

Resolution No. RS2012- 319

Resolution supplementing and amending Resolution RS2002-1124 (Amended and Restated District Energy System General Bond Resolution) and authorizing the execution, terms, issuance, sale and payment of district energy system revenue and tax refunding bonds in the aggregate principal amount of not to exceed \$55,000,000.

WHEREAS, on August 20, 2002, by Resolution No. RS2002-1124, the Metropolitan County Council (the "Council") of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") adopted an amended and restated general bond resolution entitled "District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor" (the "General Resolution"); and

WHEREAS, on September 17, 2002, the Council adopted Resolution No. RS2002-1144 (the "2002 Supplemental Resolution") to provide for the issuance of \$66,700,000 District Energy System Revenue Bonds, 2002 Series A, dated October 24, 2002 (the "2002 Series Bonds") for the purpose of constructing and improving a steam and chilled water energy distribution and generating facility (the "System"); and

WHEREAS, the 2002 Series Bonds maturing October 1, 2012 through October 1, 2023, inclusive, October 1, 2025, October 1, 2027, and October 1, 2033 (the "Outstanding Bonds") are presently outstanding and are payable at maturity or redeemable at the option of the Metropolitan Government on October 1, 2012 at the redemption price of par, plus interest accrued to the redemption date; and

WHEREAS, the Outstanding Bonds are secured by and payable solely from the rates, fees or other charges or income received by or on behalf of the Metropolitan Government from customers in connection with the sale of steam or chilled water or other forms of energy for heating, cooling, and other uses generated by the System, net of operating expenses (the "Net Revenues"); and

WHEREAS, as a customer of the System and under the General Resolution, the Metropolitan Government has covenanted to pay principal and interest on the Outstanding Bonds to the extent of any deficiency in the Net Revenues of the System, subject to appropriation by the Metropolitan Government; and

WHEREAS, the Outstanding Bonds can be refinanced and refunded for significant debt service savings upon the issuance by the Metropolitan Government of refunding bonds secured by the Net Revenues of the System and, to the extent of any deficiency in such Net Revenues, additionally secured by ad valorem taxes to be levied on all taxable property in the Metropolitan Government, as direct general obligations of the Metropolitan Government; and

WHEREAS, the Metropolitan Government is authorized under 9-21-901 et seq., Tennessee Code Annotated, as amended, to issue its general obligation bonds for the purpose of refunding its outstanding revenue bonds; and

WHEREAS, pursuant to Section 9-21-905, Tennessee Code Annotated, prior to the issuance of any general obligation refunding bonds that refund bonds secured solely by revenues of a public works

project, the Council shall adopt an initial resolution determining to issue said general obligation refunding bonds (the "Initial Resolution"); and

WHEREAS, the Initial Resolution adopted on the date hereof, together with the notice required by Section 9-21-206, Tennessee Code Annotated, as amended, will be published as required by law; and

WHEREAS, the plan of refunding for the Outstanding Bonds has been submitted to the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the Metropolitan Government and submitted her report thereon to the Metropolitan Government, a copy of which has been presented to members of the Metropolitan County Council; and

WHEREAS, for the purpose of refunding the Outstanding Bonds, the Metropolitan Council hereby finds it to be in the best interest of the citizens of the Metropolitan Government to issue its revenue and tax general obligation refunding bonds; and

WHEREAS, issuance of refunding bonds that are additionally secured by the full faith and credit of the Metropolitan Government requires amending the General Resolution pursuant to Article 8 and Article 9 of the General Resolution; and

WHEREAS, the General Resolution provides that amendment of the General Resolution and provision for the terms of the sale, issuance and delivery of the refunding bonds as "Parity Obligations" under the General Resolution shall be determined by a Supplemental Resolution adopted by the Council; and

WHEREAS, the Metropolitan Government now desires to amend certain provisions of the General Resolution to become effective upon the defeasance of the Outstanding Bonds and to establish the term of the sale, issuance and delivery of the refunding bonds as Parity Obligations and certain other matters related thereto, all in accordance with the provisions of the General Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE METROPOLITAN COUNTY COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY AS FOLLOWS:

## ARTICLE I

### DEFINITIONS AND AUTHORITY

Section 1.1. Short Title. This resolution may hereafter be cited and is herein referred to as the "2012 Series District Energy System Supplemental Bond Resolution" or as the "2012 Supplemental Resolution".

