

AMENDED AND RESTATED OFFERING MEMORANDUM

BOOK-ENTRY-ONLY

Commercial Paper Ratings

Moody's: P-1  
Standard & Poor's: A-1+  
(See "Ratings" herein)

Maximum Aggregate Principal Amount  
\$325,000,000  
THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)  
GENERAL OBLIGATION EXTENDABLE COMMERCIAL PAPER NOTES  
2014 PROGRAM

*This Offering Memorandum amends and restates the Offering Memorandum dated July 1, 2014, is subject in all respects to more complete information contained herein, and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the ECP Notes to potential investors is made only by means of the entire Offering Memorandum.*

**Issuer:** The Metropolitan Government of Nashville and Davidson County

**Authorized Amount:** Maximum amount outstanding at any time does not exceed \$325,000,000

**Ratings:** P-1 Moody's Investors Service, Inc.  
A-1+ Standard & Poor's Ratings Services

**Security:** Full faith, credit and unlimited taxing power of the Metropolitan Government of Nashville and Davidson County

**Purpose:** Proceeds of the ECP Notes are used only to: (i) pay the costs of public works projects that have been approved by an Initial Resolution; (ii) retire previously issued commercial paper; and (iii) refund or renew ECP previously issued under the ECP Program.

**Original Maturity Date:** A business day, from 1 to 90 days from the original date of issue

**Extended Maturity Date:** The Metropolitan Government has the option to extend the Original Maturity Date of an ECP Note to a business day that is 270 days from the original date of issue. The Metropolitan Government intends to exercise this option to extend the maturity only in circumstances where there is a disruption in market liquidity.

**Denominations:** \$100,000 minimum principal amount and integral multiples of \$1,000 in excess thereof

**Interest Payments:** Interest on each ECP Note is payable on the Original Maturity Date; however, if the Original Maturity Date is extended, then interest is not payable on the Original Maturity Date. When the Original Maturity Date is extended, interest is payable monthly as set forth herein and on any redemption date or the Extended Maturity Date and no additional interest shall accrue on the accrued but unpaid interest.

**Redemption:** ECP Notes are not redeemable prior to the Original Maturity Date.  
*If the Original Maturity Date is extended*—ECP Notes are subject to redemption in whole but not in part, on any date after the Original Maturity Date, at the option of the Metropolitan Government, prior to the Extended Maturity Date; provided, however, the Metropolitan Government must redeem all ECP Notes that have Extended Maturity Dates.

**Tax Exemption:** In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Metropolitan Government, interest on the ECP Notes will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the ECP Notes, see the discussion under the heading "TAX MATTERS" herein. Under existing law, the ECP Notes and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).

**Issuing and Paying Agent:** U.S. Bank National Association

**Dealer:** Morgan Stanley & Co. LLC

**Bond Counsel:** Bass, Berry & Sims PLC

**Issuer Contact:** Ms. Mitchell Bosch, Treasurer for the Metropolitan Government, 2<sup>nd</sup> Avenue South, Suite 205, Nashville, TN 37210, (615) 862-6154

Dated June 24, 2021

This Offering Memorandum contains information concerning the General Obligation Extendable Commercial Paper Notes, 2014 Program (hereinafter referred to as the "ECP Program") of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") to be issued to retire previously issued commercial paper and provide interim financing of public works projects and related costs, as further described herein.

Under the ECP Program, certain notes of the Metropolitan Government may be issued and sold in the United States commercial paper market (the "ECP" or "ECP Notes"). The ECP Notes constitute bond anticipation notes and are a direct general obligation of the Metropolitan Government for the payment of which as to both principal and interest the full faith, credit and unlimited taxing power of the Metropolitan Government is pledged. Principal of the ECP Notes, to the extent not paid from proceeds of general obligation bonds and proceeds of other ECP Notes, and interest on the ECP Notes are payable from a tax sufficient to pay when due such principal and interest to be levied annually and shall be in addition to all other taxes authorized or limited by law.

The ECP Notes will be sold at par as interest-bearing obligations in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess of such amount, with interest payable at maturity, unless the Metropolitan Government elects to extend the maturity of the ECP Note, in which case interest on the ECP Notes shall be payable monthly through the Extended Maturity Date. The ECP Notes will have Original Maturity Dates, each being a business day, of not less than 1 day and not greater than 90 days from the original issue date of each ECP Note. The Metropolitan Government has the option to extend the Original Maturity Date of an ECP Note to a business day that is 270 days from the original issue date.

The ECP Notes will be issued in book-entry-only form through The Depository Trust Company, New York, New York, ("DTC"). U.S. Bank National Association is Issuing and Paying Agent for the ECP Program.

The ECP Notes are offered when, as, and if issued, subject to the legal opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the Metropolitan Government, substantially in the form attached to this Offering Memorandum as Appendix C. Morgan Stanley & Co. LLC ("Dealer") acts as the exclusive dealer in connection with the offering and issuance of the ECP Notes.

**MORGAN STANLEY**

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Offering Memorandum, in connection with the offering of the ECP Notes, and, if given or made, such information or representation must not be relied upon as having been authorized by the Metropolitan Government, the Dealer or its respective consultants and attorneys. This Offering Memorandum does not constitute an offer or solicitation in any jurisdiction which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the Metropolitan Government and other sources which are believed to be reliable, but is it not guaranteed as to accuracy or completeness by, and it not to be construed as a representation by, the Dealer.

This Offering Memorandum is not to be construed as a contract with the purchaser of the ECP Notes. Statements contained in this Offering Memorandum which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as a representation of fact. This Offering Memorandum contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The information and expressions of opinions contained herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the ECP Notes are qualified in their entirety by reference to the form thereof included in the Resolution (as defined herein), and the provisions with respect thereto included in the aforementioned documents and agreements.

**THIS OFFERING MEMORANDUM IS INTENDED TO REFLECT MATERIAL FACTS AND CIRCUMSTANCES AS THEY EXIST ON THE DATE OF THIS OFFERING MEMORANDUM OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFERING MEMORANDUM AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE ECP NOTES SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.**

**THE ECP NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE METROPOLITAN GOVERNMENT, THE ECP NOTES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE FINANCIAL ADVISOR HAS BEEN EMPLOYED BY THE METROPOLITAN GOVERNMENT TO ADVISE IT WITH RESPECT TO CERTAIN MATTERS RELATING TO THE PROPOSED STRUCTURE OF THE ECP PROGRAM. THE FINANCIAL ADVISOR HAS NOT BEEN EMPLOYED AND ASSUMES NO DUTY OR OBLIGATION TO ADVISE ANY OTHER PARTY AS TO ANY ASPECT OF THE TRANSACTION, INCLUDING THE HOLDERS OF THE ECP NOTES.**

**THE DEALER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN OFFERING MEMORANDUM: THE DEALER HAS REVIEWED THE INFORMATION IN THIS OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE DEALER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.**

For additional information regarding the following, please contact:

Metropolitan Government

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Director of Finance for the  
Metropolitan Government  
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Suite 106  
Nashville, TN 37201  
(615) 862-6151

Offering Memorandum

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Treasurer for the  
Metropolitan Government  
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Nashville, TN 37210  
(615) 862-6154

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**



**MAYOR**  
John Cooper

**METROPOLITAN COUNCIL**

Jim Shulman – Vice Mayor

Bob Mendes – Council Member At Large  
Sharon Hurt – Council Member At Large  
Burkley Allen – Council Member At Large  
Steve Glover – Council Member At Large  
Zulfat Suara – Council Member At Large  
Jonathan Hall – District Council Member  
Kyonzte Toombs – District Council Member  
Jennifer Gamble – District Council Member  
Robert Swope - District Council Member  
Sean Parker – District Council Member  
Brett Withers – District Council Member  
Emily Benedict – District Council Member  
Nancy VanReece – District Council Member  
Tonya Hancock – District Council Member  
Zach Young – District Council Member  
Larry Hagar – District Council Member  
Erin Evans – District Council Member  
Russ Bradford – District Council Member  
Kevin Rhoten – District Council Member  
Jeff Syracuse – District Council Member

Ginny Welsch – District Council Member  
Colby Sledge – District Council Member  
Tom Cash – District Council Member  
Freddie O’Connell – District Council Member  
Mary Carolyn Roberts – District Council Member  
Brandon Taylor – District Council Member  
Gloria Hausser – District Council Member  
Thom Druffel – District Council Member  
Kathleen Murphy – District Council Member  
Russ Pulley – District Council Member  
Courtney Johnston – District Council Member  
Robert Nash – District Council Member  
Tanaka Vercher – District Council Member  
Delishia Porterfield – District Council Member  
Sandra Sepulveda – District Council Member  
John Rutherford – District Council Member  
Joy Styles – District Council Member  
Antoinette Lee – District Council Member  
Angie Henderson – District Council Member  
Dave Rosenberg – District Council Member

**METROPOLITAN GOVERNMENT ADMINISTRATION**

Kevin Crumbo.....Director of Finance  
Talia Lomax-O’dneal.....Deputy Director of Finance  
Tom Eddlemon.....Deputy Director of Finance & Budget Officer  
Mary Jo Wiggins.....Deputy Director of Finance  
Kim McDoniel.....Deputy Director of Finance  
Wallace W. Dietz, Esquire..... Director of Law  
Michell Bosch.....Metropolitan Treasurer  
Elizabeth Waites..... Metropolitan Clerk

**CONSULTANTS TO THE METROPOLITAN GOVERNMENT**

**Metropolitan Governmental Counsel**  
Metropolitan Department of Law, Nashville, Tennessee

**Bond Counsel**  
Bass, Berry & Sims PLC, Nashville, Tennessee

**Financial Advisor**  
Hilltop Securities Inc., Dallas, Texas

**OFFERING MEMORANDUM  
RELATING TO**

**THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)**

**Maximum Aggregate Principal Amount  
\$325,000,000**

**GENERAL OBLIGATION EXTENDABLE  
COMMERCIAL PAPER NOTES  
2014 PROGRAM**

**INTRODUCTION**

This Offering Memorandum, including the cover page and the Appendices (including the financial information referred to in the Appendices), is provided to furnish information in connection with the issuance from time to time by the Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") of its General Obligation Extendable Commercial Paper Notes, 2014 Program (the "ECP Program"). Under the ECP Program, certain notes of the Metropolitan Government may be issued and sold in the United States commercial paper market (the "ECP" or "ECP Notes").

The ECP Notes are issued pursuant to Chapter 21 of Title 9 of the Tennessee Code Annotated, as amended, the Charter of the Metropolitan Government (the "Charter"), and subject to the terms and conditions contained in the resolution authorizing the ECP Program adopted by the Metropolitan County Council on May 6, 2014 (the "ECP Resolution").

The proceeds of the ECP Notes will be used only to (i) pay the costs of public works projects that have been approved by an Initial Resolution, (ii) retire previously issued commercial paper, and (iii) refund or renew ECP previously issued under the ECP Resolution.

The Metropolitan Government has entered into the following agreements in connection with the ECP Program:

*Issuing and Paying Agency Agreement* (as it may be supplemented and amended, and together with any successor agreements, the "Issuing and Paying Agency Agreement") between the Metropolitan Government and U.S. Bank National Association (together with any successor, the "Issuing and Paying Agent").

*Dealer Agreement* (as it may be supplemented and amended, and together with any successor agreements, the "Dealer Agreement") between the Metropolitan Government and Morgan Stanley & Co. LLC, New York, New York (together with any successor, the "Dealer").

Brief descriptions of the ECP Program and the ECP Resolution are included in this Offering Memorandum or in an Appendix hereto. Such descriptions do not purport to be comprehensive or definitive, and all references herein to the ECP Program, the ECP Resolution, and various other documents and instruments mentioned herein, are qualified in their entirety by reference to the responsive documents or instrument, copies of which are available from the Metropolitan Government and the Dealer.

The ECP Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for DTC. Beneficial ownership interests in the ECP Notes will be available in book-entry-only form and will be registered in the name of Cede & Co., as nominee of DTC. Purchases of the ECP Notes will be made in book-entry form through DTC. No physical delivery of the ECP Notes will be made to purchasers of the ECP Notes unless the book-entry-only system of registration is discontinued, or as may otherwise be provided herein. Payments on the ECP Notes will be made to holders by DTC through DTC Participants. See "THE ECP PROGRAM – BOOK-ENTRY-ONLY SYSTEM" herein.

The ECP Notes will be sold at par as interest-bearing obligations in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess of such amount, with interest payable at maturity, unless the Metropolitan Government elects to extend the maturity of the ECP Note, in which case interest on the ECP Notes shall be payable monthly through the Extended Maturity Date. The ECP Notes will have Original Maturity Dates, each being a business day, of not less than 1 day and not greater than 90 days from the original issue date of each ECP Note. The Metropolitan Government has the option to extend the Original Maturity Date of an ECP Note to a business day that is 270 days from the original issue date. As long as the ECP Notes are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each interest payment date. See "THE ECP PROGRAM – BOOK-ENTRY-ONLY SYSTEM" herein.

All financial and other information presented in this Offering Memorandum has been compiled from records of the Metropolitan Government, except for information expressly attributed to other sources. All quotations from, and summaries and explanations of, provisions of statutes contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the ECP Program and proceedings of the Metropolitan Government relating thereto are qualified in their entirety by reference to the form of the ECP Notes and such proceedings. Recent historical information does not indicate future or continuing trends in the Metropolitan Government's financial position or other affairs, unless specifically stated.

An electronic link to the Metropolitan Government's comprehensive annual financial report for the fiscal year ended June 30, 2020 is incorporated herein in Appendix A.

Certain financial and demographic information of the Metropolitan Government is set forth in Appendix B. The form of opinion of Bond Counsel is attached hereto as Appendix C, and the form of ECP Resolution is attached as Appendix D.

Investors should consider the entire Offering Memorandum in making an investment decision, and should not consider information more or less important because of its location. Investors should refer to laws, reports or other documents described in this Offering Memorandum for more complete information.

## **THE ECP PROGRAM**

### **Authorization and Purpose of the ECP Program**

The ECP Notes will be issued by the Metropolitan Government pursuant to its Charter, the laws of the State of Tennessee (the "State"), particularly Tennessee Code Annotated Sections 9-21-101 *et. seq.* (the "Act") and the ECP Resolution. Proceeds of the ECP Notes will be used only to (i) pay the costs of public works projects that have been approved by an Initial Resolution, (ii) retire previously issued commercial paper, and (iii) refund or renew ECP previously issued under the ECP Resolution.

