04 Method of Funding. The Bank will loan or advance funds or honor drawings in an amount sufficient to provide for the payment of the unfunded principal amount of such maturing Commercial Paper Notes, together (if applicable) with interest thereon, on the terms and conditions set forth in the applicable Issuing and Paying Agency Agreement.

SECTION 4.05 Application of Proceeds. The proceeds of each loan made pursuant to a Facility shall be applied solely to pay the principal of Outstanding Commercial Paper Notes of the related Series, together (if

powered by Legistar™

applicable) with interest thereon, on the maturity date thereof.

SECTION 4.06 Initial Facility.

(a) The Metropolitan County Council hereby appoints the Initial Bank to provide the Initial Facility with respect to the initial Series of Commercial Paper Notes in an available amount sufficient to provide for the payment of not to exceed $200,000,000 principal amount of Commercial Paper Notes and interest thereon. The Bank Note issued in connection with the Initial Facility shall be in a principal amount not exceeding $217,753,425 in order to evidence all loans or advances made and/or drawings honored by the Initial Bank under the Initial Facility to pay the principal amount of maturing Commercial Paper Notes and interest thereon, under and in accordance with the Initial Facility. A substantial form of the Initial Facility (and Bank Note) is attached hereto as Exhibit E. The Mayor is hereby authorized to execute any extensions to the Initial Facility or additional Facilities, and to execute, deliver and issue corresponding Bank Note(s), without further action of the Metropolitan County Council, provided that any such extended or additional Facility (and Bank Note) shall be in substantially the form attached hereto as Exhibit E. The Metropolitan Government also hereby covenants that it shall use its best efforts to obtain a substitute Facility in the event the Metropolitan Government has reason to believe that a Bank will not or will be unable to honor its obligations under its Facility, and hereby delegates to the Mayor the authority to execute and deliver one or more substitute Facilities in substitution for any Initial Facility then in effect, without further action of the Metropolitan County Council, provided that any such substitute Facility shall be in substantially the form attached hereto as Exhibit E. Each Bank Note issued hereunder shall constitute a “bond anticipation note” for purposes of the Act.

(b) The Issuing and Paying Agent will take action to cause sufficient funds to be made available under each Facility (at such times required therein in order to have funds available on the respective maturity dates) to fund the payment of the principal of the Commercial Paper Notes of a Series covered by such Facility, together (if applicable) with interest thereon, due on such date to the extent not otherwise provided for. If funds paid under a Facility are insufficient to meet all the purposes for which such funds are to be paid and applied on such date, such funds as are available shall be applied to the payment of principal of such Series of Commercial Paper Notes, together (if applicable) with interest thereon, due on such date and, if the amount available is not sufficient to pay in full all such principal, together (if applicable) with interest thereon, then to the payment thereof ratably, according to the amounts of principal and (if applicable) interest due on each such Commercial Paper Notes, without any discrimination or preference.

All funds paid under a Facility will be held in the applicable Commercial Paper Fund at all times separate from funds of the Metropolitan Government in trust by the Issuing and Paying Agent for the benefit of the registered owners of the Commercial Paper Notes of the applicable Series to be applied solely in accordance with the purposes for which such amounts are paid as provided above. All funds derived from a Facility will be held uninvested.

(c) Automatic Reinstatement. Provision for reinstatement of certain amounts repaid by the Metropolitan Government under a Facility shall be made in the Facility under terms and conditions set forth therein.

(d) Substitute Facility. Upon satisfaction of the requirements set forth in this section, and subject to the terms of the existing Facility, the Metropolitan Government may replace a Facility then in effect with one or more substitute Facilities effective following the maturity date of all of the Outstanding Commercial Paper Notes of a Series covered by such Facility being replaced; provided, however, that the Facility being replaced shall in no event be terminated or released until notice has been given as provided below, the substitute Facility has been delivered to the Issuing and Paying Agent and is in effect, and all Outstanding Commercial Paper Notes secured by the Facility being replaced have matured prior thereto. At least 30 days prior to any such date, the Metropolitan Government shall deliver to the Issuing and Paying Agent, the Dealer and the applicable Bank written notice of such

proposed replacement, including the effective date of the substitute Facility or Facilities, the identity of each issuer of a substitute Facility and the principal terms thereof. At least fifteen (15) days prior to any such date, the Issuing and Paying Agent shall give notice to each Holder of such Commercial Paper Notes at the address on the registration books maintained by the Issuing and Paying Agent. Any replacement of a Facility by a substitute Facility is specifically conditioned, among other things, upon the payment by the Metropolitan Government to the Bank of the principal of and interest on the Bank Note issued pursuant to such Facility and all amounts due and owing under such Facility.