Section 1.2. Definitions. (A) All terms not otherwise defined in this 2012 Supplemental Resolution shall have the same meaning as those terms are given in Section 1.2 of the General Resolution.

(B) The definitions in Section 1.2 of the General Resolution are hereby supplemented as follows:

"Authorized Denominations" means with respect to the Series 2012A Bonds, \$5,000 and integral multiples thereof.

"Bond Counsel" means Bass, Berry & Sims PLC.

"Bond Purchase Agreement" means the agreement in substantially the form attached hereto as Exhibit B, by and between the Metropolitan Government and Piper Jaffray & Co., on behalf of itself and the Underwriters, with respect to the purchase and sale of the Series 2012A Bonds.

"Debt Service Reserve Fund Requirement" with respect to the Series 2012A Bonds is \$0.

"Escrow Agent" means the Trustee.

"Escrow Agreement" means the Refunding Escrow Agreement between the Metropolitan Government and the Trustee in substantially the form attached hereto as Exhibit D.

"Financial Advisor" means First Southwest Company.

"General Resolution" means the Amended and Restated General Bond Resolution adopted by the Metropolitan County Council on August 20, 2002.

"Outstanding Bonds" means the 2002 Series Bonds maturing October 1, 2012 through October 1, 2023, inclusive, October 1, 2025, October 1, 2027, and October 1, 2033.

"Paying Agent" and "Registrar" means with respect to the Series 2012A Bonds, U.S. Bank National Association, as successor in trust to SunTrust Bank, and its successors and assigns, as the Trustee appointed under the General Resolution.

"Series 2012A Bonds" means the Metropolitan Government's District Energy System Revenue and Tax Refunding Bonds, Series 2012A, dated their date of issuance or having such other series designation or dated date as established pursuant to Section 2.4 hereof.

"2002 Series Bonds" means the Metropolitan Government's District Energy System Revenue Bonds, 2002 Series A, dated October 24, 2002.

"2002 Supplemental Resolution" means the resolution adopted by the Metropolitan County Council on September 17, 2002, supplementing the General Resolution.

"2012 Supplemental Resolution" means the resolution adopted by the Metropolitan County Council on July 3, 2012 supplementing and amending the General Resolution.

"Trustee" means U.S. Bank National Association, as successor to SunTrust Bank.

"Underwriters" means Piper Jaffray & Co., and those underwriters identified in the Bond Purchase Agreement.

Section 1.3. Authority. This 2012 Supplemental Resolution is adopted pursuant to the provisions of the Act, Sections 9-21-901, et seq., Tennessee Code Annotated, as amended, and the General Resolution.

## ARTICLE II

### TERMS, SALE AND ISSUANCE OF SERIES 2012A BONDS

Section 2.1. Maturities, Interest Rates, and Certain Other Provisions of Series 2012A Bonds.

(a) The Series 2012A Bonds shall be issued as Parity Obligations pursuant to the General Resolution, as amended, and this 2012 Supplemental Resolution in an aggregate principal amount of not to exceed \$55,000,000 and designated "District Energy System Revenue and Tax Refunding Bonds, Series 2012A" or such other designation as shall be determined pursuant to Section 2.4 hereof. The Series 2012A Bonds will be issued for the purpose of refunding the Outstanding Bonds and paying costs of issuance of the Series 2012A Bonds. The Series 2012A Bonds shall be dated their date of issuance or such other date as shall be established pursuant to Section 2.4 hereof. Subject to adjustments permitted in Section 2.4 hereof, the Series 2012A Bonds shall bear interest from the date thereof at a rate or rates not exceeding six percent per annum (6.00%), such interest being payable semi-annually on the first day of April and October of each year, commencing on April 1, 2013. Subject to adjustments permitted in Section 2.4 hereof, the Series 2012A Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory redemption, commencing on October 1, 2013 through October 1, 2033, in such amounts as shall be provided in the Bond Purchase Agreement and which produce approximately level debt service savings.