### **Description of the ECP Notes**

The ECP Notes will be dated the date of their respective authentication and issuance and are to be issued in book-entry-only form, in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000. The ECP Notes are each to bear interest at an annual rate not to exceed the Maximum Rate allowed for the ECP Notes under the ECP Resolution. The Maximum Rate means, with respect to any ECP Note, the rate equal to the lesser of (a) 9% per annum, calculated on the basis of actual days elapsed and a 365/366 day year, or (b) the maximum rate of interest permitted by Section 47-14-103, Tennessee Code Annotated, or other applicable State law. Tennessee law currently prescribes a maximum rate equal to the prime rate in effect from time to time, plus 4.00%. The maximum rate in effect on the date hereof is 7.25%. The ECP Notes shall be sold by the Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof of the ECP Notes.



The ECP Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for the DTC. Beneficial ownership interests in the ECP Notes will be available in book-entry-only form, and purchasers of the ECP Notes will not receive certificates representing their interests in the ECP Notes purchased. See "THE ECP PROGRAM – BOOK-ENTRY-ONLY SYSTEM" herein.

Each ECP Note will mature on its Original Maturity Date, which may range from 1 to 90 days from its original Issue Date as determined by the Metropolitan Government upon the issuance of the applicable ECP Note, unless the Metropolitan Government exercises its option to extend the maturity date. In that case, the ECP Note will mature on the Extended Maturity Date, which will be the business day that is the earlier of: (i) 270 days from its original Issue Date, and (ii) the Final Maturity Date (January 1, 2025). ECP Notes may bear different Issue Dates, Original Maturity Dates, Extended Maturity Dates and interest rates.

Each ECP Note shall bear interest from its Issue Date to its Original Maturity Date at an annual rate, which shall not in any event exceed the Maximum Rate, payable on its Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the dates described below.

If the Metropolitan Government exercises its option to extend the maturity date of an ECP Note, the ECP Note will bear interest from the Original Maturity Date at the applicable Extension Rate payable on the dates described below.

The Metropolitan Government may, from time to time, without the consent or notice to the Noteholders, amend certain provisions of the ECP Resolution, including, without limitation, amendments to the definitions of Maximum Rate or Extension Rate, that are only effective for ECP Notes issued on or after the effective date of such amendment with appropriate disclosure. The ECP Notes shall be sold by the Dealer pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof of the ECP Notes.

The ECP Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for the DTC. Beneficial ownership interests in the ECP Notes will be available in book-entry-only form, and purchasers of the ECP Notes will not receive certificates representing their interests in the ECP Notes purchased. See "APPENDIX D – SUMMARY OF ECP RESOLUTION" herein.

#### **Extension of the Maturity Date**

The Metropolitan Government is required to notify the Issuing and Paying Agent and Dealer by 11:30 a.m. (New York, New York time) on the Original Maturity Date that it wishes to exercise its option to extend the maturity of an ECP Note. The Issuing and Paying Agent shall correspondingly notify (i) DTC by 12:00 noon on the Original Maturity Date and (ii) each Rating Agency then maintaining a rating on the ECP Notes and EMMA by the close of business on the Original Maturity Date, that the maturity is being extended. Even if the requisite notices are not given by the Metropolitan Government and/or the Issuing and Paying Agent, if payment of the principal of and interest on an ECP Note does not occur on the Original Maturity Date, the maturity of the ECP Note shall be extended automatically. With the consent of the Issuing and Paying Agent and the Dealer, the Metropolitan Government may modify the notification provisions contained in the ECP Resolution if deemed appropriate to conform to DTC's rules and procedures. In no event shall an extension of the Original Maturity Date constitute a default or a breach of any covenant under the ECP Resolution.

If the Metropolitan Government exercises its option to extend the maturity of an issue of ECP Notes, then:

- (i) neither principal nor interest shall be paid on the Original Maturity Date for such issue of ECP Notes;
- (ii) the ECP Notes shall mature on the Extended Maturity Date;
- (iii) the ECP Notes shall bear interest from the Original Maturity Date at the Extension Rate;
- (iv) accrued but unpaid interest shall be paid on each Extended Period Interest Payment Date and on the Extended Maturity Date, and no additional interest shall accrue on the accrued but unpaid interest.

The Extension Rate shall be the rate of interest per annum determined by the following formula; provided that such Extension Rate shall not exceed the Maximum Rate:

The greater of (SIFMA Index + *E*) or *F*

The Extension Rate applicable to an ECP Note will be determined by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m. on the Original Maturity Date of the Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the ECP Notes, as follows:

Prevailing Rating		<u>E Variable</u>	<u>F Variable</u>
<u>Moody's</u>	<u>S&amp;P</u>		
P-1	A-1+	250 basis points	7.00%
-	A-1	350 basis points	7.50%
P-2	A-2	550 basis points	8.00%
Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Maximum Rate	Maximum Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the Metropolitan Government, the *E* or *F* variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If another credit rating agency becomes a Rating Agency, the Issuing and Paying Agent shall, upon written direction of the Metropolitan Government, following consultation with the Metropolitan Government and the Dealer, determine how the agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable.

### **Redemption of the ECP Notes**

The ECP Notes shall not be subject to redemption prior to their Original Maturity Date. In the event the Metropolitan Government exercises its option to extend the maturity of an ECP Note, that ECP Note may be redeemed on any date after its Original Maturity Date, at the option of the Metropolitan Government at a redemption price equal to par, plus accrued and unpaid interest to the redemption date; provided that no ECP Note with an Extended Maturity Date shall be redeemed unless all ECP Notes then Outstanding that have been extended beyond their Original Maturity Date are redeemed simultaneously. To exercise its redemption option, the Metropolitan Government shall provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed within one Business Day of receipt of such notice.

### **Book-Entry-Only System**

*This section describes how ownership of the ECP Notes is to be transferred and how the principal and interest on the ECP Notes are to be paid to and credited by DTC while the ECP Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Offering Memorandum. The Metropolitan Government believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The Metropolitan Government cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the ECP Notes, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the ECP Notes), or redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Offering Memorandum. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

*DTC will act as securities depository for the ECP Notes. The ECP Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered ECP Note will be issued for each maturity of the ECP Notes in the aggregate principal amount of each such maturity and will be deposited with DTC.*

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's ratings of AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of ECP Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for ECP Notes on DTC's records. The ownership interest of each actual purchaser of each ECP Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the ECP Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the ECP Notes, except in the event that use of the book-entry system for the ECP Notes is discontinued.

To facilitate subsequent transfers, all ECP Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of ECP Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the ECP Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such ECP Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of ECP Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the ECP Notes, such as redemptions, tenders, defaults, and proposed amendments to the ECP Program documents. For example, Beneficial Owners of ECP Notes may wish to ascertain that the nominee holding the ECP Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the ECP Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the ECP Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Metropolitan Government as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the ECP Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal of or interest on the ECP Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Metropolitan Government or the Registration Agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registration Agent or the Metropolitan Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal or interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Metropolitan Government, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the ECP Notes at any time by giving reasonable notice to the Metropolitan Government and the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, ECP Notes are required to be printed and delivered.

The Metropolitan Government may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the ECP Notes will be printed and delivered.

#### **Use of Certain Terms in Other Sections of This Offering Memorandum**

In reading this Offering Memorandum it should be understood that while the ECP Notes are in the Book-Entry-Only System, references in other sections of this Offering Memorandum to registered owners should be read to include the person for which the Participant acquires an interest in the ECP Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Metropolitan Government, the Financial Advisor or the Underwriter.

#### **Effect of Discontinuance of Book-Entry-Only System**

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Metropolitan Government, printed ECP Notes will be issued to the holders and the ECP Notes will be subject to transfer, exchange and registration provisions as set forth in the ECP Resolution.

## SECURITY AND SOURCE OF PAYMENT

The ECP Notes shall be payable primarily from the proceeds of subsequently issued ECP Notes and the proceeds of the Bonds, as defined in the ECP Resolution. Additionally, the ECP Notes shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Metropolitan Government. For the prompt payment of principal of and interest on the ECP Notes, the full faith and credit of the Metropolitan Government are irrevocably pledged.

Under State law, the Metropolitan Government's legislative body is authorized to levy a tax on all taxable property within the Metropolitan Government, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the ECP Notes are issued, reference is hereby made to the ECP Resolution.

The current tax rates are \$3.788 for the General Service District (“GSD”) and an additional \$0.443 for the Urban Service District (“USD”) (\$4.221 total). These rates became effective in June 2020. Prior to June 2020, the tax rates were \$2.755 for the GSD and an additional \$0.400 for the USD (\$3.155 total). Tennessee law requires that property be reappraised every four years. State law further requires that the result of reappraisal be revenue neutral in the aggregate. As a result, upon the reappraisal of property within the Metropolitan Government, the property tax rate must be adjusted by the Metropolitan Council so that, when levied against the new aggregate assessed value of property within the Metropolitan Government, it generates revenues identical to the prior property tax rate, when levied against the prior aggregate assessed property value. The Metropolitan Government has reappraised property in 2021, as required by State law, and the resulting tax rates will be adjusted to \$2.953 for the GSD and an additional \$0.355 for the USD (\$3.288 total). The Metropolitan Government may further adjust these rates as part of the 2021-2022 fiscal year or future fiscal year budgets.

By referendum passed on November 7, 2006, voters in the Metropolitan Government amended the Charter of the Metropolitan Government (the “Charter”) to require that all future increases of the maximum ad valorem (real property) tax rate of \$4.04 per one hundred dollars of assessed property value in the GSD and an additional \$0.65 per one hundred dollars of assessed property value in the USD (\$4.69 total) be first approved by voter referendum prior to implementation by the Metropolitan Government. Section 9-21-101 et seq. of the T.C.A. (pursuant to which the ECP Notes are issued) dictates the levy of a tax sufficient to pay debt service of any general obligation bonds or notes issued thereunder, without regard to any other State or local laws to the contrary. Bond Counsel will opine that the pledge of the Metropolitan Government's unlimited taxing power is valid, binding and enforceable against it, and that there is no limitation on the Metropolitan Government's ability to impose sufficient taxes to fund debt service on the ECP Notes. (See APPENDIX A – Form of Opinion of Bond Counsel.) If valid, the Charter amendment may limit the Metropolitan Government's ability to raise additional revenues for governmental requirements – other than the payment of general obligation debt service – by increasing property tax rates. The Charter amendment does not purport to specifically limit that portion of the tax rate allocable to the payment of debt service.

The Metropolitan Government's Department of Law and Bond Counsel have each opined that a court would likely find the Charter amendment to be invalid as an unconstitutional limitation on the exercise of the Metropolitan County Council's taxing authority. Neither the legal effect nor the constitutionality of the Charter amendment has been challenged, and the timing and outcome of any such challenge cannot be predicted.

As discussed in the “LITIGATION” section herein, taxpayers have filed multiple petitions seeking to limit the ability of the Metropolitan Government to increase property tax levies. Should any of these or future initiatives be successful, the resulting limitations on the Metropolitan Government's ability to increase property tax levies could adversely impact the financial condition of the Metropolitan Government.

The ECP Notes when duly issued will constitute a contract between the Metropolitan Government and each registered owner of the ECP Notes. Any registered owner or owner(s) of the ECP Notes, including a trustee or trustees for the registered owners, shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or her rights against the Metropolitan Government and the Metropolitan Council and any officer, agent or employee of the Metropolitan Government, including, but not limited to, the right to require the Metropolitan Government and the Metropolitan Council and any proper officer, agent or employee of the Metropolitan Government to assess, levy

and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes and to require the Metropolitan Government and the Metropolitan Council and any officer, agent or employee of the Metropolitan Government to carry out any other covenants and agreements and to perform its and their duties under the provisions of Section 9-21-101 et seq. of the T.C.A.; and (b) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such registered owners of the ECP Notes.

## CURRENT FINANCIAL CONSIDERATIONS

### General Fund History

The chart below illustrates a historical summary of the general fund balance of the Metropolitan Government for the Fiscal Year ended June 30, 2016 through the Fiscal Year ended June 30, 2020:

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
SUMMARY OF THE GENERAL FUND  
For the Fiscal Years Ended June 30, 2016 through June 30, 2020  
(Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Beginning Fund Balance	\$ 91,445	\$ 76,661	\$ 106,697	\$ 144,503	\$ 138,054
Revenues	1,067,727	1,074,613	1,014,355	971,321	938,174
Expenditures	(1,007,359)	(950,771)	(953,227)	(916,632)	(854,404)
Other Financing Sources (Uses)	(78,038)	(109,058)	(91,164)	(92,495)	(77,321)
<b>Ending Fund Balance</b>	<b>\$ 73,775</b>	<b>\$ 91,445</b>	<b>\$ 76,661</b>	<b>\$ 106,697</b>	<b>\$ 144,503</b>
<b>Unreserved Fund Balance</b>	<b>\$ 61,073</b>	<b>\$ 77,325</b>	<b>\$ 58,879</b>	<b>\$ 55,176</b>	<b>\$ 84,493</b>

**Source:** The Metropolitan Government of Nashville and Davidson County Department of Finance.

### Fiscal Year 2020 Results; Budget for Fiscal Year 2021

The Metropolitan Government experienced significant economic, business and tourism growth in the last decade. That growth has come with additional financial demands that have presented fiscal challenges for the Metropolitan Government. The Metropolitan Government's primary source of General Fund revenues is ad valorem property taxes. The Metropolitan Government did not increase its ad valorem property tax rate between 2011 and 2020. As described in more detail in **APPENDIX B** attached hereto, the Metropolitan Government is required to reappraise real property values every four years and adjust the ad valorem tax rate such that property tax revenues are not increased or decreased as a result of the reappraisal. The most recent reappraisal was conducted in 2017 and indicated unprecedented growth in real property values in the Metropolitan Government. Accordingly, beginning in Fiscal Year 2018, Urban Services District the property tax rate was proportionately reduced to \$3.155 from its Fiscal Year 2017 level of \$4.516. This equalization, on its own, had no impact on property tax revenues. However, the unprecedented reappraisal results also led to a high number of successful taxpayer appeals to their reappraised property values. These appeals contributed to property tax revenues being under budget by \$26 million for Fiscal Year 2018.

