

90 Debt Service Funds-At a Glance

Mission				
To accumulate funds to repay principal (money borrowed) and interest due on general obligation bonds and notes issued by the government to finance capital projects (land, buildings, equipment, etc.) with lives greater than one year. Three funds are used to account for this debt:				
	25104	Schools Debt Service Fund		
	20115	GSD Debt Service Fund		
	28315	USD Debt Service Fund		
Budget Summary				
		<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Expenditures and Transfers:				
Debt Service Funds		\$ 353,968,500	\$ 360,070,600	\$ 410,816,900
Total Expenditures and Transfers		<u>\$ 353,968,500</u>	<u>\$ 360,070,600</u>	<u>\$ 410,816,900</u>
Revenues and Transfers:				
Program Revenue				
Charges, Commissions, and Fees	\$	0	\$	0
Other Governments and Agencies	\$	4,596,000	\$	0
Other Program Revenue	\$	4,843,400	\$	0
Total Program Revenue	\$	9,439,400	\$	0
Non-program Revenue		326,631,300	342,680,300	394,745,500
Transfers From Other Funds and Units		17,897,800	\$ 17,390,300	\$ 16,071,400
Total Revenues	\$	<u>353,968,500</u>	<u>\$ 360,070,600</u>	<u>\$ 410,816,900</u>
Expenditures Per Capita	\$	494.45	\$	511.50
			\$	575.00
Positions				
Total Budgeted Positions		0	0	0
Contacts				
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These funds are administered by the Department of Finance and have no separate organization chart.

Debt Service Expenditures by District & Fund

<u>Source Description</u>	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2022 Budget</u>	<u>FY 2023 Budget</u>
GSD - General Services District				
20115 GSD Debt Service	\$217,705,700	\$617,481,617	\$225,074,700	\$269,723,100
25104 MNPS Debt Service	<u>115,895,500</u>	<u>115,895,500</u>	<u>115,942,200</u>	<u>120,799,100</u>
Total GSD	\$333,601,200	\$733,377,117	\$341,016,900	\$390,522,200
USD - Urban Services District				
28315 USD Debt Service	<u>\$ 20,367,300</u>	<u>\$ 63,724,926</u>	<u>\$ 19,053,700</u>	<u>\$ 20,294,700</u>
Total USD	20,367,300	\$ 63,724,926	\$ 19,053,700	\$ 20,294,700
Total General Obligation Debt Service – GSD+USD	<u>\$353,968,500</u>	<u>\$797,102,043</u>	<u>\$360,070,600</u>	<u>\$410,816,900</u>

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Budget Highlights FY 2022

The recommended budget services outstanding debt issues. Currently, Metro has approximately \$1,796,110,686 in un-issued general obligation bonds authorized for capital spending plans in Fiscal Years 2010 through 2022.

Overview

Debt Financing: Periodically, Metro borrows money to provide long-term financing for capital improvement projects that are included in the Capital Spending Plan by issuing (or selling) bonds and notes, which are written promises to repay the debt at certain times and with certain interest to bondholders/investors. The specific improvements to be financed are listed in the legislation that authorizes the debt. The proceeds from the sale of the debt are used to pay off commercial paper that provides short-term financing for those improvements.

Debt service is the process of repaying those bonds and notes, and their interest, over time to bondholders/investors. A portion of the principal is repaid each year between issuance and maturity. The maturity dates of bonds approximately match the lives of the projects they fund. It is Metro policy to refrain from having to make balloon payments at any one time.

Metro does not issue long-term debt to finance operating expenditures or deficits.

Types of debt: Debt generally falls into the following categories:

- General obligation (GO) debt is payable from taxes, and is backed by the full faith, credit, and taxing power of the government. There is no legal limit to Metro's use of general obligation debt, although issuance requires passage of a Council resolution. Only general obligation debt is repaid from the three debt service funds (25104, 20115, and 28315).
- Revenue debt is often used to finance projects that will generate revenue. Part of the revenue generated by a project is used to service the debt on the project. It is accounted for through the enterprise or internal service fund that develops the capital project and receives its revenues.
 - Limited obligation revenue debt normally operates as revenue debt but is backed by certain non-property-tax revenues (defined in the bond covenants) in the event that there are not sufficient revenues to service the debts.

Interest earned by our bondholders/investors is generally held to be exempt from federal and Tennessee taxation.