On or prior to the date set for the replacement of any Facility, the Metropolitan Government shall have delivered to the Issuing and Paying Agent an opinion of counsel for the issuer of the substitute Facility that it constitutes a legal, valid and binding obligation of such issuer enforceable in accordance with the terms of such substitute Facility, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights in general heretofore or hereafter enacted, as such laws would apply in the event of the bankruptcy, insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the issuer or in the event of any moratorium or similar occurrence affecting such issuer.

Each substitute Facility must: (1) be an obligation of a financial institution or surety whose debt obligations (or whose holding company parent's debt obligations) or suretyship undertakings, as the case may be, have at least an investment grade rating from each Rating Agency then rating the Commercial Paper Notes, and (2) have a term of at least 364 days.

(e) Control by Bank. Notwithstanding any inconsistent provisions in this Resolution to the contrary and so long as a Bank has not failed to honor a properly presented and conforming Request for Loan, amendments to this Resolution requiring Holder consent shall be subject to such Bank's prior written consent, and the remedies available to the Holders shall be available to the Bank exclusively, in each case, to the extent such amendments or remedies are applicable to the Series of Commercial Paper Notes related to such Bank's Facility.

(f) Execution of Initial Facility and Bank Note. The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver the Initial Facility and the Bank Note related thereto, which shall be substantially in the forms of the drafts thereof attached hereto as Exhibit E, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval. Each Bank Note issued hereunder shall be executed by the Metropolitan Government in the same manner as provided herein for in Section 2.07(a). The Metropolitan Government hereby approves performance of the Initial Facility and Bank Note.

ARTICLE V

DEALER AGREEMENTS; ISSUING AND PAYING AGENCY AGREEMENTS; RESPONSIBILITIES OF ISSUING AND PAYING AGENT

SECTION 5.01 Dealer Agreements; Dealers.

(a) The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver one or more Dealer Agreements, each of which shall be substantially in the form of the draft attached hereto as Exhibit C, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval.

(b) The Metropolitan Government may remove any Dealer by giving not less than ten (10) days advance written notice to the Issuing and Paying Agent, the Dealer and the applicable Bank. The Metropolitan Government shall give written notice of the appointment of a successor Dealer to the Issuing and

powered by Legistar™

Paying Agent and the applicable Bank. Notwithstanding the foregoing, the removal of the Dealer shall be conditioned upon a successor Dealer being appointed and in place at or prior to the removal of the prior Dealer, and shall further be subject to the terms and conditions of the applicable Facility.

(c) The Dealer may resign at any time by giving written notice of such resignation to the Metropolitan Government, the Issuing and Paying Agent and the applicable Bank specifying the date as of which the Dealer proposes that the same shall become effective, which date shall be not less than 60 days after the date of such notice. The Metropolitan Government shall give written notice of the appointment of a successor Dealer to the Issuing and Paying Agent and the applicable Bank. Notwithstanding the foregoing, the appointment of a new Dealer shall be subject to the terms and conditions of the applicable Facility.

SECTION 5.02 Issuing and Paying Agency Agreements. The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver one or more Issuing and Paying Agency Agreements, each of which shall be substantially in the form of the draft thereof attached hereto as Exhibit D, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval.

SECTION 5.03 Issuing and Paying Agent.