As a result of the lack of additional property tax revenue and the increased costs facing the Metropolitan Government, the Metropolitan Government appropriated fund balances to help fund its budgets from 2016 through 2020. Overall fund balance of the General Fund during this period fell from \$144.5 million to \$73.8 million, and unreserved fund balances fell from \$84.4 million to \$61.1 million.

The budget adopted by the Metropolitan Government for the Fiscal Year ended June 30, 2020 also included no property tax increase. The original Fiscal Year 2020 budget included appropriations of \$7.3 million of General Fund balances, and relied on one-time revenues totaling \$41.1 million, derived from the sale of real estate, a contribution from the Convention Center Authority to help defray certain tourism-related expenditures, and an anticipated concession agreement related to on-street parking. A regularly scheduled election in the fall of 2019 resulted in the election of a new Mayor and a change in the membership of the Metropolitan Council. The new Mayor and Metropolitan Council determined not to proceed with the budgeted sale of real estate and parking concession agreement, and a Corrective Action Plan was prepared which identified sources to make up for the budgeted one-time revenues. Those budgeted revenues were replaced with other revenues including newly imposed PILOT's from the Music City Center and Department of Water and Sewerage Services as well as various savings and impoundments in order to achieve a balanced budget for Fiscal Year 2020.

The world-wide outbreak of the Coronavirus Disease 2019 ("COVID-19"), a respiratory disease caused by a new strain of coronavirus, further impacted the Metropolitan Government's Fiscal Year 2020 budget. The COVID-19 outbreak had no impact on the Metropolitan Government's collection of ad valorem property taxes, because property taxes were due in February, prior to the spread of COVID-19 in Tennessee. However, COVID-19-related quarantining, travel-limitation and social distancing restrictions significantly impacted the Metropolitan Government's collection of local option sales taxes and tourism-related taxes (such as hotel occupancy taxes) from March 2020 through June 2020. The Metropolitan Government estimates that it suffered \$192.4 million of lost revenues during this period. The Metropolitan Government also incurred an estimated \$16.8 million of expenses related to its COVID-19 response and mitigation efforts during this period. The Metropolitan Government received \$121.1 million from the Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act" or "CARES") to fund these expenses and other expenses related to COVID-19 and incurred prior to December 31, 2020; however, the CARES funding does not provide for replacement of lost revenues.

For Fiscal Year 2020, the General Fund was budgeted to use \$44.5 million of fund balance; actual results indicate a use of \$17.7 million for a positive budgetary variance of \$26.8 million. Unreserved fund balance for the General Fund was \$61.1 million on June 30, 2020, a decrease in unreserved fund balance of \$16.3 million. Unreserved fund balance as a percentage of budgeted expenditures is approximately five percent (5%). Total revenues and other financing uses were underbudget by \$16.5 million. As previously noted, revenues of the Metropolitan Government were significantly impacted by COVID-19. Local option sales tax was \$33.5 million below budget, and budget shortfalls were noted in various other revenues. However, the decreases were partially offset by new PILOT revenues of \$22.6 million. In response to the anticipated revenue shortfalls from COVID-19 as well as the cancellation of the real estate sale and the parking concession agreement earlier in the fiscal year, the Metropolitan Government implemented various cost saving measures including hiring and travel freezes and impoundments. Expenditures and other financing uses were underbudget by \$44.4 million with savings achieved across substantially all departments. Collectively, these measures positioned the Metropolitan Government to end the Fiscal Year 2020 with an unreserved fund balance of the General Fund at approximately five percent (5%) of budgeted expenditures.

The Fiscal Year 2021 budget adopted by the Metropolitan Council contemplates expenditures of \$2.466 billion, a \$134.6 million or 5.77% increase from the Fiscal Year 2020 expenditures. Increases in the budgeted expenditures are primarily attributable to cash and fund balance restoration of \$92.6 million, increases in debt service of \$6.2 million, and increases in various other general government expenditures. The Fiscal Year 2021 budget includes an increase in the General Services District ad valorem property tax rate from \$2.755 to \$3.788 per \$100 of assessed value and the Urban Services District ad valorem property tax rate from \$3.155 to \$4.221 per \$100 of assessed value, which collectively, along with the growth in the property tax base, is anticipated to generate an additional \$373 million of revenues annually. The Fiscal Year 2021 budget does not include any one-time revenues. The approved budget includes supplementing the General Fund balance by \$53.1 million. The Metropolitan Government cannot predict what impact COVID-19 will have on its Fiscal Year 2021 budget. The Fiscal Year 2021 budget contemplates that additional COVID-19-related expenses will be funded by the \$121.1 million of CARES Act funding and other federal and/or state assistance. The Fiscal Year 2021 budget contemplates a \$250 million reduction in local option sales tax and other revenues primarily due to the impact of COVID-19.

Metro Nashville Public Schools, as Tennessee’s second largest school district (the “District”), announced on January 12, 2021 that it will receive an additional \$123 million of the more than \$1.1 billion COVID-19 relief funding to be received by the Tennessee Department of Education (“TDOE”) as a part of the U.S. Congress latest COVID-19 relief package. The District and TDOE are currently engaged in ongoing discussions related to the District’s requests for reimbursement of grant funds. TDOE has stated that additional grant funding may be delayed. The District has vowed to timely comply with the requirements of the TDOE and is now putting together a plan, including how it will expend the one-time supplemental relief funding. The funds can be used to address the needs of special student populations, purchasing technology, summer programs, supplemental after-school programs, mental health services and staffing needs. The District anticipates prioritizing the use of the funds to directly address COVID-19 needs through hiring nurses and partnering with healthcare facilities, including Meharry Medical College, to make rapid testing available to students and staff. These COVID-19 relief funds could also be applied toward facility improvements. The District must fully expend the COVID-19 relief funds by the Summer of 2023.

The Metropolitan Government believes that it has sufficient liquidity to meet its financial obligations in the current fiscal year. Property tax collections for fiscal year 2021, which account for over fifty percent (50%) of the Metropolitan Government’s revenues, are consistent with prior years. In addition, the Metropolitan Government expects that actual financial performance in fiscal year 2021 will be consistent with budgeted performance.

### **ANTICIPATED FUTURE BORROWING PLANS**

The Metropolitan Government maintains general obligation commercial paper programs with up to \$700 million of funding capacity. The Metropolitan Government has been drawing approximately \$24.3 million of general obligation commercial paper each month. Should current capital spending plans continue, the Metropolitan Government would expect to issue an additional \$650 million of general obligation bonds to retire commercial paper in the next 24-36 months.

### **LITIGATION**

At the time of the original delivery of the Commercial Paper, there will be furnished a certificate of certain officers of the Metropolitan Government stating that there is no litigation then pending, or to their knowledge threatened, affecting the corporate existence or boundaries of the Metropolitan Government, or the titles of its officials to their respective offices, or the validity of the Commercial Paper or the power of the Metropolitan Government to levy and collect taxes to pay the Commercial Paper.

On August 26, 2020, a group of Metropolitan Government voters filed a petition (the “Petition”) requesting that the Davidson County Election Commission (the “Election Commission”) schedule a referendum, at which voters would be offered the opportunity to vote for or against adding certain provisions to the Metropolitan Government’s Charter, including certain limitations on the Metropolitan Council’s power to increase ad valorem property tax rates without voter approval. One of those provisions (the “Property Tax Provision”) purports to bar the Metropolitan Government from increasing ad valorem property taxes by more than two percent (2%) per year after January 1, 2020, without a voter referendum. This Property Tax Provision purports to (i) effectively rescind the property tax increase adopted and approved by the Metropolitan Council as part of its budget for Fiscal Year 2021 and (ii) cap future property tax increases at two percent (2%) per year.

The Metropolitan Government’s Department of Law has opined that the provisions the Petition seeks to add to the Metropolitan Government’s Charter are unconstitutional and violate state law. To review the full opinion issued by the Metropolitan Government Department of Law, see [https://www.nashville.gov/Portals/0/SiteContent/Law/Legal Opinions/2020-01.pdf](https://www.nashville.gov/Portals/0/SiteContent/Law/Legal%20Opinions/2020-01.pdf). Following this opinion, the Election Commission filed a declaratory judgment action in Davidson County Chancery Court, seeking direction as to whether the referendum can be held as requested by the Petition.

By Order dated November 3, 2020, the Chancery Court in Davidson County found that the Petition was defective in form and facially unconstitutional and permanently enjoined the Election Commission from holding a referendum election on the Petition and declared it unconstitutional, facially invalid, and violative of state law.



See <https://www.nashville.gov/Department-of-Law/Orders-and-Agreements.aspx> for a copy of the Order. The case is still pending in the Chancery Court because the Court severed certain claims of the Petitioners, which alleged violations of constitutional rights. Once the case is fully resolved, the Petitioners can appeal to the Tennessee Court of Appeals. If unsuccessful at the Court of Appeals, the Petitioners can request an appeal to the Tennessee Supreme Court. The Metropolitan Government will vigorously defend this litigation and expects, but cannot guarantee, that it will ultimately prevail.

On March 25, 2021, a group of Metropolitan Government voters filed a second petition (the “Second Petition”) requesting that the Election Commission schedule a referendum at which voters would vote on adding additional provisions to the Metropolitan Government’s Charter, including certain limitations on the Metropolitan Council’s power to increase ad valorem property taxes without voter approval. The Second Petition purports to (i) set the property tax rate for the 2022 and 2023 fiscal years to the rate in effect prior to the property tax increase adopted by the Metropolitan Council for Fiscal Year 2021 and (ii) cap future property tax increases at three percent (3%) per year absent a voter referendum. The Metropolitan Government expects that the 2021 reappraisal and property tax rate equalization process described above under “SECURITY FOR COMMERCIAL PAPER – Security and Source of Payment” will result in a reduction of the property tax rate to near Fiscal Year 2020 levels.

The Metropolitan Government’s Department of Law has opined that the provisions the Second Petition seeks to add to the Metropolitan Government’s Charter are unconstitutional and violate state law in multiple ways. On May 10, 2021, the Election Commission approved holding an election on the Second Petition. On May 11, 2021, the Metropolitan Government filed a challenge to the Election Commission’s decision in the Chancery Court in Davidson County. The Metropolitan Government expects, but cannot guarantee, that it will ultimately prevail.

## **TAX MATTERS**

### **Federal Taxes**

Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the ECP Notes. Their opinion under existing law, relying on certain statements by the Metropolitan Government and assuming compliance by the Issuer with certain covenants, is that interest on the ECP Notes is excluded from a noteholder’s federal gross income under the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code.

The Code imposes requirements on the ECP Notes that the Issuer must continue to meet after the ECP Notes are issued. These requirements generally involve the way that ECP Note proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a Noteholder may have to include interest on the ECP Notes in its federal gross income on a retroactive basis to the date of issue. The Metropolitan Government has covenanted to do everything necessary to meet these requirements of the Code.

A Noteholder who is a particular kind of taxpayer may also have additional tax consequences from owning the ECP Notes. This is possible if a Noteholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Commercial Paper.

If a Noteholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the ECP Notes or affect the market price of the ECP Notes. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the ECP Notes, or under State, local or foreign tax law.

### **State Taxes**

Under existing law, the ECP Notes and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the ECP Notes during the period the ECP Notes are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the ECP Notes in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

### **Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the ECP Notes or otherwise prevent holders of the ECP Notes from realizing the full benefit of the tax exemption of interest on the ECP Notes. Further, such proposals may impact the marketability or market value of the ECP Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to ECP Notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the ECP Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the ECP Notes would be impacted thereby. Purchasers of the ECP Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the ECP Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **LEGAL OPINION**

The validity of the ECP Notes will be approved by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. For the form of proposed Bond Counsel opinion, which includes certain assumptions as to future acts by the Metropolitan Government, see Appendix C.

### **FINANCIAL INFORMATION**

The Metropolitan Government is not required to file reports with the S.E.C. in connection with the ECP. In connection with the issuance of the ECP, the Metropolitan Government will not agree to provide any “annual financial information” (within the meaning of S.E.C. Rule 15c-12) or any other information or notices required by Rule 15c2-12 to the MSRB. However, the Metropolitan Government has agreed to provide such “annual financial information” and other information and notices required by S.E.C. Rule 15c2-12 to the Electronic Municipal Market Access of the Municipal Securities Rulemaking Board (“EMMA”) in connection with the issuance of its various outstanding general obligation bonds, and such information is available from the

EMMA ([www.emma.msrb.org](http://www.emma.msrb.org)) as long as the Metropolitan Government has outstanding general obligation bonds.

Audited financial statements of the Metropolitan Government and certain supplementary information for each fiscal year are also available through the website of the Metropolitan Government's Department of Finance at <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx>. Such audited financial statements and supplementary information are additionally available from the Metropolitan Government upon request sent to the Treasurer of the Metropolitan Government at 700 2nd Avenue South, 2<sup>nd</sup> Floor, Nashville, TN 37210. To the extent there are any differences between the financial statements posted on the Department of Finance's website or sent by the Treasurer of the Metropolitan Government and the financial statements filed with EMMA, the statements filed with EMMA shall control.

This Offering Memorandum is not a summary of the terms of the ECP, and information essential to the making of an informed decision with respect to the ECP may be obtained in the manner described above. All references to documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials referenced. The information and expressions of opinion in this Offering Memorandum are subject to change without notice, and future use of this Offering Memorandum shall not create any implication that there has been no change in the matters described herein since the date hereof.

## **RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have assigned ratings of "P-1" and "A-1+", respectively, to the ECP. The ratings reflect only the respective views of such organizations, and the Metropolitan Government makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Moody's Investors Services, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041. The Metropolitan Government furnished to each rating agency certain information and materials, some of which may not have been included in this Offering Memorandum, relating to the Metropolitan Government and its outstanding debt. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the ECP.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the ECP, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the ECP.

## **FINANCIAL ADVISOR**

Hilltop Securities, Inc. is employed as Financial Advisor to the Metropolitan Government in connection with the issuance of the ECP. The Financial Advisor's fees for services rendered with respect to the sale of the ECP are contingent upon the issuance and delivery of the ECP. Hilltop Securities, Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the ECP or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, First Southwest Company may from time to time sell investment securities to the Metropolitan Government for the investment of bond proceeds or other funds of the Metropolitan Government upon the request of the Metropolitan Government.