Structure: Metro's outstanding debt takes three forms:

- Bonds - Long-term debt that usually matures over a period of 20-30 years.
- Notes - Shorter-term debt that is issued for three years, renewable for an additional two terms of three years each. The usual total maturity is 3 to 5 years.
- Commercial paper - Short-term general obligations with flexible maturities ranging from 1 to 270 days, issued as cash when needed in blocks of \$100,000 plus \$1,000 increments. Interest rates are usually lower than bond interest rates.

Notes and commercial paper often provide temporary financing and are retired by issuing longer-term bonds.

Many bonds have "call" provisions that allow Metro to redeem the debt before its scheduled maturity. Bonds are typically called and refunded by issuing new debt with similar maturity to lower the cost of debt. The lower interest costs save Metro money over the remaining life of the bond issue.

Legal Limitations: There is no legal debt margin limitation on GSD debt. Section 7.08 of the Charter limits the USD total net bonded indebtedness payable from USD ad valorem taxes, after deduction of sinking funds for the payment of principal, to 15% of the USD assessed valuation of taxable property. At June 30, 2021, the taxable property was valued at \$26.1 billion, so the 15% limit was \$3.92 billion. With only \$157 million of applicable debt (0.60% of valuation), the margin was \$3.76 billion.

Bond Ratings: Metro holds excellent investment-grade ratings from two independent rating agencies (Moody's Aa2 and Standard & Poor's AA). These ratings are based on both the city's financial health and available reserves for paying off debt. Each agency has its own rating methodology; ratings of the two agencies cannot necessarily be compared to each other. For explanations of the ratings, visit each agency's web site.

Debt Policies: The following guidelines are used in managing debt service funds:

- USD general obligation debt is subject to the legal limitation noted above.
- Debt is not issued above the capacity provided by current revenue sources (including property taxes at the current rate) plus anticipated normal growth; debt is not issued in anticipation of a not-yet-approved property tax increase.
- When planning future debt capacity, normal revenue growth is projected conservatively.
- The financing of an improvement will not exceed its useful life. In a multi-purpose bond package, the package maturities will reflect the mix of project lives funded by the package; the average life of the bonds cannot exceed the average life of the projects.
- General obligation issues are sold by competitive bid in a public offering; a bid sale is awarded to the bidder with the lowest true interest cost
- Bond issues may be considered for refunding when lower interest rates on the new bonds will result in a 3.5% or better aggregate present value savings over the old bonds. The term of the refunding bonds will not exceed the terms of the bonds being refunded. Refunding Bonds may be sold either by negotiated sale or by competitive bid public offering.

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Revenue Sources: Revenues for all three funds are detailed in the budget ordinance. The GSD and USD Debt Service Funds (funds 20115 & 28315) are funded primarily by a dedicated portion of the property tax levies. The GSD Debt Service Fund also receives \$3.2 million from the GSD General Fund (fund 10101) for stadium debt, and the Schools Debt Service Fund (fund 25104) receives substantial schools-related sales taxes.

Capital Expenditures and the Budget: The discussion of Capital Improvements in Section A of this book describes how these funds relate to the operating budget.

Recent Bond Issues: The Recent Bond Issues table summarizes recent bond issues. Note that only the general obligation issues are serviced through the GSD, USD, and Schools Debt Service funds; the revenue issues are serviced through non-tax sources. Future debt service requirements are listed on the next page.

Comparative Debt Statistics: The Comparable Debt Statistics table uses standard indicators to measure debt burden levels and trends.

Comparative Debt Statistics

Fiscal Year	Net Debt to Assessed Valuation		Net Debt Per Capita	Debt Service to Total Expenditures
	GSD	USD		
2012	11.02%	1.31%	3,226.91	5.6%
2013	13.38%	1.41%	3,897.73	6.7%
2014	12.11%	1.32%	3,682.52	9.1%
2015	11.46%	1.25%	3,451.97	9.6%
2016	12.91%	1.23%	3,910.24	9.4%
2017	14.16%	1.15%	4,380.03	9.4%
2018	9.14%	0.70%	4,103.65	10.0%
2019	10.66%	0.69%	4,933.86	10.5%
2020	9.75%	0.63%	4,497.74	12.0%
2021	10.88%	0.60%	5,090.32	11.1%