(a) The Metropolitan Government covenants to maintain and provide an Issuing and Paying Agent for each Series of Commercial Paper Notes at all times while such Commercial Paper Notes are Outstanding, which shall be a bank, trust company or national banking association (and, except in the case of Book-Entry Commercial Paper Notes, having an office for delivery of Commercial Paper Notes in New York, New York), in each case with trust powers having a combined capital surplus and undivided profits of not less than $500,000,000. Should a change in the Issuing and Paying Agent for the Commercial Paper Program occur, the Metropolitan Government agrees to promptly cause a notice thereof to be published in a financial newspaper or journal of general circulation in New York, New York; provided however, that such notice shall not be required to be published, but shall be delivered to the Depository, if the Commercial Paper Notes are being issued as Book-Entry Commercial Paper Notes at such time. Such notice shall specify the Office of the successor Issuing and Paying Agent. Subject to the terms and conditions of the applicable Facility, a successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(b) The Metropolitan Government may remove any Issuing and Paying Agent by giving not less than ten (10) days advance written notice to the Issuing and Paying Agent, the Dealer and the applicable Bank. The Metropolitan Government shall give written notice of the appointment of a successor Issuing and Paying Agent to the Dealer and the applicable Bank. Notwithstanding the foregoing, the removal and reappointment of the Issuing and Paying Agent shall be subject to the terms and conditions of the applicable Facility.

(c) The Issuing and Paying Agent may resign at any time by giving written notice of such resignation to the Metropolitan Government, the Dealer and the applicable Bank specifying the date as of which the Issuing and Paying Agent proposes that the same shall become effective, which date shall be not less than 30 days after the date of such notice. The Metropolitan Government shall give written notice of the appointment of a successor Issuing and Paying Agent to the Dealer and the applicable Bank.

(d) Notwithstanding subsections (b) and (c) above, no such removal or resignation shall be effective unless and until a successor has been appointed and shall have accepted the duties and obligations of Issuing and Paying Agent under this Resolution. If no successor has been appointed within 30 days as aforesaid, the Issuing and Paying Agent shall have the right to petition a court of competent jurisdiction for the appointment of a successor Issuing and Paying Agent, and the Issuing and Paying Agent shall be reimbursed by the Metropolitan Government for any and all expenses in connection with any such

petition and appointment. On the effective date of any such removal or resignation, the Issuing and Paying Agent shall deliver to the successor Issuing and Paying Agent, if any, at the direction of the Metropolitan Government, or otherwise to the Metropolitan Government, all canceled or unissued Commercial Paper Notes instruments then held by the Issuing and Paying Agent for disposition in accordance with this Resolution, and shall transfer the funds then held by it to the successor Issuing and Paying Agent, if any, at the direction of the Metropolitan Government, or otherwise to the Metropolitan Government. The Metropolitan Government shall pay all outstanding fees and expenses due and owed to the Issuing and Paying Agent following such removal or resignation.

(e) The Metropolitan Government and the Issuing and Paying Agent may treat the Holder of Commercial Paper Notes as the absolute owner of any Commercial Paper Notes for the purpose of receiving payment thereof and for all other purposes, and the Metropolitan Government and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

SECTION 5.04 Responsibilities of the Issuing and Paying Agent. The Issuing and Paying Agent shall perform its responsibilities under the Issuing and Paying Agency Agreement on the terms and conditions set forth therein.

ARTICLE VI

COVENANTS

SECTION 6.01 Punctual Payment; Covenant to Refinance.

(a) The Metropolitan Government will punctually pay or cause to be paid the principal of and interest on the Commercial Paper Notes in conformity with this Resolution. For the purpose of providing for the payment of the principal of and interest on Outstanding Commercial Paper Notes on the date that the same shall become due and payable, the Metropolitan Government, on or prior to such date, will pay or cause to be paid to the Issuing and Paying Agent for deposit in the applicable Commercial Paper Fund, amounts which, together with other amounts then on deposit in such Commercial Paper Fund, will be sufficient and available to make such payment on such date. The Metropolitan Government acknowledges that the proceeds of Commercial Paper Notes will not be available to pay accrued interest on Outstanding Commercial Paper Notes and that other funds of the Metropolitan Government must be timely provided therefor.

(b) Unless the payment of the principal of the Commercial Paper Notes otherwise shall be provided for by or on behalf of the Metropolitan Government from proceeds of other Commercial Paper Notes or other available moneys, on or before the respective maturity dates thereof the Metropolitan Government shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of Bonds or other debt obligations of the Metropolitan Government in an amount sufficient to provide for the payment of the outstanding principal of the Commercial Paper Notes at maturity.

