

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>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Expenditures and Transfers:				
Debt Service Funds		\$ 336,872,700	\$ 353,968,500	\$ 360,070,600
Total Expenditures and Transfers		<u>\$ 336,872,700</u>	<u>\$ 353,968,500</u>	<u>\$ 360,070,600</u>
Revenues and Transfers:				
Program Revenue				
Charges, Commissions, and Fees	\$	0	\$	0
Other Governments and Agencies	\$	12,818,200	\$	4,596,000
Other Program Revenue	\$	4,843,400	\$	4,843,400
Total Program Revenue	\$	17,661,600	\$	9,439,400
Non-program Revenue		268,936,200	326,631,300	337,836,900
Transfers From Other Funds and Units		50,275,900	\$	17,897,800
Total Revenues	\$	<u>336,872,700</u>	\$	<u>353,968,500</u>
Expenditures Per Capita	\$	485.31	\$	501.80
			\$	506.17
Positions Total Budgeted Positions				
Contacts				
Interim Director: Saul Solomon		email: saul.solomon@nashville.gov Phone: 862-6151		
Metropolitan Treasurer: Michell Bosch		email: michell.bosch@nashville.gov Phone: 862-6154		
Capital Improvements Budget: Lucy Kempf, Planning Department Executive Director		email: lucy.kempf@nashville.gov Phone: 862-7167		

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 2020 Budget</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Budget</u>	<u>FY 2022 Budget</u>
GSD - General Services District				
20115 GSD Debt Service	\$ 207,650,400	\$ 166,691,584	\$ 213,492,000	\$ 225,074,700
25104 MNPS Debt Service	110,554,700	109,726,916	119,492,000	115,942,200
Total GSD	\$318,205,100	\$276,418,500	\$332,984,000	\$341,016,900
USD - Urban Services District				
28315 USD Debt Service	\$ 18,667,600	\$ 19,091,023	\$ 20,984,500	\$ 19,053,700
Total USD	18,667,600	\$ 19,091,023	\$ 20,984,500	\$ 19,053,700
Total General Obligation Debt Service – GSD+USD	<u>\$336,872,700</u>	<u>\$295,509,523</u>	<u>\$353,968,500</u>	<u>\$360,070,600</u>

90 Debt Service Funds-At a Glance

Budget Highlights FY 2022

The recommended budget services outstanding debt issues. Currently, Metro has approximately \$1,185,900,686 in un-issued general obligation bonds authorized for capital spending plans in Fiscal Years 2010 through 2021.

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. This approximately matches the maturity dates of bonds to the lives of the projects they fund and keeps Metro from having to make a big payment at one time to make a capital improvement.

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 GO 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. This is most often done when the debt being called is refunded by issuing new debt for the same period of time but at lower interest rates. 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, 2020, the taxable property was valued at \$25.2 billion, so the 15% limit was \$3.78 billion. With only \$158 million of applicable debt (0.63% of valuation), the margin was \$3.63 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 system; 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.

90 Debt Service Funds-At a Glance

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		
2011	10.22%	1.14%	1,571.19	4.5%
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%

Source: Comprehensive Annual Financial Reports for each year

90 Debt Service Funds-At a Glance

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 (Rec. Zone Economic Dev. Bonds)	12/9/10	\$75,000,000 6.69%	2010 to 2041	M: Aa3 S: AA	--	Finance Water system capital projects.
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 out-standing 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 out-standing 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.
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.

90 Debt Service Funds-At a Glance

Recent Bond Issues						
Issue	Date Issued	Amount & interest rate	Maturity	Ratings *	Fund *	Comments *
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 \$100,000,000 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
Water and Sewer Revenue Commercial Paper Notes, Series 2018A	7/09/18	Up to \$183,000,000 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.
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 4.00 – 5.00%	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 5.00%	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 5.00%	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 .121 – 1.786%	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 1.75 – 5.00%	2022 To 2041	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Commercial Paper Series 2021	07/01/21	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.
<p>* Ratings: M = Moody's, S = Standard & Poor's, F = Fitch, I = Insured (see text). Maturity dates are <u>underlined</u>. 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</p>						