Source: Annual Comprehensive Financial Reports for each year

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Recent Bond Issues						
Issue	Date Issued	Amount & interest rate	Maturity	Ratings *	Fund *	Comments *
General Obligation Improvement Bonds Federally Taxable (BAB's), Series 2010B	06/10/10	\$252,005,000 5.71%	2010 to 2034	M: Aa2 S: AA	G U S	Finance the retirement of a portion of the General Obligation Anticipation Notes (Commercial Paper), and general government projects.
Water and Sewer Revenue Refunding Bonds, Series 2010A	12/9/10	\$104,050,000 3.00 – 5.00%	2010 to 2027	M: Aa3 S: AA	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (BAB-Direct Payment)	12/9/10	\$135,000,000 6.39 – 6.57%	2010 to 2037	M: Aa3 S: AA	--	Finance the retirement of currently outstanding W&S Commercial Paper Bond Anticipation Notes and finance additional capital projects.
Water and Sewer Revenue Bonds Federally Taxable Series 2010C (Recovery Zone Economic Dev. Bonds)	12/9/10	\$75,000,000 6.69%	2010 to 2041	M: Aa3 S: AA	--	Finance Water system capital projects.
Water and Sewer Revenue Refunding Bonds Federally Taxable Series 2010D	12/9/10	\$7,610,000	2010 to 2018	M: Aa3 S: AA	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
General Obligation Refunding Bonds, Series 2011	09/29/11	\$89,480,000 2.00 – 5.00%	2011 to 2023	M: Aa2 S: AA	G U S	Advance refund portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2012	02/02/12	\$227,110,000 2.00 - 5.00%	2012 to 2025	M: Aa2 S: AA	G U S	Advance refund portions of outstanding bonds.
Water and Sewer Revenue Refunding Bonds, Series 2012	02/02/12	\$129,625,000 1.00 – 5.00%	2012 to 2023	M: Aa3 S: AA	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
General Obligation Improvement Bonds Federally Taxable, Series 2012	08/15/12	\$6,440,000 3.367%	2027	M: Aa2 S: AA	G	Finance the costs of certain public projects of the Metropolitan Government for qualified energy conservation improvements.
District Energy System Revenue and Tax Refunding Bonds, Series 2012A	08/15/12	\$47,450,000 2.00 – 5.00%	2013 To 2033	M: Aa2 S: AA	U	Advance refund of outstanding Energy Production Facility Revenue Bonds.
General Obligation Refunding Bonds, Series 2012B	08/15/12	\$140,345,000 .320 – 2.76%	2013 To 2024	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2013	02/21/13	\$245,485,000 2.00 – 5.00%	2015 To 2027	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
Water and Sewer Revenue Bonds, Series 2013	04/25/13	\$237,930,000 3.00 – 5.00%	2022 To 2033	M: Aa3 S: AA	--	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund.
General Obligation Improvement Bonds, Series 2013A	05/09/13	\$374,665,000 3.00 – 5.00%	2020 To 2033	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial paper, and to finance capital projects.
General Obligation Extendable Commercial Paper Notes 2014 Program	07/01/14	Up to \$325,000,000 Market rates	Up to 90 days issue with option to extend up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.

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Recent Bond Issues						
Issue	Date Issued	Amount & interest rate	Maturity	Ratings *	Fund *	Comments *
General Obligation Refunding Bonds, Series 2015A	02/19/15	\$59,730,000 5%	2021 To 2026	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2015B (Taxable)	02/19/15	\$103,980,000 .300 – 3.493%	2015 To 2029	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds
Water and Sewer Extendable Commercial Paper Notes, 2015 Program	04/15/15	Up to \$200,000,000 Market Rate	Up to 90 days issue with option to extend up to 270 days after issue	M: P-1 S: A-1+	--	Provide interim financing of various capital projects and refinance existing projects as relate to Water and Sewer prior to the issuing of bonds.
General Obligation Improvement Bonds, Series 2015C	07/21/15	\$347,235,000 4.00 – 5.00%	2017 To 2034	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Refunding Bonds, Series 2016	06/01/16	\$343,975,000 2.00 – 5.00%	2017 To 2033	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Improvement Bonds, Series 2017	02/02/17	\$455,540,000 4.00 – 5.00%	2018 To 2036	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes.
Water and Sewer Revenue Bonds, Series 2017A (Green Bonds)	11/02/17	\$89,420,000 5.00%	2021 To 2046	M: Aa3 S: AA	--	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
Water and Sewer Revenue Bonds, Series 2017B	11/02/17	\$155,210,000 5.00%	2030 To 2046	M: Aa3 S: AA	--	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
General Obligation Improvement Bonds, Series 2018	10/25/18	\$715,955,000 4.00 – 5.00%	2019 To 2038	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes, and to finance capital projects.
Water and Sewer Revenue Bonds, Series 2020A	04/08/20	\$169,575,000	2021 To 2030	M: Aa2 S: AA	--	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
Water and Sewer Revenue Bonds, Series 2020B	04/08/20	\$45,530,000	2021 To 2027	M: Aa2 S: AA	--	Retire outstanding Water and Sewer commercial paper
General Obligation Refunding Bonds, Series 2021A	02/18/21	\$131,295,000	2021 To 2026	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2021B	02/18/21	\$497,030,000	2021 To 2034	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Improvement Bonds, Series 2021C	02/25/21	\$571,725,000	2022 To 2041	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Commercial Paper Series 2021	06/01/21	Up to \$375,000,000 Market rates	Up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
Water and Sewer Revenue Commercial Paper Notes, Series 2022	01/11/22	Up to \$200,000,000 Market Rate	Up to 270 days after Issue	M: P-1 S: A-1+	--	Provide interim financing of various capital projects and refinance existing projects as relate to Water and Sewer prior to the issuing of bonds.