SECTION 6.02 Compliance With Agreements and Other Documents. The Metropolitan Government will comply with the terms and provisions of each Dealer Agreement, Issuing and Paying Agency Agreement, Facility and any other resolution or contract to which the Metropolitan Government is a party, the non-compliance with which would materially adversely affect the ability of the Metropolitan Government to make payment of the principal of and interest on the Commercial Paper Notes as and when the same becomes due and payable.

SECTION 6.03 Commercial Paper Notes to Remain Tax-Exempt. The Metropolitan Government covenants that it will execute and deliver a federal tax certificate in the form prescribed by Bond Counsel in connection with the first issuance of Commercial Paper Notes, and that in connection with any subsequent issuance of Commercial Paper Notes it will, if requested by Bond Counsel, execute and deliver either written confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be

powered by Legistar™

accurate as of such issue date or a revised Federal Tax Certificate dated such issue date. Each Request by an Authorized Officer given or made pursuant to Section 3.01(c) shall constitute a representation by the Metropolitan Government that the facts, estimates, circumstances and reasonable expectations contained in the latest of such Federal Tax Certificates continue to be true and accurate as of the date of such Request, and that no fact material to the exclusion of the interest on the Commercial Paper Notes from gross income for federal income tax purposes exists which has not been reflected in a revised Federal Tax Certificate. The Metropolitan Government represents and covenants that it will not expend, or permit to be expended, the proceeds of any Commercial Paper Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Commercial Paper Program; provided however, that the Metropolitan Government may expend Commercial Paper Note proceeds in such manner if the Metropolitan Government first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exclusion of interest on the Commercial Paper Notes from gross income for federal income tax purposes.

The Metropolitan Government further covenants that no use of the proceeds of any of the Commercial Paper Notes or any other funds of the Metropolitan Government will be made which will cause any Bank Note or Commercial Paper Note to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. To that end, the Metropolitan Government shall comply with all requirements of said Section 148 and of all regulations issued thereunder or otherwise applicable thereto.

The Metropolitan Government covenants that it will not use any proceeds of the Commercial Paper Notes or any other funds held under this Resolution for any purpose which would cause any Commercial Paper Notes or Bank Notes to be subject to treatment as a "private activity bond" defined in Section 141 of the Code.

SECTION 6.04 Reservation of Right to Issue Other Obligations. Subject to the terms of the Facilities, the Metropolitan Government hereby expressly reserves the right hereafter to issue Bonds, notes or other evidences of indebtedness in addition to the Commercial Paper Notes, constituting an obligation of the Metropolitan Government payable from and secured by the Revenues of the System, when and as the Metropolitan Government shall determine and authorize.

SECTION 6.05 Conditions for and Limitations on Issuance of Commercial Paper Notes; Additional Covenants With Respect Thereto.

(a) The Metropolitan Government will not issue, or authorize or instruct the Issuing and Paying Agent to issue, any Commercial Paper Notes if, upon the issuance of such Commercial Paper Notes, the conditions and limitations contained in Sections 2.01(b) and 3.01, or the covenants and agreements of subsection (b) of this Section would not be complied with.

(b) The Metropolitan Government will not issue, authorize or instruct the Issuing and Paying Agent to issue, Commercial Paper Notes (i) to bear interest in excess of the Maximum Rate, or (ii) for any purpose unless and until authorized by applicable State law, rules or regulations, or if it would result in the violation by the Metropolitan Government of any order of any court, governmental agency or regulatory body.

(c) Following the issuance of Commercial Paper Notes and compliance with the conditions and limitations contained in Section 2.01(b), the Metropolitan Government shall make the determinations required thereby so that at all times all Commercial Paper Notes may be allocated to authorized purposes and other conditions and limitations may be satisfied with respect thereto as provided by Section 2.01(b).

(d) The Metropolitan County Council hereby expresses its intent that the maturity of the Commercial Paper Notes be extended from two years to six years, as permitted by the Act upon approval of the State Director of the Division of Local Government Finance, and directs the officers of the Metropolitan Government to seek such approval and request a waiver of the principal amortization requirements prescribed by the Act during such extended period. Any actions heretofore taken by the Metropolitan

Treasurer consistent with the foregoing are hereby ratified and approved.