(b) Subject to the provisions of the General Resolution, the Series 2012A Bonds in fully registered form shall be in substantially the form set forth in Exhibit A hereto, without coupons in Authorized Denominations not exceeding the aggregate principal amount of Series 2012A Bonds maturing in such year.

(c) The Series 2012A Bonds shall be issued as Parity Obligations in compliance with the provisions of the General Resolution, as amended pursuant to Article V of this Supplemental Resolution. All of the provisions of the General Resolution, as amended by this Supplemental Resolution, shall be applicable to the Series 2012A Bonds and shall inure to the benefit of the holders of the Series 2012A Bonds as fully as if set out in full herein.

Section 2.2. Book Entry. Subject to the provisions of Section 2.13 of the General Resolution, the Series 2012A Bonds shall be Book Entry Bonds registered in the name of Cede & Co, as nominee of DTC.

Section 2.3. Redemption of Series 2012A Bonds.

(a) Subject to the adjustments permitted pursuant to Section 2.4 hereof, the Series 2012A Bonds may be subject to redemption prior to maturity at the option of the Metropolitan Government on October 1, 2022 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

(b) Pursuant to Section 2.4 hereof, the Metropolitan Mayor and Director of Finance, or either of them, are authorized to sell the Series 2012A Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities established pursuant to the terms hereof. In the event any or all the Series 2012A Bonds are sold as Term Bonds, the Metropolitan Government shall redeem Term Bonds on redemption dates corresponding to the maturity dates and principal amounts established upon the sale of the 2012 Bonds by the Metropolitan Mayor, at a price of par plus accrued interest thereon to the date of redemption. The interest of each Participant in the Term Bonds to be so redeemed shall be selected by DTC, or such Person as shall then be serving as the securities depository for the Series 2012A Bonds, using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Series 2012

Bonds, the Term Bonds to be so redeemed shall be selected by the Trustee by lot or such other random manner as the Trustee in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Metropolitan Government may (i) deliver to the Trustee for cancellation Series 2012A Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2012A Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2012A Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Metropolitan Government on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2012A Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Metropolitan Government shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Trustee with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(c) Moneys deposited in the Debt Service Fund in accordance with the General Resolution from (a) proceeds from the sale of all or portion of the System by the Metropolitan Government; or (b) damages paid to the Metropolitan Government by any Initial Customer for early termination of its Initial Customer Contract shall be set aside to defease the Series 2012A Bonds and outstanding Parity Obligations pursuant to the provisions of the General Resolution, in whole or in part, to their first optional redemption date, at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

(d) The selection of Series 2012A Bonds to be optionally redeemed, the notice of redemption and the optional purchase of Series 2012A Bonds shall be governed by the provisions of Article 6 of the General Resolution.

#### Section 2.4. Sale of Series 2012A Bonds.

(a) The Series 2012A Bonds shall be sold at a negotiated sale to the Underwriters by the Metropolitan Mayor at a price of not less than 98% of par, without regard to any original discount, as shall be determined by the Director of Finance, in consultation with the Financial Advisor. The Metropolitan Mayor is authorized to execute and Metropolitan Clerk to attest the Bond Purchase Agreement with the Underwriters, providing the details of the terms of sale. The Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit B, with such changes as may be approved by the Metropolitan Mayor, his execution thereof to constitute conclusive evidence of the approval of all such changes; provided the Bond Purchase Agreement shall be approved as to form and legality by the Director of Law. The sale of any series of the Series 2012A Bonds to the Underwriters shall be binding on the Metropolitan Government, and no further action of the Metropolitan Council with respect thereto shall be required.

(b) The Metropolitan Mayor and the Director of Finance are authorized to cause to be sold an aggregate principal amount of Series 2012A Bonds not exceeding the amount provided in Section 2.1 hereof, and to make corresponding adjustments to the maturity schedule of such series, so long as the total

aggregate principal amount does not exceed the total aggregate of Series 2012A Bonds authorized to be issued herein.