The Financial Advisor has provided the following sentence for inclusion in this Offering Memorandum: The Financial Advisor has reviewed the information in this Offering Memorandum in accordance with, and as part of, its responsibilities to the Metropolitan Government and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

#### **DEALER**

The Metropolitan Government has appointed Morgan Stanley & Co. LLC (the “Dealer”) to serve as dealer for the ECP Notes. Adams and Reese LLP has been retained as counsel to the Dealer in connection with the issuance of the ECP Notes. Under the Dealer Agreement, dated as of July 1, 2014, by and between the Metropolitan Government and the Dealer, the Dealer has no commitment to purchase any of the ECP Notes, but is obligated only to use best efforts as agents of the Metropolitan Government to solicit and arrange sales of the ECP Notes on behalf of the Metropolitan Government. Inquiries to the Dealer may be directed to the following:

Morgan Stanley  
1585 Broadway  
New York, New York 10036  
Attn: Municipal Short Term Products  
Tel: (212) 761-9093  
Fax: (212) 507-2103  
Email: [short-term-notice@morganstanley.com](mailto:short-term-notice@morganstanley.com)

#### **INDEPENDENT AUDITORS**

An electronic link to the Metropolitan Government's comprehensive annual financial statements as of the fiscal year ended June 30, 2020 is included in Appendix A, and such financial statements have been audited by Crosslin & Associates, independent auditors, as stated in its report.

Crosslin & Associates has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Offering Memorandum.

## **FORWARD LOOKING STATEMENTS**

The statements contained in this Offering Memorandum, and in any other information provided by the Metropolitan Government, that are not purely historical, are forward-looking statements, including certain statements regarding the Metropolitan Government's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Offering Memorandum are based on information available to the Metropolitan Government on the date hereof and the Metropolitan Government assumes no obligation to update any such forward-looking statements. It is important to note that the Metropolitan Government's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein necessarily are based on various assumptions and estimates and inherently are subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Metropolitan Government. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Offering Memorandum will prove to be accurate.

In considering the matters set forth in this Offering Memorandum, prospective investors should carefully review all information included herein (particularly the information under this caption) to identify any investment considerations. Potential investors should be thoroughly familiar with this entire Offering Memorandum and the appendices hereto, and should have accessed whatever additional financial and other information any such investor may deem necessary, prior to making an investment decision with respect to the ECP.

## **MISCELLANEOUS INFORMATION**

The references, excerpts and summaries of all documents referred to in this Offering Memorandum and in the Appendices to this Offering Memorandum do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the ECP, the security for the payment of the ECP and the rights and obligations of the holders thereof.

Any statements made in this Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Offering Memorandum nor any statement, which may have been made verbally or in writing, is to be construed as a contract with the holders of the ECP.

The information contained in this Offering Memorandum has been compiled from sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

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**AUTHORIZATION OF OFFERING MEMORANDUM**

The execution and distribution of this Offering Memorandum have been duly authorized by the Metropolitan Government.

**THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY**

By: /s/ John Cooper  
John Cooper  
Metropolitan Mayor

**APPENDIX A**

**ELECTRONIC LINK TO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE METROPOLITAN GOVERNMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

## **General Purpose Financial Statements**

Audited Financial Statements of the Metropolitan Government and supplementary information as of and for the Fiscal Year ending June 30, 2020, together with the independent auditors' report from Crosslin & Associates, Certified Public Accountants, are available through the website of the Metropolitan Government's Department of Finance at <https://www.nashville.gov/Finance/Accounting/Comprehensive-Financial-Reports.aspx> and are hereby incorporated by reference as part of this APPENDIX A. To the extent there are any differences between the electronically posted financial statements of the Metropolitan Government and the printed financial statements of the Metropolitan Government, the printed version shall control.

Crosslin & Associates, Certified Public Accountants has not been engaged to perform and has not performed, since the date of its report included herein, any procedure on the financial statements addressed in that report and has not performed any procedures relating to this Official Statement.



**APPENDIX B**

**FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE METROPOLITAN GOVERNMENT**

## INTRODUCTION

### **The Metropolitan Government**

The Metropolitan Government is the capital and most populous city of the State of Tennessee. It is located on the Cumberland River in northern Middle Tennessee. The city is a center for the music, healthcare, publishing, private prison, banking and transportation industries, and is home to numerous colleges and universities. Largely due to its association with the music industry, the Metropolitan Government has a vibrant tourism industry. The Metropolitan Government sits at the center of a 13-county metropolitan statistical area with a population of approximately 1.9 million, located at the intersections of Interstates 24, 40 and 65.

On June 28, 1962, the voters of the City of Nashville and Davidson County approved the Charter of the Metropolitan Government (the “Charter”). On April 1, 1963, the governments of the City of Nashville and of Davidson County were consolidated to form “The Metropolitan Government of Nashville and Davidson County” (the “Metropolitan Government”), under which the boundaries of Nashville and Davidson County are co-extensive.

The executive and administrative powers are vested in the Metropolitan Mayor (the “Mayor”), who is elected at large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions created by the Charter or by ordinance enacted pursuant to the Charter unless otherwise excepted. A two-thirds vote of the Metropolitan County Council of the Metropolitan Government (the “Metropolitan Council”) is required to override the Mayor’s veto. The Charter also provides for a Vice Mayor, who is elected at large for a four-year term and is the presiding officer of the Metropolitan Council. The Metropolitan Council is the legislative body of the Metropolitan Government and is composed of 40 members who are elected for four-year terms: 35 are elected from council districts and five are elected at large.

The Charter provides a framework for the Metropolitan Government in Nashville to serve the needs of two service districts: (i) the General Services District (“GSD”) and (ii) the Urban Services District (“USD”). The GSD embraces the entire area of Davidson County and is taxed to support those services, functions and debt obligations, which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, auditoriums, public housing, urban renewal, planning and public libraries. The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. The residents of the USD are charged an additional tax to support those services, functions and debt obligations, which benefit only the USD. Such services include additional police and fire protection, storm sewers, street lighting and refuse collection. The Charter provides: “The area of the USD may be expanded and its territorial limits extended by annexation whenever particular areas of the GSD come to need urban services, and the Metropolitan Government becomes able to provide such services within a reasonable period which shall be not greater than one year after ad valorem taxes in the annexed area become due.” Since April 1, 1963, the area of the USD has been expanded from 72 square miles to 184 square miles.

As a consolidated government, the Metropolitan Government is responsible for providing all of the services typically provided by cities, counties and school districts. The Metropolitan Government’s school system is the second largest school system in Tennessee. The Metropolitan Government provides tax-supported funding for school capital and operating expenses. School system operations are managed by the Metropolitan Board of Education (“MBE”), consisting of nine publicly-elected members.

The Metropolitan Government provides water and wastewater services throughout the Metropolitan Government. Capital and operating costs of water and wastewater services are funded exclusively through revenues generated from water and wastewater rates, fees and charges. Likewise, the Metropolitan Government funds the capital and operating costs of its electric system exclusively through

revenues generated from electric rates, fees and charges. Because these utility systems are not tax-supported enterprises, information regarding these utility systems is not included herein.

## **Fiscal Year**

The Metropolitan Government operates on a fiscal year, which commences July 1 and ends June 30.

## **Accounting**

Pursuant to the Charter, independent auditors annually audit the financial statements of the Metropolitan Government. The Basic Financial Statements and other financial information, which are presented in the Comprehensive Annual Financial Report (the “CAFR”), are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and with those standards and procedures recommended by the State Comptroller of the Treasury. Copies of CAFRs are available on the Metropolitan Government’s website, <http://www.nashville.gov/Finance/Office-of-the-Treasurer/Debt/Investor-Relations.aspx>.

The Metropolitan Government reports the following major governmental funds:

- **General Fund** – the Metropolitan Government’s primary operating fund which is used to account for all financial resources of the general operations of the Metropolitan Government, except those required to be accounted for in another fund.
- **General Purpose School Fund** – used to account for the receipt and disbursement of federal, state and local funds for education purposes, except those required to be accounted for in another fund.
- **General Services District General Purposes Debt Service Fund** – used to account for the accumulation of resources and the payment of principal and interest for the GSD general obligation debt.
- **General Services District School Purposes Debt Service Fund** – used to account for the accumulation of resources and the payment of principal and interest for the debt related to schools.
- **Urban Services District General Purposes Debt Service Fund** – used to account for the accumulation of resources and the payment of principal and interest for the USD general obligation debt.
- **General Services District Capital Projects Fund** – used to account for the use of bond proceeds for the construction and equipping of various public projects in the GSD.
- **Education Services Fund** – used to account for a variety of programs supporting education activities including various state and federal grant programs, funds reserved for unemployment claims of the Metropolitan Nashville Public School employees, food service operations of the school system, costs associated with charter schools, and fundraising activities of individuals schools.
- **Urban Services District Capital Projects Fund** – used to account for the use of bond proceeds for the construction and equipping of various public projects in the USD.

The Metropolitan Government reports the following major enterprise funds:

- **Department of Water and Sewerage Services** – provides services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.
- **District Energy System** – provides heating and cooling services to the Metropolitan Government and downtown businesses. The District Energy System is managed by a third party and is self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.
- **Stormwater Operations** – under the administrative responsibility of the Department of Water and Sewerage Services and accounts for activities surrounding the maintenance of the Metropolitan Government’s stormwater drainage system. Revenues are derived from a stormwater fee assessed on users of the system.

Additionally, the Metropolitan Government reports the following fund types:

- **Internal Service Funds** – used to account for the operations of self-sustaining agencies rendering services to other agencies of the Metropolitan Government on a cost reimbursement basis. These services included fleet management, information systems, insurance, treasury management and printing.
- **Pension (and other employee benefit) Trust Funds** – used to account for assets and liabilities held by the Metropolitan Government in a fiduciary capacity to provide retirement and disability benefits for employees and retirees.
- **Agency Funds** – used to account for assets held by elected officials as agents for individuals, collections by the Metropolitan Government due to the purchasers of certain outstanding property tax receivables, funds held by the Sheriff’s Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

### **Operating Budgeting Process**

The Charter requires the Director of Finance to obtain information necessary to compile the annual operating budget of the Metropolitan Government from all officers, departments, boards, commissions and other agencies for which appropriations are made by the Metropolitan Government or which collect revenues for the Metropolitan Government.

The Mayor reviews the operating budget submitted by the Director of Finance and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Metropolitan Council for consideration no later than May 1<sup>st</sup>. In no event can the total appropriations from any fund exceed the total anticipated revenues plus the estimated unappropriated fund balance and applicable reserves. After the Metropolitan Council has passed the budget ordinance on first reading, it will hold public hearings. After the conclusion of the public hearings, the Metropolitan Council may amend the operating budget prepared by the Mayor. The budget as finally amended and adopted, however, must provide for all expenditures required by law or by provisions of the Charter and for all debt service requirements for the ensuing fiscal year as certified by the Director of Finance. If the Metropolitan Council fails to adopt a budget by July 1<sup>st</sup>, the budget submitted by the Mayor is deemed to be the adopted budget.

The Charter requires that following the adoption of the Metropolitan Government’s annual operating budget, an annual tax is to be levied on all taxable property within the GSD and an additional annual tax on all taxable property within the USD. These annual taxes must be at rates sufficient to finance the GSD and USD budgets adopted for their respective service districts.

### **Historical Summary of Major Fund Results**

The tables on the following three pages provide a five-year history of revenues, expenditures and changes in fund balances for the Metropolitan Government’s General Fund, Special Revenue Funds and Debt Service Funds, which are the primary tax-supported operating funds of the Metropolitan Government. The Special Revenue Funds table includes the General Purpose School Fund and various other funds with specific revenues that are to be utilized in carrying out the requirements of statutes, ordinances, grants or other governing regulations. The Debt Service Funds table includes the GSD General Purposes Debt Service Fund, the GSD School Debt Service Fund and the USD General Purposes Debt Service Fund.

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**GENERAL FUND**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(For the Fiscal Years Ended June 30, 2016 through June 30, 2020)**

<b>REVENUES:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Property Taxes	\$ 597,829,022	\$ 565,209,717	\$ 539,343,469	\$524,330,765	\$508,417,976
Local Option Sales Tax	113,464,491	141,902,355	133,884,975	117,578,530	112,386,239
Other Taxes, Licenses and Permits	159,918,852	160,881,656	155,826,065	149,949,331	143,264,669
Fines, Forfeits and Penalties	5,014,278	6,855,593	9,311,162	9,594,026	10,536,938
Revenues from Use of Money of Property	376,653	1,698,384	975,494	649,586	695,634
Revenue from Other Governmental Agencies	139,187,410	124,460,648	112,150,191	106,702,440	103,945,191
Commissions and Fees	13,437,944	17,058,875	17,257,045	17,388,364	14,528,053
Charges for Current Services	36,498,952	42,233,974	41,117,340	39,153,918	35,359,332
Compensation for Loss, Sale or Damage to Property	513,104	13,096,343	903,657	2,655,387	6,879,924
Contributions and Gifts	406,680	318,780	562,551	22,250	266,525
Miscellaneous	1,079,380	897,243	3,023,042	3,296,472	1,893,902
<b>TOTAL REVENUES</b>	<b>\$1,067,726,766</b>	<b>\$1,074,613,568</b>	<b>\$1,014,354,991</b>	<b>\$971,321,069</b>	<b>\$938,174,383</b>
<b>EXPENDITURES:</b>					
General Government	\$ 52,446,684	\$ 51,342,987	\$ 50,846,174	\$ 49,420,430	\$ 50,211,810
Fiscal Administration	24,620,447	24,085,812	23,703,880	22,980,238	21,463,006
Administration of Justice	68,715,316	65,677,679	64,444,333	61,514,210	57,481,614
Law Enforcement and Care of Prisoners	301,194,426	288,482,195	284,014,877	272,631,001	262,052,423
Fire Prevention and Control	136,829,267	130,611,622	131,839,625	124,384,360	116,948,664
Regulation and Inspection	11,032,259	10,238,714	10,156,818	9,138,734	8,101,479
Conservation of Natural Resources	335,444	322,263	407,900	411,714	373,209
Public Welfare	6,672,499	6,667,525	6,709,667	6,226,903	6,293,042
Public Health and Hospitals	66,919,483	66,464,916	69,697,474	70,885,052	62,958,373
Public Library System	31,369,260	31,282,141	30,793,711	23,789,104	27,432,634
Public Works, Highway and Streets	36,321,877	35,064,951	34,359,154	34,324,984	32,302,132
Recreational and Cultural	42,072,126	43,787,806	42,296,855	41,293,352	37,931,086
Retiree Benefits	88,233,381	87,855,789	87,579,887	84,585,219	81,576,678
Miscellaneous	102,696,115	108,887,193	116,376,212	109,046,528	89,278,073
<u>Debt Service:</u>					
Principal Retirement	21,230,100	-	-	-	-
Interest	16,669,900	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$1,007,358,584</b>	<b>\$950,771,593</b>	<b>\$953,226,567</b>	<b>\$916,631,829</b>	<b>\$854,404,223</b>
Excess (Deficiency) of Revenues Over Expenditures	60,368,182	123,841,975	61,128,424	54,689,240	83,770,160
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	25,936,866	28,324,712	26,219,860	27,006,469	22,890,396
Transfers Out	(103,974,920)	(137,383,097)	(117,383,483)	(119,501,949)	(100,211,388)
Total other Financing Sources (Uses)	(73,038,054)	(109,058,385)	(91,163,623)	(92,495,480)	(77,320,992)
Excess (deficiency) of Revenues & other sources Over Expenditures	(17,669,872)	14,783,590	(30,035,199)	(37,806,240)	6,449,168
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>\$91,444,917</b>	<b>\$ 76,661,327</b>	<b>\$ 106,696,526</b>	<b>\$ 144,502,766</b>	<b>\$138,053,598</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$73,775,045</b>	<b>\$ 91,444,917</b>	<b>\$ 76,661,327</b>	<b>\$ 106,696,526</b>	<b>\$144,502,766</b>