90 Debt Service Funds-At a Glance

Bonds and Notes Payable at June 30, 2020						
GENERAL OBLIGATION BONDS PAYABLE						
General Services District (GSD)						
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2020	
					Principal	Interests
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	159,008,728	41,393,045	5,848,750
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	86,113,660
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	144,150,016	60,703,206	5,415,928
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	49,712,377	26,425,629	2,394,083
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	154,956,701	112,821,386	13,830,936
GSD G.O. Improvement Bonds (QECCB Federally Taxable), Series 2012	3.367	Aug. 15, 2012	Aug. 1, 2027	6,440,000	6,440,000	1,626,261
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	67,480,283	34,085,129	3,048,168
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	138,755,487	117,935,239	32,287,817
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	253,070,885	32,638,184	3,156,960
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	33,884,829	33,884,829	6,266,822
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	72,314,470	48,519,129	5,813,792
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	240,454,031	213,519,938	85,662,169
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	231,949,343	226,936,261	88,468,599
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	280,675,679	265,506,346	104,112,334
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	487,502,922	472,676,045	223,570,666
Total General Obligation Bonds Payable For General Purposes				2,458,402,507	1,831,531,122	667,616,945
For School Purposes:						
GSD G. O Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	114,567,598	27,858,037	3,936,282
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	43,988,330
GSD G. O Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	120,126,326	50,586,558	4,513,324
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	32,574,740	15,917,124	1,515,855
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	53,280,200	38,792,428	4,755,619
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	62,161,564	31,398,576	2,807,914
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	82,814,365	70,388,078	19,270,553
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	84,932,213	10,953,584	1,059,497
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	22,804,914	22,804,914	4,217,649
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	30,240,838	20,289,979	2,431,242
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	97,563,777	86,635,319	34,757,267
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	78,790,586	77,055,882	29,956,839
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	171,785,733	162,501,445	63,721,280
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	212,601,170	206,135,135	97,499,695
Total General Obligation Bonds Payable for School Purposes				1,234,760,673	891,833,708	314,431,346
Total General Obligation Bonds Payable - General Services District				3,693,163,180	2,723,364,830	982,048,291

90 Debt Service Funds-At a Glance

Bonds and Notes Payable at June 30, 2020

GENERAL OBLIGATION BONDS PAYABLE URBAN Services District (USD)

USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	22,899,473	3,713,918	524,769
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	43,441,595	43,441,595	27,098,894
USD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	25,925,413	10,917,484	974,056
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	6,688,796	4,578,160	419,143
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	18,873,099	13,741,186	1,684,551
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	7,471,610	3,774,002	337,502
USD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	23,915,148	20,326,683	5,564,954
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	30,135,613	3,886,546	375,930
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	3,040,257	3,040,257	562,279
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	1,424,692	955,892	114,540
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	8,531,298	7,575,678	3,039,289
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	27,571,610	26,976,756	10,520,140
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	2,538,666	2,401,467	941,679
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	14,291,393	13,856,736	6,554,088

Total General Obligation Bonds Payable (governmental activities)

236,748,663 159,186,360 58,711,814

USD G.O. Refunding Bonds, Series 2010D (DES)	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	1,158,245	487,752	43,517
USD G.O. Refunding Bonds, Series 2011 (DES)	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	504,087	504,087	73,794
District Energy System Revenue Refunding Bonds, Series 2012A	2.000 - 5.000	Aug. 15, 2012	Oct. 1, 2033	47,450,000	36,060,000	12,301,075
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	3,231,543	1,632,293	145,973
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	6,526,289	841,686	81,413
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	July 1, 2034	685,894	609,065	244,351
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	5,663,461	5,556,101	2,198,922
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	July 1, 2036	539,922	510,742	200,276
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	July 1, 2038	1,559,515	1,512,084	715,199

Total General Obligation Bonds Payable (business-type activities)

67,318,956 47,713,810 16,004,520

Total General Obligation Bonds Payable - Urban Services District

304,067,619 206,900,170 74,716,334

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	12,805,000	544,850
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010B(B)	6.393 - 6.568	Dec. 9, 2010	Jul. 1, 2037	135,000,000	135,000,000	113,061,671
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	99,714,657
Dept of Water and Sewerage Rev. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 2, 2012	Jul. 1, 2025	129,625,000	59,145,000	4,626,125
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	164,654,375
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	73,884,835
Dept of Water and Sewerage Revenue Bonds, Series 2017B	5.00	Nov. 2, 2017	Jul. 1, 2046	155,210,000	155,210,000	129,883,500
Dept of Water and Sewer Revenue Bonds, Series 2020A	4.00	April 8, 2020	Jul. 1, 2040	169,575,000	169,575,000	111,131,534
Dept of Water Sewer Rev. Refunding Bonds, Series 2020B	5.00	April 8, 2020	July 1, 2027	45,530,000	45,530,000	9,740,110

Total Revenue Bonds Payable - Department of Water and Sewerage

1,141,340,000 979,615,000 707,241,657

Total Revenue Bonds Payable - Urban Services District

1,141,340,000 979,615,000 707,241,657

Total Bonds Payable - Urban Services District

1,445,407,619 1,186,515,170 781,957,991

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2020

General Obligation Debt (Debt Service Funds)