ARTICLE VII

AMENDMENTS AND SUPPLEMENTS

SECTION 7.01 Without Consent of Holders of Commercial Paper Notes. The Metropolitan Government, from time to time and at any time, (i) without the consent or concurrence of any Holder of any Commercial Paper Notes, may adopt a resolution for the purpose of providing for the issuance of additional Series of Commercial Paper Notes in accordance with the terms hereof, and (ii) without the consent or concurrence of any Holder of any Commercial Paper Notes, may adopt a resolution amendatory hereof or supplemental hereto, if the provisions of such resolution shall not materially adversely affect the rights of the Holders of the Commercial Paper Notes then Outstanding, for any one or more of the following purposes:

(a) to make any changes or corrections in this Resolution required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(b) to add additional covenants and agreements of the Metropolitan Government for the purpose of further securing the payment of the Commercial Paper Notes;

(c) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution;

(d) to grant to or confer upon the Holders of the Commercial Paper Notes any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(e) to comply with any request by or requirement of any Rating Agency which is necessary, or which the Metropolitan Government reasonably believes is necessary, to prevent a downward revision by such Rating Agency in the rating of Commercial Paper Notes, which changes will not restrict, limit or reduce the obligation of the Metropolitan Government to pay the principal of and interest on the Commercial Paper Notes or otherwise materially adversely affect the Holders under this Resolution, but only if there shall be supplied to the Metropolitan Government, the Issuing and Paying Agent, the Dealer and the applicable Bank an opinion of Bond Counsel stating that the proposed modification or amendment will not adversely affect the exclusion of the interest on the Commercial Paper Notes from gross income of the owners thereof for purposes of federal income taxation;

(f) to provide for the issuance, transfer, exchange, registration, discharge from registration and replacement of Commercial Paper Notes other than Book-Entry Commercial Paper Notes;

(g) to increase the maximum aggregate principal amount of Commercial Paper Notes that may be Outstanding at any time; provided however, that prior to the effectiveness thereof the Metropolitan Government shall have received written evidence from each Rating Agency to the effect that such increase will not, by itself, result in a reduction, withdrawal or suspension of such Rating Agency's rating of the Commercial Paper Program which then prevails; or

(h) to modify any of the provisions of this Resolution in any other respect if such modification shall be effective only with respect to Commercial Paper Notes issued subsequent to the effectiveness of such resolution or modification, in which case any Commercial Paper Notes instrument (except any Master Note) issued subsequent to the effectiveness of any such modification shall contain a specific reference to, and the Metropolitan Government shall give written notice to the Depository of Book-Entry Commercial Paper Notes of, the modifications contained in such resolution; provided, however, that nothing contained in this Resolution shall permit or be construed to permit the amendment of the terms and conditions of this Resolution or of the Commercial Paper Program so as to:

(i) make any change in the maturity of any Outstanding Commercial Paper Notes;

(ii) reduce the rate of interest borne by any Outstanding Commercial Paper Notes;

(iii) reduce the amount of the principal payable on any Outstanding Commercial Paper Notes;

(iv) modify the terms of payment of principal of or interest on any Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;

(v) affect the rights of the Holders of less than all Outstanding Commercial Paper Notes; or

(vi) reduce or restrict the provision made in Section 2.05 for payment of Outstanding Commercial Paper Notes.

SECTION 7.02 With Consent of Holders of Commercial Paper Notes. The Metropolitan Government, from time to time and at any time, with the prior written consent of the Banks and the consent of all of the Holders of Outstanding Commercial Paper Notes, may adopt a resolution amendatory hereof or supplemental hereto, other than as described in Section 7.01. For purposes of this Section 7.02, the Bank shall be deemed to be the sole Holder of any Outstanding Commercial Paper Notes of a Series the liquidity for which is provided by such Bank's Facility. The effectiveness of any such amendatory resolution shall also be subject to the terms and conditions of any applicable Facility.

SECTION 7.03 Other Agreements. Nothing in this Resolution shall be deemed to restrict any amendment, modification or supplement to any Issuing and Paying Agency Agreement, Facility or Dealer Agreement, or the establishment (or amendment, modification or supplementing) of any limitation on, or procedure for, the issuance of Commercial Paper Notes which is effective only with respect to Commercial Paper Notes issued subsequent to the effectiveness of such amendment, modification, supplement or limitation to the extent not in conflict with this Resolution.