* **Ratings:** M = Moody's, S = Standard & Poor's, F = Fitch, I = Insured (see text). Maturity dates are underlined.
Fund: This code shows the debt service fund(s) used to repay this issue. G = GSD, U = USD, S = Schools.
Comments: Non-GO = Not a general obligation debt, but included in this table for completeness

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GENERAL OBLIGATION BONDS PAYABLE	Bonds and Notes Payable at June 30, 2021					
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2021	
					Principal	Interests
General Services District (GSD)						
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	138,046,756	138,046,756	78,235,331
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	49,712,377	6,740,924	156,305
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	154,956,701	52,107,100	2,799,873
GSD G.O. Improvement Bonds (QECB Federally Taxable), Series 2012	3.367	Aug. 15, 2012	Aug. 1 2027	6,440,000	6,440,000	1,409,427
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	67,480,283	30,918,948	2,198,965
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	138,755,487	33,088,563	4,424,409
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	253,070,885	20,253,641	1,532,414
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	33,884,829	33,884,829	4,572,579
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	72,314,470	39,314,648	4,588,424
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	240,454,031	99,312,324	20,077,203
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	231,949,343	195,673,067	60,305,177
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	280,675,679	254,945,734	92,928,813
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	487,502,922	457,089,981	202,512,860
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	July 1, 2026	68,469,348	68,469,348	6,054,126
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	July 1, 2034	335,676,396	335,676,396	28,244,143
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	July 1, 2041	437,682,815	437,682,815	141,543,810
Total General Obligation Bonds Payable For General Purposes				2,997,072,322	2,209,645,074	651,583,859
For School Purposes:						
GSD G. O Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	70,516,649	70,516,649	39,963,944
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	32,574,740	4,417,086	111,489
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	53,280,200	17,916,469	962,707
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	62,161,564	28,481,950	2,025,643
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	82,814,365	19,748,470	2,640,648
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	84,932,213	6,797,252	514,289
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	22,804,914	22,804,914	3,077,403
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	30,240,838	16,440,801	1,918,812
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	97,563,777	40,295,791	8,146,289
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	78,790,586	66,644,092	20,484,992
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	171,785,733	156,037,891	56,876,479
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	212,601,170	199,338,003	88,316,336
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	July 1, 2026	52,656,403	52,656,403	4,674,742
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	July 1, 2034	127,045,163	127,045,163	10,663,072
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	July 1, 2041	123,318,568	123,318,568	39,880,433
Total General Obligation Bonds Payable for School Purposes				1,303,086,883	952,459,502	280,257,278
Total General Obligation Bonds Payable - General Services District				4,300,159,205	3,162,104,576	931,841,137

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Bonds and Notes Payable at June 30, 2021						
GENERAL OBLIGATION BONDS PAYABLE	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2021	
					Principal	Interests
URBAN Services District (USD)						
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010 Sept. 16, 2011	July 1, 2034	43,441,595	43,441,595	24,619,682
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	July 1, 2023	July 1, 2023	6,688,796	402,903	21,651
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	18,873,099	6,346,431	341,014
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	7,471,610	3,423,433	243,474
USD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	23,915,148	5,702,967	762,567
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	30,135,613	2,411,798	182,480
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	3,040,257	3,040,257	410,267
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	1,424,692	774,551	90,399
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	8,531,298	3,226,215	712,338
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	27,571,610	22,421,351	7,168,422
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	2,538,666	2,305,948	840,527
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	14,291,393	13,399,822	5,936,768
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	July 1, 2026	9,839,706	9,839,706	880,611
USD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	July 1, 2034	34,308,441	34,308,441	2,471,964
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	July 1, 2041	8,880,233	8,880,233	2,871,810
Total General Obligation Bonds Payable (governmental activities)				240,952,157	159,925,651	47,553,974
For School Purposes:						
USD G.O. Refunding Bonds, Series 2011 (DES)	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	504,087	504,087	12,180
District Energy System Revenue Refunding Bonds, Series 2012A	2.000 - 5.000	Aug. 15, 2012	Oct. 1, 2033	47,450,000	34,180,000	10,739,025
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	3,231,543	1,480,669	105,306
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	6,526,289	522,309	39,519
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	685,894	580,670	57,270
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	5,663,461	5,551,490	1,472,459
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	539,922	490,427	178,762
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	1,559,515	1,462,224	647,835
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	July 1, 2026	329,543	329,543	30,081
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	July 1, 2041	1,843,384	1,843,384	593,138
Total General Obligation Bonds Payable (business-type activities)				68,333,638	46,944,803	13,875,575
Total General Obligation Bonds Payable - Urban Services District				309,285,795	206,870,454	61,429,549