(c) The Metropolitan Mayor and Director of Finance, or either of them, are further authorized with respect to the Series 2012A Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify the series designation;
- (3) change the first interest payment date to a date other than April 1, 2013, provided that such date is not later than twelve months from the dated date of such series of Series 2012A Bonds;
- (4) adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series 2012A Bonds, provided that (A) the total principal amount of the Series 2012A Bonds does not exceed the total amount of Series 2012A Bonds authorized herein, and (B) the final maturity date of the Series 2012A Bonds shall be not later than provided in Section 2.1(a) of this 2012 Supplemental Resolution;
- (5) adjust or remove the optional redemption provisions, provided that the premium amount to be paid does not exceed two percent (2%) of the principal amount thereof;
- (6) sell the Series 2012A Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements as determined by the Metropolitan Mayor or Director of Finance and as deemed most advantageous to the Metropolitan Government; and
- (7) cause all or a portion of the Series 2012A Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the Metropolitan Government and to enter into agreements with such insurance company to the extent not inconsistent with this 2012 Supplemental Resolution.

(d) The Metropolitan Mayor is authorized to sell the Series 2012A Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Metropolitan Council. The Metropolitan Mayor is further authorized to sell the Series 2012A Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Metropolitan Council, in one or more series as he shall deem to be advantageous to the Metropolitan Government and in doing so, the Metropolitan Mayor is authorized to change the designations of the Series 2012A Bonds; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Series 2012A Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Metropolitan Council.

(e) The form of the Series 2012A Bonds set forth in Exhibit A hereto shall be conformed to reflect any changes made pursuant to this Section.

(f) The Metropolitan Mayor and the Metropolitan Clerk are authorized to cause the Series 2012A Bonds to be authenticated and delivered by the Registration Agent to the original purchaser of the Series 2012A Bonds and the Metropolitan Mayor, the Director of Finance, the Metropolitan Clerk and Director of Law are authorized to execute, publish, and deliver all certificates and documents, including

the Official Statement, and closing certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Series 2012A Bonds.

Section 2.5. Official Statement. The Metropolitan Mayor and Director of Finance, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Series 2012A Bonds in the form of the Preliminary Official Statement attached hereto as Exhibit C and by this reference made a part hereof (the "Preliminary Official Statement"), with such completions, omissions, insertions and changes as shall be necessary to cause the Preliminary Official Statement to accurately describe the Series 2012A Bonds and the financial condition of the Metropolitan Government. After the Series 2012A Bonds have been sold, the Metropolitan Mayor and Director of Finance, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with the 2012 Supplemental Resolution as are necessary or desirable to complete it as a final Official Statement for the Series 2012A Bonds for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Metropolitan Mayor and Director of Finance shall arrange for the delivery to the Underwriters of a reasonable number of copies of the Official Statement within seven business days after the Series 2012A Bonds have been sold.

The Metropolitan Mayor and Director of Finance are authorized, on behalf of the Metropolitan Government, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Metropolitan Government except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 2.6 Continuing Disclosure. The Metropolitan Government hereby covenants and agrees that it will provide financial information and event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2012A Bonds. The Metropolitan Mayor is authorized to execute at the closing of the sale of the Series 2012A Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2012A Bonds specifying the details of the financial information and event notices to be provided and its obligations relating thereto. Failure of the Metropolitan Government to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2012A Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Metropolitan Government to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 2.7. Tax Matters. The Metropolitan Government recognizes that the purchasers and owners of the Series 2012A Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series 2012A Bonds. In this regard, the Metropolitan Government agrees that it shall take no action which may cause the interest on any of said Series 2012A Bonds to be included in gross income for purposes of federal income taxation. It is the reasonable expectation of the Metropolitan Government that the proceeds of the Series 2012A Bonds will not be used in a manner which will cause the Series 2012A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2012A Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Metropolitan Government further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Series

2012A Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series 2012A Bonds from being included in gross income for federal income tax purposes. The Metropolitan Mayor and the Director of Finance, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Series 2012A Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Metropolitan Government. Following the issuance of the Series 2012A Bonds, the Finance Director is directed to administer the Metropolitan Government's Federal Tax Compliance Policies and Procedures with respect to the Series 2012A Bonds.

### ARTICLE III

#### SECURITY, PLEDGE AND LEVY FOR THE SERIES 2012A BONDS

Section 3.1. Security for the Series 2012A Bonds. The Series 2012A Bonds shall be secured as provided in the General Resolution, as amended by this 2012 Supplemental Resolution. In addition to the pledge affected by Section 5.1 of the General Resolution, to the extent of any deficiency in the Net Revenues and funds pledged pursuant to Section 5.1 of the General Resolution, as amended, to pay principal and interest on the Series 2012A Bonds, the Metropolitan Government additionally pledges its full faith and credit and unlimited taxing power to the payment of the Series 2012A Bonds as described in Section 3.2. hereof.

