

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	2021-22	2022-23	2023-24
Expenditures and Transfers:			
Debt Service Funds	\$360,070,600	\$410,816,900	\$413,120,700
Total Expenditures and Transfers	<u>\$360,070,600</u>	<u>\$410,816,900</u>	<u>\$413,120,700</u>
Revenue and Transfers:			
Program Revenue			
Charges, Commissions, and Fees	\$0	\$0	\$0
Other Governments and Agencies	0	0	0
Other Program Revenue	0	0	0
Total Program Revenue	\$0	\$0	\$0
Non-Program Revenue	\$342,680,300	\$394,745,500	\$398,987,600
Transfers from Other Funds and Units	17,390,300	16,071,400	85,254,400
Total Revenue and Transfers	<u>\$360,070,600</u>	<u>\$410,816,900</u>	<u>\$484,242,000</u>
Expenditures per Capita	\$511.92	\$580.13	\$579.48
Position Total Budgeted Positions	0	0	0
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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 2024 Budget</u>
GSD - General Services District				
20115 GSD Debt Service	\$225,074,700	\$223,208,568	\$269,723,100	\$256,149,100
25104 MNPS Debt Service	<u>115,942,200</u>	<u>111,614,712</u>	<u>120,799,100</u>	<u>136,782,600</u>
Total GSD	\$341,016,900	\$334,823,280	\$390,522,200	\$392,931,700
USD - Urban Services District				
28315 USD Debt Service	<u>\$ 19,053,700</u>	<u>\$ 18,336,451</u>	<u>\$ 20,294,700</u>	<u>\$ 20,189,000</u>
Total USD	19,053,700	\$ 18,336,451	\$ 20,294,700	\$ 20,189,000
Total General Obligation Debt Service – GSD+USD	<u>\$360,070,600</u>	<u>\$353,159,731</u>	<u>\$410,816,900</u>	<u>\$413,120,700</u>

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Budget Highlights FY 2024

The recommended budget services outstanding debt issues. Currently, Metro has approximately \$1,661,136,447 in un-issued general obligation bonds authorized for capital spending plans in Fiscal Years 2010 through 2023.

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, 2022, the taxable property was valued at \$35.9 billion, so the 15% limit was \$5.39 billion. With only \$137 million of applicable debt (0.38% of valuation), the margin was \$5.25 billion.

Bond Ratings: Metro holds excellent investment-grade ratings from three independent rating agencies (Moody's Aa2, Standard & Poor's AA, and Kroll Bond Rating Agency 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 three 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		
2013	13.38%	1.41%	3,898	6.7%
2014	12.11%	1.32%	3,683	9.1%
2015	11.46%	1.25%	3,452	9.6%
2016	12.91%	1.23%	3,910	9.4%
2017	14.16%	1.15%	4,380	9.4%
2018	9.14%	0.70%	4,104	10.0%
2019	10.66%	0.69%	4,934	10.5%
2020	9.75%	0.63%	4,498	12.0%
2021	10.88%	0.60%	5,090	11.1%
2022	7.44%	0.38%	4,633	10.8%