ARTICLE VIII

DEFEASANCE; UNCLAIMED MONIES

SECTION 8.01 Commercial Paper Notes Deemed Paid; Discharge of Resolution. Commercial Paper Notes will be deemed paid for all purposes of this Resolution when (a) payment of the principal of and interest on such Commercial Paper Notes to the due date of such principal and interest (whether at maturity or otherwise) either (1) has been made in accordance with the terms of such Commercial Paper Notes or (2) has been provided for by irrevocably depositing with the Issuing and Paying Agent (A) moneys sufficient to make such payment and/or (B) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (for purposes of this Section 8.01 and Section 8.02, clause (b) constitutes "Government Obligations") maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, (b) all compensation and expenses of the Issuing and Paying Agent pertaining to the Commercial Paper Program in respect of which such deposit is made have been paid or provided for to the satisfaction of the Issuing and Paying Agent, and (c) all amounts owed under any Bank Note and/or Facility shall have been paid. When Commercial Paper Notes are deemed paid, they will no longer be secured by or entitled to the benefits of this Resolution or be an obligation of the Metropolitan Government, except for payment from such moneys or Government Obligations, and no additional Commercial Paper Notes may be issued except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II and pursuant to paragraph (f) of Section 7.01.

When all outstanding Commercial Paper Notes are deemed paid under the foregoing provisions of this Section, the Issuing and Paying Agent will, upon the request of the Metropolitan Government, acknowledge the discharge of the Metropolitan Government's obligations under this Resolution and the Commercial Paper Program, except for obligations under Article II (including, without limitation, any amounts owing under a

Facility), or pursuant to paragraph (f) of Section 7.01, in respect of the transfer, exchange, registration, discharge from registration or replacement of Commercial Paper Notes.

No such deposit will be made or used in any manner which, in the opinion of Bond Counsel, would cause any Commercial Paper Notes to be treated as "arbitrage bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

SECTION 8.02 Application of Trust Moneys. The Issuing and Paying Agent will hold in trust moneys or Government Obligations (as defined in Section 8.01) deposited with it pursuant to Section 8.01 and apply the deposited money and the proceeds from the Government Obligations in accordance with this Resolution only to the payment of principal of and interest on the Commercial Paper Notes with respect to which the same was deposited.

SECTION 8.03 Repayment to Metropolitan Government. The Issuing and Paying Agent will pay to the Metropolitan Government promptly upon its request any excess moneys or securities held by the Issuing and Paying Agent at any time under this Article VIII, and any moneys held by the Issuing and Paying Agent under any provision of this Resolution for the payment of principal of or interest on Commercial Paper Notes that remains unclaimed for one year or such other shorter or longer period, or to such other Person, as may at the time be prescribed by State law with respect to unclaimed property.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Additional Actions. The Metropolitan Mayor, the Metropolitan Clerk, the Director of Finance, the Metropolitan Treasurer, each Authorized Officer and the other officers and employees of the Metropolitan Government are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Commercial Paper Notes and otherwise to effectuate the purposes of and carry out the obligations of the Metropolitan Government under the Program Documents. The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to provide for modifications or amendments to this Resolution to ensure that the provisions of this Resolution conform to the terms and provisions of the Dealer Agreement(s) and Issuing and Paying Agency Agreement(s) as executed by the Metropolitan Mayor and Metropolitan Clerk.

SECTION 9.02 Termination of Commercial Paper Program. If, as verified by independent determination of the Issuing and Paying Agent, all of the Commercial Paper Notes shall no longer be Outstanding and if the Metropolitan Government shall have advised the Issuing and Paying Agent that no additional Commercial Paper Note is to be issued, authenticated and delivered under this Resolution and all Bank Notes and amounts under any Facility shall have been paid, all balances remaining in the funds and accounts established pursuant hereto shall be transferred to such other funds and/or accounts as an Authorized Officer may determine in writing delivered to the Issuing and Paying Agent.