Section 3.2. Pledge of Net Revenues. The Net Revenues and funds described as pledged pursuant to Section 5.1 of the General Resolution, as amended, are hereby pledged to pay principal and interest on the Series 2012A Bonds.

Section 3.3. Levy of Taxes. For the purpose of providing for the payment of the principal of, and the premium, if any, and interest on, the Series 2012A Bonds, to the extent of any deficiency as described above, the Metropolitan Government shall be unconditionally and irrevocably obligated to levy and collect ad valorem taxes on all taxable property within the Metropolitan Government to the full extent necessary to pay all debt service on the Series 2012A Bonds, and the full faith and credit of Metropolitan Government shall be irrevocably pledged to the payment thereof. Said taxes shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of the Metropolitan Government, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount; provided, however, the tax may be reduced to the extent of any revenues and assets pledged to the payment of the Series 2012A Bonds under the General Resolution and appropriations to the payment of debt service on the Series 2012A Bonds from other funds, taxes and revenues of the Metropolitan Government. Without limiting the foregoing, the Metropolitan Government shall first levy a tax on all property within the Urban Service District to pay that portion of the debt service on the Series 2012A Bonds not otherwise provided for by the revenues and assets pledged to the payment of the Series 2012A Bonds under the General Resolution. Principal, premium, if any, and interest, on any of the Series 2012A Bonds, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from current funds of the Metropolitan Government, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected.

### ARTICLE IV

#### DISPOSITION OF PROCEEDS AND OTHER FUNDS, ESCROW AGREEMENT, NOTICE OF REFUNDING, NOTICE OF REDEMPTION, AND COMPLIANCE WITH DEBT MANAGEMENT POLICY

Section 4.1. Authorization of Escrow Agreement. For the purpose of providing for the payment of the principal of and premium, if any, and interest on the Outstanding Bonds, there is hereby authorized to be executed and delivered on behalf of the Metropolitan Government a Refunding Escrow Agreement with the Trustee, as Escrow Agent, and to be deposited with the Escrow Agent the amount described in Section 4.2(b) hereof to be used by the Escrow Agent to purchase the investments provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Outstanding Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of Escrow Agreement attached hereto as Exhibit D is hereby in all respects approved, and the Metropolitan Mayor is hereby authorized to execute and the Metropolitan Clerk to attest the Escrow Agreement on behalf of the Metropolitan Government in substantially the form thereof, with such changes as may be approved by the Metropolitan Mayor, including the inclusion of directions as to investment and reinvestment of funds or directions to enter into such investment contracts as shall be advantageous to the Metropolitan Government, the execution thereof by either of them to constitute conclusive evidence of the approval of all such changes; provided the Escrow Agreement shall be approved as to form and legality by the Director of Law. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium and interest on the Outstanding Bonds and to exercise such duties as set forth in the Escrow Agreement.

Section 4.2. Disposition of Bond Proceeds. The proceeds of the sale of the Series 2012A Bonds shall be disbursed as follows:

(a) An amount representing accrued interest, if any, on the Series 2012A Bonds from the dated date to the Closing Date shall be deposited to the Debt Service Fund to be used to pay interest on the Series 2012A Bonds on the first interest payment date following delivery of the Series 2012A Bonds.

(b) An amount which, together with the transfer of the monies on deposit in the Debt Service Fund and the Debt Service Reserve Fund as described in Section 4.3 hereof and other legally available funds of the Metropolitan Government, if any, and investment earnings thereon and on the Series 2012A Bond proceeds, will be sufficient to pay the debt service and Redemption Price of the Outstanding Bonds to October 1, 2012 or the next earliest redemption date of the 2002 Series Bonds, shall be deposited with the Trustee, as Escrow Agent, under the Refunding Escrow Agreement to be held and applied solely to the defeasance of the 2002 Series Bonds.