Fiscal Year	GSD Debt Service			GSD School Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2021	115,829,973	81,979,533	197,809,506	60,961,514	39,569,646	100,531,160
2022	118,246,243	76,474,326	194,720,569	62,941,554	36,681,160	99,622,714
2023	128,396,796	70,695,657	199,092,453	62,377,178	33,750,836	96,128,014
2024	130,011,866	64,900,551	194,912,417	71,437,847	30,789,958	102,227,805
2025	132,620,879	58,965,035	191,585,914	70,053,160	27,695,663	97,748,823
2026	124,080,229	52,951,079	177,031,308	62,403,924	24,650,822	87,054,746
2027	115,540,309	47,148,063	162,688,372	56,768,195	21,763,445	78,531,640
2028	118,371,581	41,476,381	159,847,962	53,122,176	19,057,548	72,179,724
2029	93,055,569	36,565,776	129,621,345	41,670,332	16,836,945	58,507,277
2030	96,709,773	32,605,192	129,314,965	43,336,682	15,014,945	58,351,627
2031	98,194,030	27,935,301	126,129,331	44,065,299	12,925,766	56,991,065
2032	102,708,964	23,097,797	125,806,761	46,064,741	10,761,827	56,826,568
2033	107,439,866	18,033,193	125,473,059	48,158,161	8,498,089	56,656,250
2034	84,775,552	12,929,190	97,704,742	41,061,715	6,215,004	47,276,719
2035	88,282,739	9,062,866	97,345,605	42,751,191	4,341,805	47,092,996
2036	52,343,754	6,043,795	58,387,549	26,430,587	2,857,790	29,288,377
2037	54,479,165	3,907,335	58,386,500	27,508,732	1,779,005	29,287,737
2038	34,518,875	2,127,376	36,646,251	15,053,761	927,754	15,981,515
2039	35,924,960	718,499	36,643,459	15,666,959	313,339	15,980,298
Total	1,831,531,123	667,616,945	2,499,148,068	891,833,708	314,431,347	1,206,265,055

90 Debt Service Funds-At a Glance

Future Annual Debt Service Requirements for Debt Outstanding at 6/30/2020

General Obligation Debt (Debt Service Funds)

Fiscal Year	Water Service (USD)			USD Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2021	25,080,000	46,911,772	71,991,772	13,243,513	9,674,040	22,917,553
2022	33,070,000	48,125,552	81,195,552	13,467,203	9,025,619	22,492,822
2023	39,815,000	46,435,928	86,250,928	14,251,026	8,369,551	22,620,577
2024	30,675,000	44,818,227	75,493,227	15,970,287	7,708,470	23,678,757
2025	24,820,000	43,471,027	68,291,027	15,875,961	7,000,764	22,876,725
2026	26,065,000	42,209,078	68,274,078	14,490,847	6,279,906	20,770,753
2027	27,375,000	40,880,677	68,255,677	15,556,496	5,552,015	21,108,511
2028	28,740,000	39,440,576	68,180,576	15,206,243	4,796,893	20,003,136
2029	30,885,000	37,901,622	68,786,622	12,114,099	4,128,150	16,242,249
2030	32,290,000	36,239,656	68,529,656	12,553,545	3,594,772	16,148,317
2031	33,835,000	34,425,047	68,260,047	13,020,671	2,969,885	15,990,556
2032	35,455,000	32,513,812	67,968,812	13,566,295	2,319,307	15,885,602
2033	37,165,000	30,504,630	67,669,630	14,146,973	1,624,932	15,771,905
2034	38,960,000	28,399,394	67,359,394	10,797,733	890,756	11,688,489
2035	40,845,000	26,223,727	67,068,727	7,776,070	401,567	8,177,637
2036	42,820,000	23,978,138	66,798,138	1,260,659	169,315	1,429,974
2037	44,895,000	21,625,309	66,520,309	1,312,103	117,860	1,429,963
2038	47,025,000	19,157,580	66,182,580	1,122,364	69,170	1,191,534
2039	49,225,000	16,565,321	65,790,321	1,168,081	23,362	1,191,443
2040	51,475,000	13,848,966	65,323,966			
2041	53,805,000	11,017,373	64,822,373			
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	409,250	16,779,250			
	979,615,000	707,241,657	1,686,856,657	206,900,169	74,716,334	281,616,503

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

90 Debt Service Funds-At a Glance

- 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 if 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 maintain at all times 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 pricing information both as to interest

90 Debt Service Funds-At a Glance

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.

90 Debt Service Funds-At a Glance

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 of 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.