90 Debt Service Funds-At a Glance

Bonds and Notes Payable at June 30, 2021

	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2021	
					Principal	Interests
REVENUE BONDS PAYABLE						
Dept of Water and Sewerage Rev. Refunding Bonds, Series 2010A	3.00 - 5.00	Dec. 9, 2010	Jul. 1, 2027	104,050,000	5,250,000	131,250
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010B(BABs)	6.393 - 6.568	Dec. 9, 2010	Jul. 1, 2037	135,000,000	135,000,000	104,268,714
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010C	6.693	Dec. 9, 2010	Jul. 1, 2041	75,000,000	75,000,000	94,694,907
Dept of Water and Sewerage Rev. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 2, 2012	Jul. 1, 2025	129,625,000	41,620,000	2,307,000
Dept of Water and Sewerage Revenue Bonds, Series 2013	1.89 - 5.00	Apr. 25, 2013	Jul. 1, 2033	237,930,000	237,930,000	153,473,525
Dept of Water and Sewerage Revenue Bonds, Series 2017A (Green Bonds)	5.00	Nov. 2, 2017	Jul. 1, 2046	89,420,000	89,420,000	69,541,340
Dept of Water and Sewerage Revenue Bonds, Series 2017B	5.00	Nov. 2, 2017	Jul. 1, 2046	155,210,000	155,210,000	122,123,000
Dept of Water and Sewer Revenue Bonds, Series 2020A	4.00	April 8, 2020	Jul. 1, 2040	169,575,000	169,575,000	105,713,150
Dept of Water Sewer Rev. Refunding Bonds, Series 2020B	5.00	April 8, 2020	July 1, 2027	45,530,000	45,530,000	8,077,000
Total General Obligation Bonds Payable (governmental activities)				<u>1,141,340,000</u>	<u>954,535,000</u>	<u>660,329,886</u>
Total Revenue Bonds Payable - Urban Services District				<u>1,141,340,000</u>	<u>954,535,000</u>	<u>660,329,886</u>
Total Bonds Payable - Urban Services District				<u>1,450,625,795</u>	<u>1,161,405,454</u>	<u>721,759,435</u>

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2021

General Obligation Debt (Debt Service Funds)

Fiscal Year	GSD Debt Service			GSD School Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2022	143,024,668	78,004,722	221,029,390	71,009,119	34,797,323	105,806,442
2023	150,759,174	74,815,398	225,574,572	69,116,785	32,915,200	102,031,985
2024	152,135,229	69,034,871	221,170,100	78,120,244	30,068,034	108,188,278
2025	154,264,581	63,206,600	217,471,181	76,402,499	27,063,186	103,465,685
2026	152,790,118	57,592,519	210,382,637	61,802,688	24,416,693	86,219,381
2027	141,683,998	52,312,305	193,996,303	57,274,445	22,174,179	79,448,624
2028	143,785,606	46,691,555	190,477,161	55,594,267	19,894,020	75,488,287
2029	114,965,562	41,211,690	156,177,252	48,069,826	17,680,054	65,749,880
2030	119,262,678	36,518,221	155,780,899	49,647,837	15,683,298	65,331,135
2031	121,239,576	31,360,462	152,600,038	50,443,706	13,524,627	63,968,333
2032	126,437,140	26,111,772	152,548,912	53,465,522	11,303,524	64,769,046
2033	130,987,464	21,240,511	152,227,975	55,439,490	9,185,170	64,624,660
2034	107,472,443	16,685,042	124,157,485	46,993,525	7,161,120	54,154,645
2035	111,151,434	12,648,996	123,800,430	48,657,529	5,314,443	53,971,972
2036	78,188,647	9,161,814	87,350,461	33,712,471	3,736,302	37,448,773
2037	80,775,732	6,573,069	87,348,801	34,917,876	2,530,084	37,447,960
2038	61,274,770	4,332,919	65,607,689	22,592,323	1,549,173	24,141,496
2039	63,216,738	2,388,924	65,605,662	23,356,507	783,987	24,140,494
2040	27,835,318	1,124,590	28,959,908	7,842,692	316,857	8,159,549
2041	28,394,168	567,879	28,962,047	8,000,151	160,004	8,160,155
Total	2,209,645,044	651,583,859	2,861,228,903	952,459,502	280,257,278	1,232,716,780