(c) The remaining proceeds of the sale of the Series 2012A Bonds shall be used to pay the costs of issuance and sale of the Series 2012A Bonds including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Trustee fees, Escrow Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2012A Bonds. Any funds remaining after payment of said expenses shall be deposited to the Debt Service Fund and used to pay interest on the Series 2012A Bonds and on the first interest payment date following delivery of the Series 2012A Bonds.

Section 4.3. Transfer of Funds on Deposit in the Debt Service Fund and Debt Service Reserve Fund. On the date of issuance of the Series 2012A Bonds, all monies on deposit in the Debt Service Fund and Debt Service Reserve Fund held by the Trustee under the General Resolution shall be deposited with the Trustee, as Escrow Agent under the Escrow Agreement to be used to pay the principal and interest on the Outstanding Bonds.

Section 4.4. Notice of Refunding and Notice of Redemption. Prior to the issuance of the Series 2012A Bonds, notice of the Metropolitan Government's intention to refund the Outstanding Bonds shall be given, at the direction of the Director of Finance, by the Trustee, via first-class mail to the

respective Registered Owners of the Outstanding Bonds. Notwithstanding the foregoing, a notice of refunding shall not be given for any Outstanding Bond if, at or prior to the issuance of the Series 2012A Bonds, a notice of redemption shall have been given for said Outstanding Bond. The Director of Finance is hereby authorized to give notice of redemption of the Outstanding Bonds or to authorize delivery of notice of redemption of the Outstanding Bonds in accordance with the General Resolution, as supplemented by the 2002 Supplemental Resolution.

Section 4.5. Debt Management Policy. In conformance with the directive of the State Funding Board of the State of Tennessee, the Metropolitan Government has heretofore adopted its Debt Management Policy. The Metropolitan Council hereby finds that the issuance and sale of the Series 2012A Bonds, as proposed herein, is consistent with the Metropolitan Government's Debt Management Policy. Specifically, the Metropolitan Council hereby finds that a negotiated sale of the Series 2012A Bonds is in the best interest of the Metropolitan Government because of the flexibility it affords in a fluctuating market environment. The Metropolitan Council also determines that the amendment of the General Resolution to provide for the additional security of the pledge of the ad valorem taxing power of the Metropolitan Government to the Series 2012A Bonds in lieu of the annual appropriation pledge provides significantly greater debt service savings with little increase in risk to the Metropolitan Government.

## ARTICLE V

### AMENDMENTS TO THE GENERAL BOND RESOLUTION

Section 5.1. Amendment to the General Resolution. Section 8.1 of the General Resolution provides that the General Resolution may be amended without the consent of the Beneficiary of any outstanding Parity Obligation to: (i) add additional security to the security pledged under the General Resolution, (ii) surrender any right, power or privilege reserved to or conferred to the Metropolitan Government under the General Resolution, and (iii) amend, modify or supplement the General Resolution solely with respect to Parity Obligations to be issued subsequent to the adoption of the Supplemental Resolution. Section 9.2 of the General Resolution permits amendments without consent of the Beneficiary of any outstanding Parity Obligation to the General Resolution if such amendments do not become effective until the Parity Obligations are no longer outstanding. The Outstanding Bonds are the only Parity Obligations outstanding under the General Resolution. The Metropolitan Government hereby amends the General Resolution in connection with the issuance of the Series 2012A Bonds and further amends the General Resolution to become effective upon the defeasance of the Outstanding Bonds as follows:

(a) The definition of the term "Act" in Section 1.1 of the General Resolution is hereby amended by adding the phrase "and the Local Government Public Obligations Act of 1986, Title 9, Chapter 21 of the Tennessee Code Annotated, as amended."

(b) Section 2.2 of the General Resolution is hereby amended by deleting it in its entirety and by substituting instead the following new Section 2.2:

"Section 2.2. Obligation of the Metropolitan Government with Respect to Parity Obligations.

(a) The Parity Obligations authorized to be issued or executed and delivered under or pursuant to the General Resolution shall be authorized pursuant to the Act and the Charter and shall be limited obligations of the Metropolitan Government payable solely from the Trust Estate. The Parity Obligations shall not be deemed to constitute a

full faith and credit general obligation of the Metropolitan Government for which there is a right to compel the exercise of the ad valorem taxing power of the Metropolitan Government, except as described in Section 2.2 (b) hereof.