Source: The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**SPECIAL REVENUE FUND<sup>(1)</sup>**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(For the Fiscal Years Ended June 30, 2016 through June 30, 2020)**

<b>REVENUES:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Property Taxes	\$ 331,591,099	\$ 325,095,825	\$ 313,053,234	\$ 305,487,946	\$ 295,533,190
Local Option Sales Tax	242,743,133	242,006,117	224,215,780	216,851,995	214,139,486
Other Taxes, Licenses and Permits	103,649,115	135,340,744	115,629,215	102,665,159	90,624,525
Fines, Forfeits and Penalties	1,858,881	3,226,296	4,021,696	4,744,371	6,194,363
Revenues from Use of Money of Property	3,349,841	3,996,660	1,936,251	979,439	893,265
Revenue from Other Governmental Agencies	507,400,824	514,846,966	523,344,665	506,130,905	475,832,993
Commissions and Fees	12,080,393	8,893,569	9,519,060	8,860,141	9,497,930
Charges for Current Services	29,383,312	32,968,507	29,143,772	30,254,093	29,979,888
Compensation for Loss, Sale or Damage to Property	1,982,404	9,293,212	3,334,839	7,084,983	3,188,064
Contributions and Gifts	6,515,863	13,726,681	6,191,334	4,875,806	5,563,171
Miscellaneous	339,505	62,659	208,655	191,095	847,745
<b>TOTAL REVENUES</b>	<b>\$1,240,884,370</b>	<b>\$1,289,457,236</b>	<b>\$1,230,598,501</b>	<b>\$1,188,125,933</b>	<b>\$1,132,294,620</b>
<b>EXPENDITURES:</b>					
General Government	\$ 103,282,752	\$ 104,559,104	\$ 93,568,485	\$ 83,418,867	\$ 78,008,259
Fiscal Administration	343,633	285,175	1,442,826	788,278	271,676
Administration of Justice	13,458,767	10,538,338	10,578,509	9,909,052	13,872,252
Law Enforcement and Care of Prisoners	25,071,303	23,107,385	23,651,407	24,491,295	21,818,071
Fire Prevention and Control	23,954	33,184	11,809	52,851	6,500
Regulation and Inspection	48,049	96,487	63,729	79,210	87,755
Public Welfare	58,410,684	46,917,069	36,313,702	33,527,326	32,656,928
Public Health and Hospitals	23,969,614	22,963,130	23,909,026	22,544,410	22,604,542
Public Library System	781,938	1,053,862	854,279	855,202	951,871
Public Works, Highway and Streets	37,924,204	42,878,934	37,631,657	33,895,323	31,551,513
Recreational and Cultural	1,694,001	2,058,992	2,148,090	2,255,096	2,113,171
Education	1,034,084,222	1,041,774,050	1,033,114,009	965,420,840	918,529,638
Capital Outlay	24,544,427	32,483,038	28,146,906	22,320,891	25,378,504
<b>TOTAL EXPENDITURES</b>	<b>\$1,323,637,548</b>	<b>\$1,328,748,748</b>	<b>\$1,291,434,434</b>	<b>\$1,199,558,641</b>	<b>\$1,147,850,680</b>
Excess (Deficiency) of Revenues Over Expenditures	(82,753,178)	(39,291,512)	(60,835,933)	(11,432,708)	(15,556,060)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance Recovery	4,000,000	-	-	-	-
Transfers In	216,935,884	215,571,815	195,661,918	174,827,192	140,720,312
Transfers Out	(175,665,100)	(180,185,805)	(151,347,941)	(132,361,241)	(105,413,507)
Total other Financing Sources (Uses)	45,270,784	35,386,010	44,313,977	42,465,951	35,306,805
Excess (deficiency) of Revenues & other sources Over Expenditures	(37,482,394)	(3,905,502)	(16,521,956)	31,033,243	19,750,745
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>\$180,497,282</b>	<b>\$ 184,402,784</b>	<b>\$ 200,924,740</b>	<b>\$ 169,891,497</b>	<b>\$150,140,752</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$143,014,888</b>	<b>\$ 180,497,282</b>	<b>\$ 184,402,784</b>	<b>\$ 200,924,740</b>	<b>\$169,891,497</b>

<sup>(1)</sup> Special revenue funds are used to account for specific revenues to be utilized in carrying out the specific terms of statutes, ordinances, grant requirements or governing regulations and include the General Purpose School Fund.

**Source:** The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**DEBT SERVICE FUNDS**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**(For the Fiscal Years Ended June 30, 2016 through June 30, 2020)**

<b>REVENUES:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Property Taxes	\$154,648,416	\$151,549,899	\$146,187,493	\$142,484,847	\$140,059,158
Local Option Sales Tax	87,659,932	66,325,954	56,055,237	48,503,623	39,178,209
Other Taxes, Licenses and Permits	239,243	-	-	-	-
Fines, Forfeits and Penalties	316,378	207,489	323,999	323,165	324,053
Revenues from Use of Money of Property	651,221	992,583	440,718	188,611	743,257
Revenue from Other Governmental Agencies	9,733,881	5,572,748	6,030,459	5,419,643	4,024,838
Bond Interest Tax Credit	4,911,180	4,895,429	4,874,645	4,859,357	4,864,020
Miscellaneous	-	-	12	-	-
<b>TOTAL REVENUES</b>	<b>\$258,160,251</b>	<b>\$229,544,102</b>	<b>\$213,912,563</b>	<b>\$201,779,246</b>	<b>\$189,193,535</b>
<b>EXPENDITURES:</b>					
Principal Retirement	\$162,282,384	\$155,391,020	\$140,797,840	\$132,859,891	\$115,957,762
Interest	129,539,635	126,187,299	125,106,557	103,366,006	104,982,211
Fiscal Charges	3,687,504	3,954,518	6,848,877	6,792,950	7,898,402
<b>TOTAL EXPENDITURES</b>	<b>\$295,509,523</b>	<b>\$285,532,837</b>	<b>\$272,753,274</b>	<b>\$243,018,847</b>	<b>\$228,838,375</b>
Excess (Deficiency) of Revenues Over Expenditures	(37,349,272)	(55,988,735)	(58,840,711)	(41,239,601)	(39,644,840)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Refunding Debt	-	-	-	-	338,311,539
Payments to Refunded Bond Escrow Agent	-	-	-	-	(409,215,077)
Bond Issue Premium (Discount)	-	-	-	-	73,093,369
Transfers In	53,712,523	63,089,894	49,017,272	39,630,948	31,647,985
Total other Financing Sources (Uses)	53,712,523	63,089,894	49,017,272	39,630,948	33,837,816
Excess (deficiency) of Revenues & other sources Over Expenditures	16,363,251	7,101,159	(9,823,439)	(1,608,653)	(5,807,024)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>\$17,952,500</u></b>	<b><u>\$10,851,341</u></b>	<b><u>\$20,674,780</u></b>	<b><u>\$22,283,433</u></b>	<b><u>\$28,090,457</u></b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u>\$34,315,751</u></b>	<b><u>\$17,952,500</u></b>	<b><u>\$10,851,341</u></b>	<b><u>\$20,674,780</u></b>	<b><u>\$22,283,433</u></b>

Source: The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

## REVENUES

The Metropolitan Government derives its revenues from the following sources:

### Property Taxation

The Tennessee Constitution provides counties and municipalities with the authority to levy real and personal property taxes based on the value of the property. The Metropolitan Government levies property taxes on a calendar year basis, with property tax bills being sent by September 15 of each year and payment due before March 1 of the following year. The process for the valuation of property, the assessment of property value, the levy of property taxes, the collection of property taxes, the remittance of incremental property taxes to the Metropolitan Government and the collection of delinquent property taxes is described below.

#### Property Valuation

Pursuant to the Property Tax Act, the Assessor of Property of the Metropolitan Government (the "Assessor") appraises the value of all real property every four years. Except in circumstances where property is subsequently improved or damaged, this appraised value serves as the basis for the assessment and levy of real property taxes through the ensuing four-year period. The goal of the Assessor is to estimate fair market value for each property. Fair market value is defined as the most probable price a property would sell for in an open market under normal conditions. In order to determine the appraisal, the Assessor's office uses acceptable methods approved by the State Comptroller's Office to estimate the value of each property. Because all properties need to be appraised by January 1 in the year of a reappraisal, the Assessor uses mass appraisal techniques aided by appraisal models of benchmark properties developed by its staff and processed by computers into a value indication for each property.

A taxpayer wishing to protest the appraised value of its real property may request an informal review by Assessor staff by the end of April of each tax year, and staff may make adjustments to the appraised or assessed value. If the taxpayer remains unsatisfied, it may appeal its protest to the Metropolitan Board of Equalization, for hearing in June or July. If a taxpayer is still unsatisfied, it may further appeal to the State Board of Equalization on or about August 1.

#### Assessed Value

Each year, the Assessor determines the "assessed value" of each parcel of real and personal property, based on the most recent valuation and the classification of the property under the Property Tax Act. Leased personal property is assessed against the lessee on the basis of the use of the property by the lessee. The assessed value of a parcel of property, rather than its appraised value, is the measure against which property taxes are levied. For real property, the Property Tax Act currently provides for the following classification and assessment of properties:

<u>Use Classification</u>	<u>Assessed Value as a Percentage of Appraised Value</u>
Public Utility	55%
Industrial and Commercial	40%
Residential	25%
Farm Property	25%



For personal property, the Property Tax Act currently provides for the following classification and assessment of properties:

<u>Use Classification</u>	<u>Assessed Value as a Percentage of Appraised Value</u>
Public Utility	55%
Industrial and Commercial	30%

Properties owned by governmental or religious, charitable, scientific, literary or educational institutions are exempt from assessment and, therefore, any requirement to pay property taxes.

Metropolitan Government-owned utilities (Nashville Electric Service and the Water and Sewer Department) are also exempt from assessment but are assessed a separate in-lieu-of-tax. Nashville Electric Service is taxed under Tennessee law pursuant to the provisions of the Municipal Electric System Tax Equivalent Law of 1987. Under this law, the annual tax equivalent is the sum of: (a) the equalized tax rate applied to the net plant value and book value of materials and supplies, and (b) four percent (4%) of the average of revenue less power cost for the preceding three (3) fiscal years. In-lieu-of-tax payments from Nashville Electric Service and the Water and Sewer Department are reflected in the Metropolitan Government's financial statements as if they were property taxes.

#### Levy of Property Taxes

The Metropolitan Government is divided into two service districts, the GSD and the USD. The GSD embraces the entire area of Davidson County. Properties in the GSD are taxed to support the services, functions and debt obligations which are chargeable to the whole population, such as general government administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, airport facilities, auditoriums, public housing, urban renewal, planning and public libraries. The USD, originally conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of the consolidation of the City of Nashville and Davidson County into the Metropolitan Government. Since April 1, 1963, the area of the USD has been expanded by annexation from 72 square miles to 184 square miles. Properties in the USD are subject to an additional tax to support additional police protection, storm sewers, street lighting and refuse collection. The current tax rate in the GSD is \$3.788 per \$100 of assessed value and the additional tax rate for the USD is \$0.433 per \$100 of assessed value, for a combined tax rate of \$4.221 per \$100 of assessed value.

The Metropolitan Government operates on a July 1 to June 30 fiscal year. Each year, as part of its budget process, the Metropolitan Mayor (the "Mayor") must submit the operating budget for the upcoming fiscal year to the Metropolitan Council. The Metropolitan Council may revise the budget proposed by the Mayor, except that the budget as finally amended and adopted must provide for all expenditures required by law and for all debt service requirements for the ensuing fiscal year. The Metropolitan Council is required to finally adopt the annual operating budget not later than June 30. If the Metropolitan Council fails to adopt a budget prior to the beginning of the fiscal year, it shall be conclusively presumed to have adopted the budget as submitted by the Mayor. After the annual operating budget has been adopted, the Metropolitan Council is required to adopt a property tax levy sufficient to fund the adopted budget.

By referendum held on November 7, 2006, voters in the Metropolitan Government amended the Metropolitan Government's Charter to require that any future increase above the tax levy rate then in effect (\$4.69 per \$100 of assessed value for properties located in the USD) be first approved by voter referendum. The Department of Law of the Metropolitan Government has issued its opinion (Legal Opinion No. 2006-03) to the effect that such Charter amendment requiring a voter referendum is invalid

because it violates the Tennessee Constitution, but the constitutionality of the voter referendum requirement has not been adjudicated.

On August 26, 2020, Metropolitan Government voters filed a petition requesting that the Election Commission schedule a referendum, at which voters would be offered the opportunity to vote for or against the addition of certain provisions to the Metropolitan Government’s Charter, including certain limitations on the Metropolitan Council’s power to increase ad valorem property tax rates without voter approval (the “Petition”). By Order dated November 3, 2020, the Chancery Court found that the Petition was defective in form and facially unconstitutional and permanently enjoined the Election Commission from holding a referendum election on the provisions. The Metropolitan Government expects that the petitioners will exercise their right to appeal the Chancery Court’s Order. The Metropolitan Government expects, but cannot offer any assurances, that it will prevail in any appeal. See “LITIGATION” herein.