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2021

General Obligation Debt (Debt Service Funds)

Fiscal Year	Water Service (USD)			USD Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2022	33,070,000	48,125,552	81,195,552	14,381,213	8,057,318	22,438,531
2023	39,815,000	46,435,928	86,250,928	15,069,041	7,601,638	22,670,679
2024	30,675,000	44,818,227	75,493,227	16,859,527	7,040,710	23,900,237
2025	24,820,000	43,471,027	68,291,027	17,297,920	6,416,045	23,713,965
2026	26,065,000	42,209,078	68,274,078	14,842,194	5,850,386	20,692,580
2027	27,375,000	40,880,677	68,255,677	15,981,557	5,344,275	21,325,832
2028	28,740,000	39,440,576	68,180,576	15,705,127	4,712,192	20,417,319
2029	30,885,000	37,901,622	68,786,622	12,729,612	4,062,037	16,791,649
2030	32,290,000	36,239,656	68,529,656	13,539,485	3,512,080	17,051,565
2031	33,835,000	34,425,047	68,260,047	14,016,718	2,878,781	16,895,499
2032	35,455,000	32,513,812	67,968,812	13,342,338	2,217,199	15,559,537
2033	37,165,000	30,504,630	67,669,630	13,803,046	1,610,021	15,413,067
2034	38,960,000	28,399,394	67,359,394	11,739,032	982,594	12,721,626
2035	40,845,000	26,223,727	67,068,727	8,721,037	489,427	9,210,464
2036	42,820,000	23,978,138	66,798,138	1,893,882	245,709	2,139,591
2037	44,895,000	21,625,309	66,520,309	1,956,392	183,173	2,139,565
2038	47,025,000	19,157,580	66,182,580	1,777,907	123,208	1,901,115
2039	49,225,000	16,565,321	65,790,321	1,836,755	64,289	1,901,044
2040	51,475,000	13,848,966	65,323,966	681,990	27,553	709,543
2041	53,805,000	11,017,373	64,822,373	695,681	13,914	709,595
2042	56,175,000	8,139,776	64,314,776			
2043	39,480,000	5,849,944	45,329,944			
2044	41,230,000	4,099,000	45,329,000			
2045	25,420,000	2,621,500	28,041,500			
2046	26,620,000	1,428,775	28,048,775			
2047	16,370,000	409,251	16,779,251			
Total	954,535,000	660,329,886	1,614,864,886	206,870,454	61,432,549	268,303,003

90 Debt Service Funds-At a Glance

Highlights from the Metropolitan Government of Nashville and Davidson County's Debt Management Policy

The purpose of the Policy is to provide written guidance about the amount and type of debt issued, the issuance process, and the management of the debt portfolio for the Metropolitan Government.

Introduction

The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"): (1) identifies policy goals and demonstrates a commitment to long-term financial planning; including a multi-year capital plan; (2) improves the quality of decisions; and (3) provides justification for the structure of debt issuance.

Goals & Objectives

Debt policies and procedures are tools that ensure that financial resources are adequate to meet the Metropolitan Government's long-term financing objectives. In addition, the Policy helps to ensure that financings undertaken by the Metropolitan Government satisfy certain clear objective standards which allow the Metropolitan Government to protect its financial resources in order to meet its short-term financing and long-term capital needs. The adoption of clear and comprehensive financial policies enhances the internal financial management of the Metropolitan Government.

Purpose and Use of Issuance Process

Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Charter and the Constitution and laws of the State of Tennessee (including without limitation Title 9, Chapter 21, Tennessee Code Annotated, and Title 7, Chapter 34, Tennessee Code Annotated (together, the "State Debt Statutes"), pursuant to resolutions adopted by the Metropolitan Government.