(b) By Supplemental Resolution, the Metropolitan Government may additionally pledge its full faith and credit and unlimited ad valorem taxing power on all taxable property of the Metropolitan Government for the payment of principal of and interest on any series of Parity Obligations, to the extent there is a deficiency in the pledge effected in Section 5.1(A) of the General Resolution with respect to such payments.”

(c) Section 5.1 of the General Resolution is hereby amended by adding a new subsection (C) thereto, the substance of which shall read as follows:

“To the extent set forth in any Supplemental Resolution, the payment of the principal or redemption price, if any, of and interest on a specified series of Parity Obligations, may be additionally payable from and secured by a pledge of the full faith and credit of the Metropolitan Government and unlimited ad valorem taxing power on all taxable property of the Metropolitan Government, to the extent there is a deficiency in the pledge effected in Section 5.1(A) above.”

(d) Section 5.2(A) is hereby amended by adding the following phrase to the beginning of the first sentence:

“Except as described in Section 5.1(C) above,”.

(e) Section 5.2(B)(1) is hereby amended by adding the following phrase to the end of the sentence:

“except as described in Section 5.1(C) above”

(f) Section 5.2(B)(2) is hereby amend by adding the following phrase to the end of each sentence is such subsection:

“except as described in Section 5.1(C) above”.

(g) Section 5.5(B) of the General Resolution is hereby amended by adding the following sentence to such subsection:

“Notwithstanding the foregoing, any amounts transferred to the Debt Service Fund pursuant to the last sentence of Section 7.7(A) hereof for the payment of a series of Parity Obligations to which the Metropolitan Government has pledged its full faith and credit and unlimited ad valorem taxing power pursuant to a Supplemental Resolution, shall be used solely to pay principal of and interest on such series of Parity Obligations after all transfers required by Section 5.5(A) have occurred and been applied to all Parity Obligations.”

(h) Section 7.7(A) of the General Resolution is hereby amended by adding the following sentence to the end of such subsection:

“Notwithstanding the foregoing, with respect to a series of Parity Obligations to which the Metropolitan Government has pledged its full faith and credit and unlimited ad valorem taxing power, the Metropolitan Government shall timely deposit with the

Trustee for deposit to the Debt Service Fund, monies in an amount equal to any deficiency in the amount available to pay principal and interest on such series of Parity Obligations after application of all other available funds, and such payments shall not be subject to annual appropriation.”

(i) Section 10.1 of the General Resolution is hereby amended by deleting the last sentence and by substituting instead the following sentence:

“Whenever any Event of Default shall have occurred and be continuing, the Trustee shall have the right to exercise all rights and remedies as are set forth in this Article 10.”

**ARTICLE VI**

**MISCELLANEOUS**

Section 6.1. Governing Law. This 2012 Supplemental Resolution shall be construed and governed in accordance with the laws of the State of Tennessee.

Section 6.2. Conflict. All resolutions or parts of resolutions or other proceedings of the Metropolitan Government in conflict herewith are repealed insofar as such conflict exists.

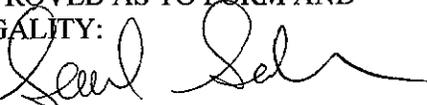
Section 6.3. Waiver of Personal Liability. No Metropolitan Council member, officer, agent or employee of the Metropolitan Government shall be individually or personally liable for the payment of the Principal or interest on or with respect to the Parity Obligations or be subject to any personal liability or accountability by reason of the issuance or incurrence thereof; but nothing herein contained shall relieve any such Metropolitan Council member, officer, agent or employee of the Metropolitan Government from the performance of any official duty provided by law or by this 2012 Supplemental Resolution.

Section 6.4. Effective Date. This 2012 Supplemental Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

APPROVED AS TO AVAILABILITY OF FUNDS BY:

  
\_\_\_\_\_  
Richard M. Riebeling  
Director of Finance

APPROVED AS TO FORM AND LEGALITY:

  
\_\_\_\_\_  
Saul Solomon  
Director of Law

INTRODUCED BY:

\_\_\_\_\_  
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\_\_\_\_\_  
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MEMBERS OF COUNCIL