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 K: 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 Bonds Federally Taxable, Series 2010B (BAB-Direct Payment)	12/9/10	\$135,000,000 6.39 - 6.57%	2010 to 2037	M: Aa2 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: Aa2 S: AA	-	Provide financing for Water system capital projects.
General Obligation Refunding Bonds, Series 2012	02/02/12	\$227,110,000 2.00 - 5.00%	2012 to 2022	M: Aa2 S: AA K: AA+	G U S	Advance refund portions of outstanding bonds.
General Obligation Improvement Bonds Federally Taxable, Series 2012	08/15/12	\$6,440,000 3.367%	2027	M: Aa2 S: AA K: 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 K: 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 K: 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 K: 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 2023	M: Aa2 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 K: 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 K: 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 K: 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 2028	M: Aa2 S: AA K: AA+	G U S	Retire outstanding 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 2016	06/01/16	\$343,975,000 2.00 – 5.00%	2017 To 2033	M: Aa2 S: AA K: 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 K: 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: Aa2 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: Aa2 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 K: 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 K: 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 K: 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 K: 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 Bonds, Series 2021A (Green Bonds)	10/14/21	\$377,520,000	2022 To 2051	M: Aa2 S: AA	--	Provide financing for water system capital projects.
Water and Sewer Revenue Refunding Bonds, Series 2021B (Green Bonds)	10/14/21	\$232,075,000	2022 To 2043	M: Aa2 S: AA	--	Advance refund of portions of outstanding bonds.
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 Water and Sewer commercial paper notes.
General Obligation Improvement Bonds, Series 2022A	08/04/22	\$328,545,000	2023 To 2042	M: Aa2 S: AA K: AA+	G U S	Retire outstanding General Obligation commercial paper, and to finance capital projects.
General Obligation Improvement Bonds, Series 2022B	08/04/22	\$282,565,000	2023 To 2042	M: Aa2 S: AA K: AA+	G U S	Provide financing for General Government capital projects.

* **Ratings:** M = Moody's, S = Standard & Poor's, K = Kroll Bond Rating Agency.
Fund: This code shows the debt service fund(s) used to repay this issue. G = GSD, U = USD, S = Schools.

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GENERAL OBLIGATION BONDS PAYABLE	Bonds and Notes Payable at June 30, 2022					
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2022	
					Principal	Interests
General Services District (GSD)						
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	138,046,756	138,046,756	70,357,000
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	Jul. 1, 2022	154,956,701	30,983,154	760,933
GSD G.O. Improvement Bonds (QECC Federally Taxable), Series 2012	3.367	Aug. 15, 2012	Aug. 1 2027	6,440,000	6,440,000	1,192,591
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	67,480,283	27,683,049	1,420,761
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	138,755,487	33,088,563	2,992,709
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2023	253,070,885	10,635,103	525,744
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	33,884,829	27,879,959	3,028,460
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	72,314,470	29,901,527	3,573,870
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	240,454,031	88,845,457	15,620,164
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	231,949,343	195,451,011	51,563,052
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	280,675,679	243,846,001	82,286,802
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	487,502,922	440,703,785	182,254,360
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	68,469,348	44,605,908	3,700,316
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	335,676,396	327,060,730	25,485,731
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	437,682,815	421,449,373	128,816,642
Total General Obligation Bonds Payable For General Purposes				2,947,359,945	2,066,620,376	573,579,135
For School Purposes:						
GSD G. O Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	70,516,649	70,516,649	35,939,561
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	Jul. 1, 2022	53,280,200	10,653,226	261,639
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	62,161,564	25,501,101	1,308,779
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	82,814,365	19,748,470	1,786,159
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2023	84,932,213	3,569,209	176,443
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	22,804,914	18,763,561	2,038,192
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	30,240,838	12,504,373	1,494,540
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	97,563,777	36,048,879	6,337,852
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	78,790,586	66,567,253	17,515,390
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	171,785,733	149,244,371	50,363,105
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	212,601,170	192,191,957	79,481,556
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	52,656,403	34,052,941	2,839,759
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	127,045,163	123,343,650	9,622,472
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	123,318,568	118,744,743	36,294,511
Total General Obligation Bonds Payable for School Purposes				1,270,512,143	881,450,383	245,459,958
Total General Obligation Bonds Payable - General Services District				4,217,872,088	2,948,070,759	819,039,093