Debt Capacity Assessment

During development and consideration of a capital-spending plan, impact of the resulting debt and debt service will be evaluated to determine appropriate level of debt to the overall financial position of the Metropolitan Government. To accomplish this evaluation, a calculation of the various metrics, will be performed on existing debt as compared to projected debt resulting from capital-spending plan. An analysis of historical financial trends and current and projected economic factors will be considered in evaluation of the appropriate level of debt to be approved in a capital-spending plan.

Federal Tax Status

1. **Tax-Exempt Debt** – The Metropolitan Government will use its best efforts to maximize the amount of debt sold under this policy using tax-exempt interest financing.
2. **Taxable Debt** – The Metropolitan Government will sell taxable debt when necessary to finance

projects not eligible to be financed with tax-exempt debt.

Legal Limitation on the Use of Debt

1. No Debt obligation, except as shall be repaid with the fiscal year of issuance, shall be sold to fund the current operation of any Metropolitan Government service or program.
2. The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized.
3. Debt may only be issued pursuant to an authorized resolution of the Metropolitan Council.

Types of Debt

A. Bonds

Security- Pursuant to State Debt Statutes, the Metropolitan Government may issue general obligation bonds, which are direct general obligations of the Metropolitan Government - payable as to both principal and interest from any funds or monies of the Metropolitan Government from whatever source derived. The full faith and credit of the Metropolitan Government is pledged to the payment of principal of and interest on all general obligation bonds. General obligation bonds may be additionally secured by a pledge of the revenues of one or more revenue-producing systems or facilities. Pursuant to State Debt Statutes, the Metropolitan Government may issue revenue bonds, which are limited obligations of the Metropolitan Government, payable solely from the revenues of one or more revenue-producing systems or facilities.

B. Short Term Debt

Pending the issuance of bonds to provide long-term financing, the Metropolitan Government may issue short term debt. Such debt shall be authorized by resolution of the Metropolitan Government.

These notes may be structured as:

- Bond Anticipation Notes
- Tax and Revenue Anticipation Notes
- Capital Outlay Notes

Debt Management Structure

The Metropolitan Government shall establish all terms and conditions relating to the issuance of bonds and will invest all bond proceeds pursuant to the terms of the Metropolitan Government's Investment Policy.

- A. Term.** The term of any debt (including refunding debt) used to purchase or otherwise obtain or construct any equipment, goods, or structures shall have a reasonably anticipated

90 Debt Service Funds-At a Glance

lifetime of use equal to or less than the average useful life of the project.

- B. Debt Service Structure.** Debt issuance shall be planned to achieve substantially level debt service over a twenty-year period (commencing immediately following the third year after issuance) unless otherwise specified in the authorizing resolution of the Metropolitan Council.
- C. Call Provisions.** When issuing new debt, the structure may include a call provision that occurs no later than ten years from the date of delivery of the bonds. Call features should be structured to provide the maximum flexibility relative to cost.
- D. Original Issuance Discount/Premium.** Bonds sold with original issuance discount/premium are permitted with the approval of the Metropolitan Council.

Balloon Debt

A. Introduction

The Metropolitan Government may, from time to time, consider the issuance of bonds that would now constitute "balloon indebtedness," as defined by Tennessee Code Annotated Section 9-21-134. Generally speaking, balloon indebtedness reduces the Metropolitan Government's future capacity to issue debt and its financial flexibility to meet future needs. The Metropolitan Government's preference is for the issuance of indebtedness that does not constitute balloon indebtedness, all in a manner consistent with this Debt Management Policy, and in the best interest of the Metropolitan Government and its taxpayers or ratepayers (as applicable).

B. Policy

It is the policy of the Metropolitan Government that the Metropolitan Government will strive to issue all-future debt to provide funding for capital projects ("improvement bonds") with a principal amortization structure that does not constitute balloon indebtedness.

It is further the policy of the Metropolitan Government to always maintain a plan for managing any outstanding balloon indebtedness to mitigate its effects on the Metropolitan Government's future debt capacity and financial flexibility, taking into consideration the financial resources of the Metropolitan Government.

C. Issuance of Balloon Indebtedness

Unless the Metropolitan Council concludes, through the procedures outlined in (2) below, that a balloon indebtedness structure is in the public interest, all future improvement bonds will be structured so that principal amortizes in a manner that results in level or declining debt service, commencing no later than the fourth year following issuance.