#### Tax Abatement Programs

The Metropolitan Government’s Industrial Development Board (the “IDB”) is authorized by Tennessee law to negotiate and accept payments in lieu of ad valorem taxes to maintain and increase employment opportunities and household income. The IDB acts as a conduit organization for property tax abatements through payment in lieu of taxes agreements (“PILOT agreements”). The Director of the Mayor’s Office of Economic and Community Development serves as the Executive Director of the IDB and negotiates PILOT agreements, presents to the Metropolitan Council for approval, and if approved, presents to the IDB for approval. The abatements, which may be as much as 100% of the standard real and/or personal property taxes, may be granted to any qualified business located within or relocating to property within the boundaries of the Metropolitan Government, making significant capital investments and retaining or increasing a significant number of full-time employees. Consideration is given on a case-by-case basis and includes analyses of job creation, economic impact, capital investment and wage rates.

A list of active PILOTs is set forth in Note 15 to the Annual Financial Reports attached hereto as **APPENDIX A**. The Metropolitan Government recognizes the assessed value real and personal property subject to a PILOT agreement, and PILOT payments are reflected in the Metropolitan Government’s financial statements as if they were property taxes.

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Historical Property Tax Rate Adjustments

In the last 24 years, the Metropolitan Council has adjusted property tax rates on six occasions, in each case increasing the tax rate to generate additional tax revenues to satisfy increased budget demands. The following table identifies the year of the rate adjustment and the percentage increase in the GSD levy, the USD levy and the combined GSD/USD levy. The Metropolitan Government cannot predict whether the historical pattern of rate adjustments will continue. Any decision to increase or reduce taxes must be approved by the Metropolitan Council.

<u>Year</u>	<u>GSD Adjustment</u>	<u>USD Adjustment</u>	<u>Combined GSD/USD Adjustment</u>
1997	14.03%	18.75%	15.08%
1998	3.79	0.00	2.91
2001	26.69	12.16	23.78
2005	19.88	0.00	16.67
2012	13.48	8.77	12.83
2020	37.50	8.33	33.80

Adjustment of Property Tax Rates as a Result of Reappraisal

As described above, the Property Tax Act requires that property be reappraised every four years. The Property Tax Act further requires that the result of reappraisal be revenue neutral in the aggregate. As a result, upon the reappraisal of property within the Metropolitan Government, the property tax rate must be adjusted by the Metropolitan Council so that, when levied against the new aggregate assessed value of property within the Metropolitan Government, it generates revenues identical to the prior property tax rate, when levied against the prior aggregate assessed property value. Each of the last five reappraisals have resulted in a decrease in the tax rate as listed below, reflecting in each case a proportionate increase in aggregate appraised values. The next reappraisal year is in 2021.

<u>Reappraisal Year</u>	<u>Combined GSD/USD Equalization Rate Adjustment</u>
2001	(12.74)%
2005	(12.23)
2009	(11.94)
2013	(3.09)
2017	(30.1)

Billing, Collection and Delinquencies

Property taxes are collected by the Metropolitan Trustee, which is the office established as the property tax collection agency for the Metropolitan Government under Tennessee law. The Metropolitan Trustee sends a tax bill to taxpayers on or before September 15 of each year. Property taxes must be paid before March 1 of the following year, after which they become delinquent. The Property Tax Act provides that delinquent property taxes are subject to a penalty of 0.5 percent and interest of 1 percent. These penalty and interest amounts are thereafter added to delinquent taxes on the first day of each succeeding month until the taxes are paid.

To aid in the collection of property taxes, the Property Tax Act imposes a lien on the property to secure payment of the tax. The lien for taxes becomes a first lien on the property as of January 1 of the tax year and takes priority over any pre-existing liens on the property, with the exception of pre-filed federal tax liens. The Property Tax Act authorizes the Metropolitan Government, approximately one year after

delinquency, to file suit in chancery or circuit court to collect the delinquent property taxes, as well as the penalties, interest and costs of collection, including attorney's fees. The Property Tax Act also authorizes the Metropolitan Government, approximately two years after delinquency, to seize and sell property if the Metropolitan Government is unable to collect delinquent property taxes by other means. If the Metropolitan Government is unable to sell the seized property for an amount equal to the amount of delinquent taxes (including penalties, interest and expenses), then the Metropolitan Government is required to take ownership of the property. The Property Tax Act then requires the Metropolitan Government to arrange for the sale of the property. The sale price is required to be no less than the amount of delinquent taxes, unless the Metropolitan Government certifies that a sale on such terms is not feasible. The proceeds from the sale are first applied to the payment of delinquent taxes.

The Metropolitan Government's current policy is to sell delinquent real property taxes through a bid process on or about June 1 of the year after due (the agreement whereby the Metropolitan Government sells such delinquent real property taxes each year is referred to herein as the "Receivables Sale Agreement"). Under the terms of each Receivables Sale Agreement, the purchaser pays to the Metropolitan Government the purchase price and in return is entitled to all collections of delinquent real property taxes that are sold pursuant to that Receivables Sale Agreement. Historically, the purchase price paid to the Metropolitan Government has been at least 100% of the original amount of taxes due. It is likely that the Metropolitan Government will continue this policy and enter into subsequent and similar arrangements in the future. However, the Metropolitan Government can accept a purchase price of less than 100% of the original amount of tax due.

*Statistical Data Regarding Property Tax Collections and Concentration*

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
TEN-YEAR HISTORY OF ASSESSED VALUATION  
(For the Fiscal Years Ended June 30, 2011 through June 30, 2020)**

The following table illustrates a ten-year history of assessed property value for the Fiscal Years Ended June 30, 2011 through June 30, 2020 (with numbers expressed in thousands):

<b>Fiscal Year Ended June 30</b>	<b>Total Assessed Value (USD/GSD)</b>	<b>Growth (Decline) from Prior Year</b>
2011	\$19,208,515	(0.1)
2012	19,104,264	(0.5)
2013	19,160,523	0.3
2014	20,209,537	5.5
2015	20,376,059	0.8
2016	20,742,695	1.8
2017	21,314,821	2.8
2018	31,144,615	46.1
2019	32,220,800	3.5
2020	33,015,683	2.5

**Source:** The Metropolitan Government of Nashville and Davidson County

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
PRINCIPAL PROPERTY TAXPAYERS  
(For the Fiscal Year Ended June 30, 2020)**

The following table illustrates information concerning the ten largest property taxpayers of the Metropolitan Government for the Fiscal Year Ended June 30, 2020.

TAXPAYERS	2019 ASSESSED VALUATION	AMOUNT OF TAX	% OF TOTAL TAX LEVY
Electric Power Board (1)	\$ N/A	\$ 29,227,916	2.89%
RHP Hotels Inc./Gaylord	91,292,170	13,002,587	1.29
Columbia/HCA	352,872,410	11,307,111	1.12
AT&T Telephone/BellSouth	182,953,182	5,789,310	0.57
The Mall at Green Hills	175,291,748	5,530,455	0.55
Highwoods Properties	170,268,868	5,453,735	0.54
Vanderbilt	161,095,442	5,078,113	0.50
Opry Mills Mall	144,339,743	4,553,919	0.45
Mid-America Apartments	138,250,729	4,149,934	0.41
Piedmont Natural Gas	131,216,936	3,961,559	0.39
<b>TOTALS</b>	<b>\$ 1,547,581,228</b>	<b>\$ 88,054,639</b>	<b>8.71%</b>

<sup>(1)</sup> As described above, the amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.

**Source:** The Metropolitan Government of Nashville and Davidson County Tax Assessor's Office and Trustee Office.

### Sales Tax

A local option sales tax is collected at the rate of 2-1/4% on all sales of tangible personal property and certain services, except for sales of certain energy sources and other limited exemptions. This local option sales tax is currently levied, in accordance with State law, only on the first \$1,600 of a transaction.

### Other Taxes, Licenses, and Permits

This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metropolitan Government. Also included is the Hotel/Motel Tax, which is assessed against the gross receipts of hotels and motels within the Metropolitan Government, based on occupancy. Currently, there is a 6% tax levied by Metropolitan Council ordinance. Half of the revenues derived from such tax are required to be allocated to the Convention Center Authority for payment of its bonds. Two percent of the remaining three percent is required to be appropriated for tourist promotion, and the one percent balance is allocated to the general fund.

Also included in this category is the Hall income tax, which is a six-percent tax on income derived from dividends on stock and interest on bonds. The Tennessee General Assembly has taken legislative action to phase-out the Hall income tax by January 1, 2021, by reducing the tax by one percent per year. Because three-eighths of the proceeds derived from the Hall income tax is distributed to local governments, the reduction and elimination of the Hall income tax will reduce and eliminate a source of

income for the City. The Metropolitan Government collected approximately \$8.6 million from the Hall income tax for the Fiscal Year ended June 30, 2020.

### **Fines, Forfeits and Penalties**

This category includes collections of obligations imposed by the courts, law enforcement and agencies charged with the care of prisoners.

### **Revenue from Use of Money or Property**

This category includes interest on investments, rentals and commissions for use of Metropolitan Government property or rights.

### **Revenue from Other Governmental Agencies and Contributions and Gifts**

Under this revenue category are payments to the Metropolitan Government by other public divisions (Federal, State of Tennessee or other governmental units or agencies) and gifts or donations received from individuals or citizens groups.

### **Charges for Current Services**

These are fees and charges for activities and services provided by agencies of the Metropolitan Government.

### **Other Revenue Sources**

Includes (i) commissions and fees collected by certain officials for certain activities of the Metropolitan Government; (ii) proceeds from confiscation of property; (iii) compensation for loss, sale or damage to property; and (iv) miscellaneous.

### **Transfers In**

Transfers are attributable to the budgeted allocation of resources from one fund to another for items such as the general fund's portion of hotel occupancy taxes, debt service requirements, and indirect cost recovery.

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## **EXPENDITURES**

### **Overview**

As a metropolitan government under Tennessee law, the Metropolitan Government must provide the services typically provided by cities, counties and school districts. Public services include police, fire and public safety, mental health and other social services, courts, jails, and juvenile justice, secondary education, public works, streets and transportation, construction of all public buildings and facilities, parks and recreation, libraries and cultural facilities and events, and zoning and planning. The tables on pages B-5 through B-7 highlight the amounts of costs and services funded from the three major tax-supported operating funds.

### **Public Employees and Employees' Costs**

Employee costs account for approximately fifty-nine percent (59%) of all General Fund expenditures.

As of June 30, 2020, the Metropolitan Government, and the Metropolitan Board of Education (the "MBE") employed approximately 19,352 persons full time of whom approximately 9,891 worked full-time for the MBE and 8,984 worked full-time for the Metropolitan Government. Approximately 1,065 (86%) of the uniformed personnel of the Fire Department are members of Local No. 140 of the International Association of Firefighters. The Police Department has 1995 active employees, of which 1494 are sworn personnel. Approximately 1240 sworn officers (or 83%) of the Police Department belong to the Fraternal Order of Police, Andrew Jackson Lodge No. 5, the designated employee representative. Of those employed by the MBE, approximately 1784 (or 24%) of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA"); 758 (or 17%) of the remaining non-teaching employees are members of the Service Employees International Union; and 106 (or 3%) are in the Steel Workers Union.

The MBE is a party to a Memorandum of Understanding with the MNEA which is renewed annually. The Metropolitan Government confers on an informal basis with representatives of employee unions mentioned above concerning employees' working conditions within their respective departments.

With the exception of schoolteachers covered specifically by the Education Professional Negotiation Act, which provides for memoranda of understanding, the State does not recognize collective bargaining agreements between municipalities and their employees. The State courts have ruled that collective bargaining between municipalities and their employees are void and of no effect because they are contrary to public policy. The State courts have also ruled that strikes by municipal employees are illegal and subject to injunction.

### **Pension Plan Overview**

Metro employees participate in one of three main pension plan groups:

1. Metro Active Plans
2. Tennessee Consolidated Retirement System (TCRS) for Metro Schools Certificated Employees (Teachers)
3. Closed Plans maintained under the Guaranteed Payment Program

The Metro Active Plans consist of two divisions – A and B. Division A was established at the inception of the Government on April 1, 1963 and implemented on November 4, 1964. At that time, all employees of the former city and county governments were given the option of continuing as participants of the pension plans of those organizations or transferring to the Metro Plan Division A. Division A of the Metro Plan was closed to new members on July 1, 1995.

On July 1, 1995, Division B of the Metro Active Plans was established for all non-certified employees of the Metropolitan Nashville Public Schools and all other Metropolitan Government employees. Metropolitan Government employees who were members of Division A were given the option to transfer to Division B as of July 1, 1996. At that time, 95% of the approximately 11,300 employees elected to transfer to Division B.

The Metro Active Plan Division B is a non-contributory, defined benefit plan, covering approximately 11,800 current employees and 12,800 retired and deferred vested employees. The Active Plan covers all employees of the Metropolitan Government other than teachers. Contributions attributable to employees of the general government (approximately 75% of total) are funded from the Metropolitan Government's operating fund and revenues. The balance of contributions (approximately 25%) is attributable to Metropolitan Government employees at enterprise funds and other non-operating funded agencies of the Metropolitan Government (e.g. contributions for water and sewer department employees and funded from water and sewer revenues).

Metropolitan Nashville Public School's (MNPS) teachers participate in the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple-employer, contributory, defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). Approximately 7,600 current teachers and retired teachers are covered by TCRS. TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

The TCRS employer contribution rate is established at an actuarially determined rate and set every two years by the TCRS Board of Trustees. MNPS is required to make contributions based on the established rate directly to TCRS. The Metropolitan Government funds this contribution from its operating funds and revenues, through its annual funding of MNPS's education budget. The employer rate for the Fiscal Years ending June 30, 2020 and June 30, 2019, were 10.60% and 10.46%, respectively, of annual covered payroll. The employer's contributions to TCRS for the Fiscal Years ending June 30, 2020 and June 30, 2019, were \$26,170,227 and \$26,954,693, respectively, equal to the required contributions for each year. Teachers are required by Tennessee law to contribute five percent (5%) of their salary to the plan.