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GENERAL OBLIGATION BONDS PAYABLE	Bonds and Notes Payable at June 30, 2022				June 30, 2022	
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	Principal	Interests
URBAN Services District (USD)						
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	43,441,595	43,441,595	22,140,472
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	Jul. 1, 2022	18,873,099	3,773,620	92,679
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	7,471,610	3,065,144	157,311
USD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	23,915,148	5,702,967	515,807
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2023	30,135,613	1,266,426	62,605
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	3,040,257	2,501,480	271,723
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	1,424,692	589,100	70,410
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	8,531,298	2,854,851	554,203
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	27,571,610	22,395,002	6,129,254
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	2,538,666	2,205,553	744,271
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	14,291,393	12,919,453	5,342,880
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	9,839,706	6,269,055	528,414
USD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	34,308,441	33,190,620	2,191,871
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	8,880,233	8,550,871	2,613,586
Total General Obligation Bonds Payable (governmental activities)				<u>234,263,361</u>	<u>148,725,737</u>	<u>41,415,486</u>
District Energy System Revenue Refunding Bonds, Series 2012A	2.000 -5.000	Aug. 15, 2012	Oct. 1, 2033	47,450,000	32,210,000	9,273,225
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul. 1, 2041	3,231,543	1,325,706	68,038
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	6,526,289	274,262	13,558
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2041	685,894	550,813	44,556
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	5,663,461	5,546,734	1,259,005
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	539,922	469,075	158,291
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul. 1, 2038	1,559,515	1,409,805	583,029
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	329,543	202,096	17,510
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1, 2041	1,843,384	1,775,013	542,536
Total General Obligation Bonds Payable (business-type activities)				<u>67,829,551</u>	<u>43,763,504</u>	<u>11,959,748</u>
Total General Obligation Bonds Payable - Urban Services District				<u>302,092,912</u>	<u>192,489,241</u>	<u>53,375,234</u>

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	Bonds and Notes Payable at June 30, 2022				June 30, 2022	
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	Principal	Interests
REVENUE BONDS PAYABLE						
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010B	6.393 - 6.568	Dec. 9, 2010	Jul. 1, 2037	135,000,000	135,000,000	95,475,753
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Seies 2010C	6.693	Dec. 9, 2010	Jul. 1, 2041	75,000,000	75,000,000	89,675,157
Dept of Water and Sewerage Revenue Bonds, Series 2013	1.89 - 5.00	Apr. 25, 2013	Jul. 1, 2033	237,930,000	12,795,000	551,625
Dept of Water and Sewerage Revenue Bonds, Series 2017A (Green Bonds)	5.00	Nov. 2, 2017	Jul. 1, 2046	89,420,000	87,625,000	65,224,772
Dept of Water and Sewerage Revenue Bonds, Series 2017B	5.00	Nov. 2, 2017	Jul. 1, 2046	155,210,000	152,230,000	114,437,000
Dept of Water and Sewerage Revenue Bonds, Series 2020A	4.00	April 8, 2020	Jul. 1, 2045	169,575,000	166,025,000	98,385,100
Dept of Water and Sewerage Revenue Bonds, Series 2020B	5.00	April 8, 2020	Jul. 1 2027	45,530,000	43,355,000	5,854,875
Dept of Water and Sewerage Revenue Bonds, Series 2021A (Green Bonds)	2.625 - 5.00	Oct. 14, 2021	Jul. 1, 2051	377,520,000	377,520,000	232,445,350
Dept of Water Sewerage Rev. Refunding Bonds, Series 2021B (Green Bonds)	0.288 - 2.942	Oct. 14, 2021	Jul. 1 2043	232,075,000	232,075,000	73,995,793
Total General Obligation Bonds Payable (governmental activities)				<u>1,517,260,000</u>	<u>1,281,625,000</u>	<u>776,045,425</u>
Total Revenue Bonds Payable - Urban Services District				<u>1,517,260,000</u>	<u>1,281,625,000</u>	<u>776,045,425</u>
Total Bonds Payable - Urban Services District				<u>1,819,352,912</u>	<u>1,474,114,241</u>	<u>829,420,659</u>

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2022

General Obligation Debt (Debt Service Funds)