D. Debt Affordability

The Metropolitan Government will manage any outstanding balloon indebtedness in a manner that mitigates its effects on the Metropolitan Government's future revenues by considering the following options, within its financial resources:

- Restructuring debt with accelerated amortization
- Early repayment of debt
- Delaying of capital projects, or funding capital projects with revenues, until capacity is available to issue debt structured with level or declining payments
- Such other actions available within its financial capacity to manage debt.

Refinancing Outstanding Debt

The Department of Finance and the Metropolitan Government's Financial Advisor shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Financial Advisor will regularly conduct an analysis of all refunding candidates to identify potential refunding candidates from the outstanding bond maturities. The Metropolitan Government will consider the following issues when analyzing possible refunding opportunities:

- Debt Service Savings
- Term of Refunding Bonds
- Bond Restructuring
- Escrow Structuring

Methods of Sale

Pursuant to State Debt Statutes, new money general obligation bonds must be sold at competitive sale. State Debt Statutes permit the Metropolitan Government to determine the method of sale for refunding bonds and revenue bonds. Following each sale of bonds, the Finance Department with the assistance of the Financial Advisor shall provide a report to the Metropolitan Council on the results of the sale.

- Competitive Sale
- Negotiated Sale
- Private Placement

Selection of Underwriting Team (Negotiated Transaction)

If there is an underwriter, the Metropolitan Government shall require the underwriter to clearly identify itself in writing, whether in a response to a request for proposals or in promotional materials provided to the Metropolitan Government or otherwise, as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Metropolitan Government with respect to that issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Metropolitan Government. The underwriter in a publicly offered, negotiated sale shall be required to provide

90 Debt Service Funds-At a Glance

pricing information both as to interest rates and to takedown per maturity to the Metropolitan Government or its designated official in advance of the pricing of the debt.

Credit Quality

The Metropolitan Government's debt management activities will be conducted to receive the highest credit ratings possible, consistent with Metropolitan Government's financing objectives.

Credit Enhancements

The Metropolitan Government will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. Only when clearly demonstrable savings can be shown shall an enhancement- be utilized. The Metropolitan Government may consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

- Bond Insurance
- Letters of Credit
- Liquidity
- Use of Structured Products

Risk Assessment

The Finance Department will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The Finance Department will evaluate all proposed transactions for consistency with the objectives and constraints defined in this Policy.

Transparency

The Metropolitan Government shall comply with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance will be considered. Additionally, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner (see also Federal Regulatory Compliance and Continuing Disclosure)

Professional Services

The Metropolitan Government requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Metropolitan Government. This includes "soft" costs or compensations in lieu of direct payments.

Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Metropolitan Government shall be required to disclose to the Metropolitan Government

existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators and other issuers whom they may serve. This disclosure shall include that information reasonably sufficient to allow the Metropolitan Government to appreciate the significance of the relationships.

Debt Administration

A. Planning for Sale

Prior to submitting a bond resolution to the Metropolitan Council for approval, the Finance Department, with the assistance of the Financial Advisor, will present to the Metropolitan Council the purpose of the financing, the estimated amount of financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing.

In the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Finance Department will present the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction and a discussion of the potential risks associated with the proposed structure.

The Finance Department, bond counsel, financial advisor, along with other members of the financing team will prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

B. Post Sale

The Finance Department will present a post-sale report to the members of the Metropolitan Council describing the transaction and setting forth all the costs associated with the transaction.

The financial advisor will provide a closing memorandum with written instructions on transfer and flow of funds.

The Finance Department will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the IRS all arbitrage earnings associated with the financing and any tax liability that may be owed.

The Finance Department, bond counsel, financial advisor, along with other members of the financing team will prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

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Federal Regulatory Compliance and Continuing Disclosure

A. Federal Tax Compliance

The Metropolitan Government has adopted Federal Tax Compliance Policies and Procedures regarding the administration of all its tax-exempt and tax-advantaged debt. The Finance Department will comply with these Federal Tax Compliance Policies and Procedures, as they may be amended from time to time.

B. Investment of Proceeds

Any proceeds or other funds available will be deposited with the Metropolitan Treasurer's Office. The proceeds must be invested pursuant to the Metropolitan Government's investment policy and applicable provisions of State law.

C. Disclosure

In complying with U.S. Securities and Exchange Commission Rule 15c2-12, the Metropolitan Government will timely provide to EMMA certain financial information and operating data each year and will provide notice of certain enumerated events with respect to the bonds, if material.

D. Generally Accepted Accounting Principles (GAAP)

The Metropolitan Government will prepare its financial reports in accordance with the standard accounting practices adopted by the Governmental Accounting Standards Board and with the accounting policies established by the Finance Department when applicable.