The Closed Plans are defined benefit plans collectively covering one active employee and approximately 1,400 retired employees. Contributions to the Closed Plans are funded from the Metropolitan Government's operating fund through the Guaranteed Payment Plan and contributions from the State of Tennessee.



## **Metro Active Plan**

### Benefits

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime annual benefit is calculated as 1.75% X final average earnings X years of credited service. Final average earnings are the highest 60 consecutive months of credited service divided by 5. Benefits fully vest on completing 5 years of service. Employees with a date of hire on or after July 1, 2013 will become fully vested on completing 10 years of service.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime annual benefit is the sum of 2% of final average earnings X years of credited police and fire service up to 25 years; plus 1.75% of final average earnings X year of credited police and fire service over 25 years. Final average earnings is the highest 60 consecutive months of credited service divided by 5. Benefits fully vest upon completing 5 years of service. Employees with a date of hire on or after July 1, 2013 will become fully vested on completing 10 years of service.

An early retirement pension is available for retired employees if the retirement occurs prior to the eligibility of normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years credited employee service. Benefits are reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age.

Any employee who terminates after completion of required years of service to be vested and before eligibility for normal or early retirement is eligible to receive a monthly deferred pension commencing on the first day of the month following the attainment of unreduced retirement age computed and payable in accordance with the plan.

### Funding

Minimum Required Employer Contribution: The Metropolitan Code of Ordinance requires the Metropolitan Government to contribute to the Metro Active Plans each fiscal year an amount equal to a percentage of the annual payroll of members who are eligible employees and who are covered for pension benefits the percentage to be known as the "employer contribution rate." The employer contribution rate applicable for any fiscal year is determined by resolution of the benefit board at a public meeting held at least four months prior to the beginning date of such fiscal year and filed with the Metropolitan Clerk and must be no less than the smaller of (1) three-tenths of one percent plus the employer contribution rate applicable to the prior fiscal year, or (2) an employer contribution rate, which shall be the ratio of the actuarially determined contribution level to the amount of the valuation payroll, on the basis of an actuarial valuation of the system made as of the last day of the fiscal year preceding the adoption of the contribution rate. The actuarially determined contribution level equals the sum of normal cost and a percentage of unfunded past service liabilities, such percentage to be determined by the board at a level at least equal to the actuarial valuation interest rate. The actuarial valuation must be made by a qualified or accredited actuary according to accepted and sound actuarial principles and methods and based on actuarial assumptions which have been recommended by the actuary and approved by the Benefit Board.

**Historic Employer Contribution:** Metro has historically made employer contributions at a rate higher than the minimum required contribution. Metro’s policy has been to make annual contributions to the Active Plans equal to the actuary’s recommended rate, sufficient to amortize the unfunded liability over the 40-year period commencing in 1978. Beginning with the plan year ended June 30, 2006, the Benefit Board adopted a level unfunded liability amortization period of 15 years. The level amortization period is designed to reduce contribution volatility compared with a continuing decline in the amortization period. The chart below shows the annual employer contribution rate (in both percentage of employee salary and aggregate dollar terms) for the past 10 years. The employer contribution rate for fiscal year 2018-2019 is 12.340%. The contribution rate for 2019-2020 is 12.340%. Factors affecting the reduction in the contribution rate are investment returns, compensation increases were less than expected, and COLA adjustments were less than projected.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
HISTORICAL METRO CONTRIBUTIONS  
METRO ACTIVE PLAN  
(For the Fiscal Years Ended June 30, 2011 through June 30, 2020)**

<u>Fiscal Year Ending June 30</u>	<u>Contribution Rate</u>	<u>Contribution Amount</u>
2020	12.340%	\$78,632,924
2019	12.340	77,242,171
2018	12.340	76,539,373
2017	12.340	73,868,818
2016	15.510	85,676,490
2015	17.987	94,045,896
2014	17.117	87,643,045
2013	15.938	82,653,128
2012	15.416	81,636,995
2011	15.416	81,502,645

**Source:** The Government of Nashville and Davidson County.

Metropolitan

**Key Actuarial Assumptions:** Current actuarial assumptions include a discount rate of 7.5%, cost-of-living adjustments (COLA) of 2.50% for Division A and 1.50% for Division B, salary increases averaging 4.0% annually and five year smoothing of gains and losses, and an inflation rate of 2.60%.

**Schedule of Funding Progress**

Effective June 30, 2014, the Metropolitan Government adopted GASB Statement No. 68, which revised the calculation and financial statement disclosure regarding the liability related to pensions. The table below illustrates a history of funding progress based on the Metropolitan Government’s net pension liability.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**OPEN PENSION PLAN; SCHEDULE FUNDING PROGRESS**  
**For the Fiscal Years Ended June 30, 2016 through June 30, 2020**  
**(Amounts in Thousands)**

<b>Fiscal Year Ending</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>Covered Payroll</b>	<b>Net Pension Liability as a Percentage of Covered Payroll</b>
June 30, 2016	2,909,545	2,688,227	221,318	92.39%	531,267	41.66%
June 30, 2017	3,009,103	2,968,259	40,844	98.64%	538,699	7.58%
June 30, 2018	3,198,180	3,116,572	81,608	97.45%	577,129	14.14%
June 30, 2019	3,377,509	3,254,984	122,525	96.37%	623,435	19.65%
June 30, 2020	3,489,331	3,272,530	216,801	93.79%	638,021	33.98%

**Source:** The Metropolitan Government of Nashville and Davidson County.

**TCRS**

*Closed TCRS Plan for employees hired on or before June 30, 2014.*

Benefits

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. The plan was closed to new members on June 30, 2014. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

Funding Sources

Teachers contribute five percent of their salaries, and the Metropolitan Government, via funding of the school budget, contributes an amount equal to the percentage of certified payroll set by the TCRS each year. The certified percentage results from a bi-annual TCRS actuarial report and equals normal cost, accrued liability cost and administrative costs (minus teacher contributions).

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 CLOSED TCRS PLAN <sup>(1)</sup>  
 For the Plan Years Ended June 30, 2015 through June 30, 2019  
 (Amounts in Thousands)**

<b>Plan Year Ending</b>	<b>Metro's Proportion of Net Pension Liability (Asset)</b>	<b>Metro's Proportionate Share Of Net Pension Liability (Asset)</b>	<b>Metro's Covered Payroll</b>	<b>Metro's Proportionate Share of Net Pension Liability (Asset) As Percentage of Covered Payroll</b>	<b>Plan Fiduciary Position as a Percentage of Total Pension Liability</b>
June 30, 2015	8.49%	3,477	317,727	1.09%	99.81%
June 30, 2016	8.30%	51,891	299,733	17.31%	97.14%
June 30, 2017	-8.14%	(2,664)	288,102	-0.92%	100.14%
June 30, 2018	-7.98%	(28,078)	279,409	-10.05%	101.49%
June 30, 2019	-7.68%	(79,016)	257,691	-30.66%	104.28%

<sup>(1)</sup>The plan measurement date is the end of the prior fiscal year.

**Source:** The Metropolitan Government of Nashville and Davidson County.

*Open TCRS defined benefit plan and defined contribution plan for employees hired on or after July 1, 2014*

*Benefits*

Employees hired on or after July 1, 2014 became members of a new plan that consists of two components, a defined benefit plan and a defined contribution plan. TCRS members in the defined benefit plan are eligible to retire either at the age of 65 and vested with five years of service or under the rule of 90 where a combination of age and service credit totals 90. An actuary reduced benefit is available at age 60 or the rule of 80. Disability benefits are available after five years of service for those who become disabled and cannot engage in gainful employment. Benefits are determined by a formula using the member's high five-year average salary and years of service. TCRS members in the defined contribution plan elect to participate in the Optional Retirement Program. Members are immediately vested in employer and employee contributions. Members make the determination as to how the employer contributions made on their behalf are invested. Members can choose among a variety of investment products. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated. Tennessee statutes are amended by the Tennessee General Assembly.

The maximum employer pension cost is a total of nine percent of salary for both the defined benefit plan and the defined contribution plan. Employer contributions to the defined benefit plan will be 4% of salary and employer contributions to the defined contribution plan will be five percent of salary.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 OPEN TCRS PLAN  
 For the Fiscal Years Ended June 30, 2015 through June 30, 2019  
 (Amounts in Thousands)**

<b>Plan Year Ending</b>	<b>Metro's Proportion of Net Pension Liability (Asset)</b>	<b>Metro's Proportionate Share Of Net Pension Liability (Asset)</b>	<b>Metro's Covered Payroll</b>	<b>Metro's Proportionate Share Of Net Pension Liability (Asset) as Percentage of Covered Payroll</b>	<b>Plan Fiduciary Position as a Percentage of Total Pension Liability</b>
June 30, 2015	-14.13%	(569)	29,367	-1.94%	127.46%
June 30, 2016	-12.73%	(1,325)	56,003	-2.37%	121.88%
June 30, 2017	-12.27%	(3,238)	80,335	-4.03%	126.81%
June 30, 2018	-11.58%	(5,253)	101,221	-5.19%	126.97%
June 30, 2019	-10.65	(6,010)	112,675	-5.33%	123.07%

**Source:** The Metropolitan Government of Nashville and Davidson County.

*Annual Contributions*

Required TCRS contributions for the closed plan in 2019 and 2020 were 10.46% and 10.60% of covered payroll, or \$26,954,693 and \$26,170,227. Required TCRS contributions for the open plan in 2019 and 2020 were 1.94% and 2.03% of covered payroll, or \$2,185,885 and \$2,660,029.

*Additional Information*

Additional information about TCRS can be accessed at:  
<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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## Closed Plans – Guaranteed Payment Plan

The Metropolitan Council created the Guaranteed Payment Plan effective July 1, 2000 to ensure actuarially sound funding for a group of five closed plans supervised by the Metro Benefit Board and the Board of Education. Under the Guaranteed Payment Plan, unfunded liabilities of the aggregate plan are amortized over a period of no more than thirty years beginning with the effective date. Payments for each constituent plan are transferred to a payment account from which distributions are disbursed to the constituent plans as necessary to satisfy current benefit needs and funding objectives of the Guaranteed Payment Plan. Appropriations made by Metro and the Board of Education to fund obligations of the aggregate plan may not be reduced until all plan obligations are fully amortized. Plan improvements adopted subsequent to inception are to be funded over a period ending June 30, 2030.

The five plans included in the Guaranteed Payment Plan are:

1. Metropolitan Board of Education Teacher Retirement Plan
2. Davidson County Board of Education Retirement Plan
3. Nashville City Teachers Retirement Plan
4. Former Davidson County Pension System
5. Former City of Nashville Pension System

### Current Funded Status

The table below provides a description of the status of the funding of the Metropolitan Government's Closed Plans. This information was previously presented on an actuarial basis. As a result of GASB Statement No. 68, this table is now and will in the future be presented on the basis of the plan's net position and net pension liability.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
CLOSED PENSION PLANS  
SCHEDULE FUNDING PROGRESS  
For the Fiscal Year Ended June 30, 2020  
(Amounts in Thousands)**

<b>Teachers and Employees</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
Metro Teachers	\$228,799	\$117,451	\$111,348	51.33%
County Teachers	25,504	1,178	24,326	4.62%
City Teachers	12,116	963	11,153	7.95%
City Employees	24,671	-	24,671	0.00%
County Employees	5,301	-	5,301	0.00%

**Source:** The Metropolitan Government of Nashville and Davidson County.

Historical Contributions

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
CONTRIBUTIONS  
METRO CLOSED PLANS  
(For the Fiscal Years Ended June 30, 2011 through June 30, 2020)**

<b>Fiscal Year Ending June 30</b>	<b>Metro Contributions</b>	<b>State Contributions</b>
2020	\$33,570,400	\$13,341,332
2019	33,577,399	14,096,974
2018	33,486,419	14,782,460
2017	33,490,352	15,484,346
2016	33,493,456	16,200,749
2015	33,524,016	16,902,423
2014	33,512,358	17,593,670
2013	33,521,052	18,130,962
2012	33,520,844	18,769,087
2011	33,529,553	19,333,186

**Source:**

The Metropolitan Government of Nashville and Davidson County.

Additional statistical information for the Closed Plans can be found in the Metropolitan Government’s Comprehensive Annual Financial Report, a link to which is included in this Official Statement attached as **APPENDIX A**.

**Other Post-Employment Benefits**

The Metropolitan Government currently provides various other post-employment benefits (“OPEB”) other than pensions, with healthcare representing the most significant portion of the OPEB cost. For any retiree in the Metro, City or County Plan who elects to participate in the Metro Medical Benefit Plan, the Metropolitan Government contributes 75% of all premium payments, and the retiree contributes 25%. For employees hired July 1, 2013 or later, the Metropolitan Government contribution is based on years of service and ranges from 25% for a retiree with less than 15 years of service to 75% for a retiree with 20 or more years of service. On July 1, 2014, the Metropolitan Government implemented a Medicare Part D or Employer Group Waiver Plan for eligible retirees that are expected to reduce OPEB liability. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. The Metropolitan Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. During the Fiscal Year ended June 30, 2020, contributions totaled \$58,940,981.

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of the Metropolitan Nashville Public Schools, Schools contribute 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid. During the Fiscal Year ended June 30, 2020, contributions totaled \$20,687,829.

The Metropolitan Government adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, in Fiscal Year 2008. This Statement addresses how governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits; it does not require that the liability be funded.

For June 30, 2020, amounts related to OPEB were (all amounts in thousands):

	<u>Metro Plan</u>	<u>School Plan</u>
Total OPEB Liability	\$ 3,064,107	\$ 1,196,938
Covered Payroll	567,220	314,458
Total OPEB Liability as a % of Covered Payroll	540.20%	380.64%

The key assumptions used in developing these amounts include:

- Current level of benefits provided
- June 30, 2020 valuation and measurement date
- Discount Rate: 2.66%
- Administrative fees: 5.00% per annum
- Health care cost trend rate: 7.5% graded down to 6.75% for medical expenses and prescription drugs, 4% each year for dental and vision expenses

### **New Developments in State Law and Reporting**

Under current Tennessee law and except as described below, the Metropolitan Government is generally not permitted to change the terms of a pension plan to reduce an accrued benefit, or the right to accrue future benefits, of any participant who is eligible to receive benefits under the plan (i.e., any vested participant) unless that participant consents to the decrease or reduction in benefits. However, a pension plan can be amended so as to exclude new employees. In addition, "The Public Employee Defined Benefit Financial Security Act of 2014" (the "2014 Act"), was signed into law by the Governor of Tennessee on May 22, 2014. The 2014 Act provides that for all affected employees of any political subdivision (such as the Metropolitan Government) hired on or after the effective date of the 2014 Act, the political subdivision may freeze, suspend or modify benefits, employee contributions and plan terms and design on a prospective basis (except as to those employees employed prior to the effective date of the 2014 Act where applicable law provides otherwise).