SECTION 9.03 Notices to Rating Agencies. The Metropolitan Government shall give each Rating Agency, the Dealer, the Issuing and Paying Agent and each Bank advance notice in writing of any (i) change of Dealer, (ii) change of Issuing and Paying Agent, (iii) default under any Facility, (iv) expiration, termination, extension or substitution of any Facility, (v) amendment or material change to the Program Documents and (vi) termination or defeasance of the Commercial Paper Program; provided however, that if the Metropolitan Government does not have advance actual notice of any such event, notice shall be given by the Metropolitan Government as soon as practicable after the Metropolitan Government has actual notice thereof.

SECTION 9.04 Remedies of Holders and Facility Providers. Any Holder may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Metropolitan Government by the provisions of this Resolution.

powered by Legistar™

Any Bank may exercise any rights or remedies set forth in the related Facility.

SECTION 9.05 Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the Commercial Paper Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Metropolitan Government and the Holders from time to time of the Commercial Paper Notes, and the pledge made by this Resolution by the Metropolitan Government and the covenants and agreements set forth in this Resolution to be performed by the Metropolitan Government shall be for the equal and proportionate benefit, security and protection of all Holders of the Commercial Paper Notes, without preference, priority or distinction as to security or otherwise (including Series designation) of any of the Commercial Paper Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution. The Metropolitan Government agrees that each Bank shall be an express third-party beneficiary of this Resolution for all purposes hereunder, and each Bank shall be entitled to enforce the rights created in its favor hereunder.

SECTION 9.06 Limitation of Benefits with Respect to this Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Commercial Paper Program is intended or should be construed to confer upon or give to any Person other than the Metropolitan Government, the Holders of the Commercial Paper Notes, the Issuing and Paying Agent, the Banks and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Metropolitan Government, the Holders of the Commercial Paper Notes, the Issuing and Paying Agent, the Banks and the Dealer as herein and therein provided.

SECTION 9.07 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions or portions thereof herein contained shall be held by a court of competent jurisdiction contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper Notes issued hereunder.

SECTION 9.08 Payment and Performance on Business Days. Whenever under the terms of this Resolution or the Commercial Paper Program, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the originally scheduled date of performance or payment, and, with respect to any payment, without any additional interest accruing after the originally scheduled date of payment.

SECTION 9.09 No Personal Recourse. No recourse shall be had for any claim based on this Resolution or the Commercial Paper Program against any member, officer or employee, past, present or future, of the Metropolitan Government, the Metropolitan County Council or of any successor body as such, or against the State Comptroller or any officer or employee, past or future, of the State under any constitutional provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

SECTION 9.10 Disclosure of Liability. All covenants, stipulations, promises, agreements and obligations of the Metropolitan Government contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Metropolitan Government and not of any member, officer 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 Commercial Paper Notes or for any claim based thereon or on this Resolution against any member, officer, or employee of the Metropolitan Government, or against any Person executing the Commercial Paper Notes.

SECTION 9.11 Effect of Headings of Sections; Table of Contents. The headings of the sections of this Resolution are for convenience of reference only, and shall not affect the meaning, construction or interpretation of this Resolution.

SECTION 9.12 Effective Date. This Resolution shall take effect immediately upon the retirement of all outstanding commercial paper notes issued pursuant to the Prior Commercial Paper Note Resolution and the first issuance of Commercial Paper Notes hereunder, at which time the Prior Commercial Paper Note Resolution shall be of no further force or effect.

Analysis

This resolution authorizes and provides for the issuance and sale of water and sewer revenue bond anticipation notes, in the form of commercial paper, in an amount not to exceed $217,753,425 at any one time. The Metropolitan Government has used commercial paper as a form of short-term financing for capital projects since 2003. Commercial paper is basically a line of credit Metro can access to cover interim construction costs while awaiting the appropriate time to issue long-term bonds. The State of Tennessee uses a similar commercial paper program, as do many other large cities.

The resolution approves the necessary dealer agreement, the offering memorandum, the issuing and paying agent agreement, and a revolving credit agreement with TD Bank, N.A. Metro's financial adviser is Hilltop Securities, Inc.

The offering memorandum furnishes information about the water/sewer commercial paper program to prospective purchasers. The issuing and paying agent is responsible for collecting the funds and paying the principal and interest on the notes. The dealer's responsibility is to find buyers for the commercial paper issued by Metro.