Fiscal Year	GSD Debt Service			GSD School Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2023	150,759,172	74,815,398	225,574,570	69,116,784	32,915,200	102,031,984
2024	152,135,230	69,034,871	221,170,101	78,120,243	30,068,035	108,188,278
2025	154,264,581	63,206,599	217,471,180	76,402,499	27,063,187	103,465,686
2026	152,790,117	57,592,518	210,382,635	61,802,688	24,416,694	86,219,382
2027	141,683,999	52,312,303	193,996,302	57,274,445	22,174,179	79,448,624
2028	143,785,607	46,691,555	190,477,162	55,594,267	19,894,021	75,488,288
2029	114,965,563	41,211,690	156,177,253	48,069,826	17,680,054	65,749,880
2030	119,262,677	36,518,221	155,780,898	49,647,838	15,683,298	65,331,136
2031	121,239,575	31,360,461	152,600,036	50,443,707	13,524,627	63,968,334
2032	126,437,140	26,111,771	152,548,911	53,465,521	11,303,524	64,769,045
2033	130,987,463	21,240,512	152,227,975	55,439,490	9,185,170	64,624,660
2034	107,472,444	16,685,042	124,157,486	46,993,525	7,161,120	54,154,645
2035	111,151,434	12,648,995	123,800,429	48,657,532	5,314,444	53,971,976
2036	78,188,648	9,161,814	87,350,462	33,712,471	3,736,302	37,448,773
2037	80,775,732	6,573,070	87,348,802	34,917,876	2,530,083	37,447,959
2038	61,274,769	4,332,919	65,607,688	22,592,324	1,549,173	24,141,497
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	28,394,169	567,882	28,962,051	8,000,148	160,003	8,160,151
Total	2,066,620,376	573,579,135	2,640,199,511	881,450,383	245,459,958	1,126,910,341

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2022

General Obligation Debt (Debt Service Funds)

Fiscal Year	Water Service (USD)			USD Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2023	31,400,000	54,467,479	85,867,479	15,069,043	7,601,638	22,670,681
2024	32,825,000	53,033,013	85,858,013	16,859,527	7,040,710	23,900,237
2025	34,195,000	51,664,383	85,859,383	17,297,920	6,416,046	23,713,966
2026	35,520,000	50,324,125	85,844,125	14,842,195	5,850,386	20,692,581
2027	36,930,000	48,892,605	85,822,605	15,981,556	5,344,276	21,325,832
2028	38,420,000	47,327,149	85,747,149	15,705,127	4,712,192	20,417,319
2029	40,790,000	45,565,391	86,355,391	12,729,611	4,062,037	16,791,648
2030	42,440,000	43,658,770	86,098,770	13,539,485	3,512,080	17,051,565
2031	44,170,000	41,653,645	85,823,645	14,016,718	2,878,781	16,895,499
2032	45,995,000	39,540,430	85,535,430	13,342,339	2,217,200	15,559,539
2033	47,925,000	37,311,795	85,236,795	13,803,047	1,610,021	15,413,068
2034	49,965,000	34,963,397	84,928,397	11,739,032	982,594	12,721,626
2035	52,115,000	32,524,983	84,639,983	8,721,034	489,427	9,210,461
2036	54,310,000	30,058,900	84,368,900	1,893,882	245,709	2,139,591
2037	56,555,000	27,530,789	84,085,789	1,956,392	183,173	2,139,565
2038	58,875,000	24,879,302	83,754,302	1,777,907	123,208	1,901,115
2039	61,190,000	22,166,363	83,356,363	1,836,755	64,289	1,901,044
2040	63,505,000	19,388,146	82,893,146	681,990	27,553	709,543
2041	65,900,000	16,488,316	82,388,316	695,681	13,914	709,595
2042	68,410,000	13,475,480	81,885,480			
2043	51,990,000	10,907,539	62,897,539			
2044	54,100,000	8,798,200	62,898,200			
2045	41,555,000	6,816,300	48,371,300			
2046	43,415,000	4,964,975	48,379,975			
2047	33,850,000	3,259,950	37,109,950			
2048	18,070,000	2,263,931	20,333,931			
2049	18,550,000	1,783,294	20,333,294			
2050	19,040,000	1,289,925	20,329,925			
2051	19,550,000	783,431	20,333,431			
2052	20,070,000	263,419	20,333,419			
Total	1,281,625,000	776,045,425	2,057,670,425	192,489,241	53,375,234	245,864,475

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 and interest on all general obligations 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.

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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 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

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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 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.