The 2014 Act also requires each political subdivision which provides its own defined benefit plan (such as Metro's Active Plans and Closed Plans) to annually make a payment to its pension plan of no less than 100% of the actuarially-determined contribution that incorporates both the normal cost of benefits and amortization of the pension plan's unfunded accrued liability, if any. As described herein, the Metropolitan Government has historically funded at least 100% of the actuarially-determined contribution. The Metropolitan Government is in compliance with the 2014 Act and does not anticipate that continued compliance will materially affect the financial condition of the Metropolitan Government.



## **INVESTMENT POLICY**

The Metropolitan Council has approved a comprehensive Investment Policy governing the overall administration and investment management of those funds held in the Short-Term Investment Portfolio. The policy applies to all short-term financial assets of the Metropolitan Government from the time of receipt until the time the funds ultimately leave the Metropolitan Government accounts. These assets include, but are not limited to, all operating funds, bond funds, debt service reserve funds, water and sewer funds, USD and GSD funds, those pension monies not yet allocated to money managers, all float and certain school funds.

The Short-Term Investment Portfolio of the Metropolitan Government is managed to accomplish the following hierarchy of objectives:

1. Preservation of principal
2. Maintenance of liquidity
3. Maximize returns

The Cash Investment Committee meets periodically to review the position of the portfolio and to discuss investment strategies. The Committee reviews investment policy and procedures at least once each year. The Metropolitan Treasurer is responsible for the investment process, carries out the daily operational requirements, and maintains written administrative procedures for the operation of the investment program that are consistent with the Investment Policy.

The Metropolitan Investment Pool has been established to meet investment objectives in the most cost-effective way. All payments and receipts of income on pool investments are allocated on a pro rata basis among the accounts invested in the pool on the daily invested balance in each fund. Earnings are calculated and distributed on a monthly basis.

## **CAPITAL FINANCING AND BONDS**

### **Capital Improvements Budget Process**

The Charter requires the Metropolitan Government to annually prepare a five-year capital improvements budget. The Mayor submits to the Metropolitan Council the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metropolitan Government for capital improvements, and recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor's recommendation notes the impact of proposed projects on the debt structure of the Metropolitan Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Metropolitan Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Metropolitan Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Metropolitan Council.

## **Current Capital Improvements Budget**

The following information identifies recommended capital projects in the 2020-2021 Capital Improvements Budget, which are given priority for funding by the Mayor and the Metropolitan Council for Fiscal Year 2021 and the following five fiscal years.

The water and sewer improvements listed on the following page include both water and sewer system projects and stormwater projects. Water and sewer improvements will be funded from water and sewer system revenues and/or proceeds from water and sewer system revenue bonds. Stormwater improvements would be funded with general obligation bonds but would be additionally payable from stormwater fees, which are set at rates sufficient to provide for the payment of a significant portion of stormwater-related debt service.

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
CAPITAL IMPROVEMENTS BUDGET – FINAL – BY AGENCY  
FISCAL YEAR 2020-2021 TO FISCAL YEAR 2025-2026**

<b>DEPARTMENTS</b>	<b>Fiscal Year 2020-2021</b>	<b>Total % of Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-2023</b>	<b>Fiscal Year 2023-2024</b>	<b>Fiscal Year 2024-2025</b>	<b>Fiscal Year 2025-2026</b>	<b>Total</b>	<b>Total % of Fiscal Year 2021-2026</b>
Agricultural Extension	\$222,000	0.005%						\$222,000	0.002%
Arts Commission	3,835,000	0.084%	\$3,560,000	\$1,550,000				8,945,000	0.067%
Council Office	1,019,104,200	22.262%	54,148,000			\$465,000		1,073,717,200	8.094%
District Attorney	6,542,300	0.143%						6,542,300	0.049%
Farmers Market	4,250,000	0.093%						4,250,000	0.032%
Finance	78,476,000	1.714%	10,192,500					88,668,500	0.668%
Fire Department	90,750,000	1.982%	30,500,000	30,500,000	\$31,000,000			182,750,000	1.378%
General Services	680,450,000	14.864%	46,000,000	36,000,000	13,000,000	13,000,000		788,450,000	5.943%
Health Department	1,000,000	0.022%						1,000,000	0.008%
Historical Commission	160,000	0.003%						160,000	0.001%
Information Technology Services	45,042,000	0.984%	2,819,000	3,751,000	4,791,000	3,177,000		59,580,000	0.449%
MDHA	60,900,000	1.330%	36,000,000	38,800,000	35,000,000	35,000,000	\$35,000,000	240,700,000	1.814%
Metro Action Commission	22,350,000	0.488%	27,742,500					50,092,500	0.378%
MNPS (Schools)	749,872,500	16.380%	613,695,400	605,956,100	694,815,300	1,002,347,300	858,646,100	4,525,332,700	34.112%
MTA	25,414,000	0.555%	26,633,000	19,431,000	79,657,000	19,100,000	2,000,000	172,235,000	1.298%
Municipal Auditorium	12,600,000	0.275%						12,600,000	0.095%
Parks & Recreation	692,170,000	15.120%	278,485,000	277,980,000	277,880,000	277,980,000	277,980,000	2,082,475,000	15.697%
Planning	3,500,000	0.076%	300,000	300,000	300,000	300,000	300,000	5,000,000	0.038%
Police	110,655,000	2.417%						110,655,000	0.834%
Public Library	108,245,400	2.365%	48,733,300	74,092,100	81,240,700	70,286,500	86,652,000	469,250,000	3.537%
Public Defender	4,907,000	0.107%						4,907,000	0.037%
Public Works - GSD / USD	237,053,300	5.178%	198,769,800	164,107,400	156,598,100	158,659,800	3,000,000	918,188,400	6.921%
Sports Authority	50,000,000	1.092%						50,000,000	0.377%
Fairgrounds Nashville (State Fair)	75,000,000	1.638%						75,000,000	0.565%
Water & Sewer - GSD	370,395,000	8.091%	171,480,000	475,705,000	327,525,000	115,735,000	74,485,000	1,535,325,000	11.573%
Water & Sewer - USD	124,950,000	2.729%	155,700,000	136,195,000	136,910,000	132,795,000	113,690,000	800,240,000	6.032%
<b>TOTALS</b>	<b>\$4,577,843,700</b>	<b>100.000%</b>	<b>\$1,704,758,500</b>	<b>\$1,864,367,600</b>	<b>\$1,838,717,100</b>	<b>\$1,828,845,600</b>	<b>\$1,451,753,100</b>	<b>\$13,266,285,600</b>	<b>100.000%</b>

Source: The Metropolitan Government of Nashville and Davidson County.

## **General Obligation Commercial Paper and Bonds**

The Metropolitan Government typically funds general governmental capital projects through draws on its general obligation commercial paper programs, which consist of: (i) up to \$375 million of notes for which liquidity support is provided by JPMorgan Chase Bank, and (ii) up to \$325 million of extendable notes for which there is no liquidity provider. The Metropolitan Government routinely issues long-term general obligation bonds to retire commercial paper.

Tennessee law does not impose any limit on the amount of general obligation bonds that may be issued by Tennessee local governments, including the Metropolitan Government, and, except as follows, no voter referendum is required for a Tennessee local government to issue general obligation bonds. Tennessee law does require that a local government's issuance of general obligation bonds (other than for school projects) be preceded by the adoption and publication of a resolution evidencing the local government's intent to issue general obligation bonds. If 10% of the voters of the local government sign a petition protesting the issuance of the general obligation bonds, the bonds may not be issued until the proposed bond issue has been approved by voter referendum.

## **Debt Calculations**

The tables set forth on the following pages only reflect the Metropolitan Government's long-term general obligation bonded indebtedness as of June 30, 2020, including the Metropolitan Government's District Energy System Revenue and Tax Refunding Bonds, Series 2012A (the "DES Bonds"). These tables do not reflect:

- (1) the issuance on February 18, 2021 of the Metropolitan Government's General Obligation Refunding Bonds, Series 2021A and 2021B or the debt service savings to be realized thereby;
- (2) the issuance of the Metropolitan Government's \$571,725,000 General Obligation Bonds, Series 2021C, dated February 25, 2021;
- (3) outstanding commercial paper;
- (4) the Metropolitan Government's obligations to the Tennessee State School Bond Authority (the "TSSBA") with respect to approximately \$24 million of outstanding Qualified Zone Academy Bonds and Qualified School Construction Bonds issued by the TSSBA;
- (5) obligations of the Metropolitan Government which are payable solely from the revenues of one or more utility systems (i.e. water, sewer and electric);
- (6) obligations of the Metropolitan Government's Airport Authority, which are payable solely from revenues of airport operations;
- (7) tax increment financing obligations of the Metropolitan Development and Housing Agency and the Metropolitan Government's Industrial Development Board, which are described in further detail below; or
- (8) obligations of the Metropolitan Government's Sports Authority and Convention Center Authority, which are described in further detail below.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
COMPUTATION OF NET GENERAL OBLIGATION DEBT  
(For the Fiscal Year Ended June 30, 2020)**

<b><u>Gross General Obligation Debt</u></b>	
General Obligation Bonds Payable	
General Services District:	
For School Purposes	\$ 891,833,708
For General Purposes	1,831,531,122
Urban Services District:	
For General Purposes	206,900,170
<b>Total Gross General Obligation Debt</b>	<b><u>\$2,930,265,000</u></b>
Less:	
<b><u>Amounts Available In Debt Service Funds</u></b>	
General Services District:	
For School Purposes	\$16,355,178
For General Purposes	17,048,874
Urban Services District:	
For General Purposes	911,699
<b>Total Amounts Available In Debt Service Funds</b>	<b><u>\$ 34,315,751</u></b>
<b>Net General Obligation Debt</b>	<b><u><u>\$2,895,949,249</u></u></b>

Source: The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DEBT RATIOS  
(As of June 30, 2020)**

	Debt to Estimated Market Value <sup>(a)</sup>	Debt to Assessed Value <sup>(b)</sup>	Debt per capita <sup>(c)</sup>
<b>TOTAL DEBT</b>	2.36%	8.88%	\$4,138.55
<b>NET DEBT</b>	2.34%	8.77%	\$4,090.09

<sup>(a)</sup> 2019 Estimated Market Value – (\$123,954,384,027).

<sup>(b)</sup> 2019 Assessed Value – (\$33,015,682,636).

<sup>(c)</sup> Population of Nashville and Davidson County, Tennessee, United States Census Bureau, Population Estimates Program 2020 – (694,144).

Source: The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

## HISTORICAL DEBT RATIOS

### THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY HISTORICAL DEBT RATIOS

For the Fiscal Years Ended June 30, 2011 through June 30, 2020  
(Dollar Amounts, other than Net Debt Per Capita, Expressed in Thousands)

The following table illustrates certain debt ratios for the past ten fiscal years.

<u>Fiscal Year</u>	<u>Population</u>	<u>Estimated Market Valuation</u>	<u>Assessed Valuation</u>	<u>Gross Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Debt</u>	<u>Ratio of Net Debt to Market Valuation</u>	<u>Ratio of Net Debt to Assessed Valuation</u>	<u>Net Debt Per Capita</u>
2010-2011	626,681	63,280,838	19,208,515	1,895,530	37,955	1,857,575	2.94	9.67	2,964.15
2011-2012	635,475	63,127,519	19,104,264	1,923,680	29,168	1,894,512	3.00	9.92	2,981.25
2012-2013	648,295	63,259,449	19,160,523	2,323,100	37,330	2,285,770	3.61	11.93	3,525.82
2013-2014	658,602	65,810,055	20,209,537	2,227,730	21,554	2,206,176	3.35	10.92	3,349.79
2014-2015	668,347	66,270,673	20,376,059	2,124,090	28,090	2,096,000	3.16	10.29	3,136.10
2015-2016	678,889	67,533,296	20,742,695	2,364,890	22,283	2,342,607	3.47	11.29	3,450.65
2016-2017	684,410	78,262,509	21,314,821	2,689,195	20,675	2,668,520	3.41	12.52	3,899.01
2017-2018	691,243	99,659,583	31,144,615	2,550,045	10,851	2,539,194	2.55	8.15	4,103.65
2018-2019	692,587	102,919,516	32,220,800	3,112,175	17,953	3,094,222	3.01	9.60	4,933.86
2019-2020	708,041	123,954,384	33,015,683	2,930,265	34,316	2,895,949	2.34	8.77	4,497.74

Source: The Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report 2020.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
GENERAL OBLIGATION DEBT SERVICE SCHEDULE**

The following table illustrates annual debt service requirements of the Metropolitan Government on outstanding general obligation bonds secured by ad valorem taxes:

FISCAL YEAR ENDED	AGGREGATE OUTSTANDING OBLIGATIONS			SERIES 2021C BONDS			TOTAL DEBT SERVICE		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
June 30									
2021	\$190,035,000	\$131,223,219	\$321,258,219	--	--	--	\$190,035,000	\$131,223,219	\$321,258,219
2022	207,210,000	104,234,446	311,444,446	\$21,205,000	\$16,624,916	\$37,829,916	228,415,000	120,859,362	349,274,362
2023	215,615,000	96,833,761	312,448,761	19,330,000	18,498,475	37,828,475	234,945,000	115,332,236	350,277,236
2024	226,815,000	88,611,640	315,426,640	20,300,000	17,531,975	37,831,975	247,115,000	106,143,615	353,258,615
2025	226,650,000	80,168,857	306,818,857	21,315,000	16,516,975	37,831,975	247,965,000	96,685,832	344,650,832
2026	207,055,000	72,408,374	279,463,374	22,380,000	15,451,225	37,831,225	229,435,000	87,859,599	317,294,599
2027	191,440,000	65,498,534	256,938,534	23,500,000	14,332,225	37,832,225	214,940,000	79,830,759	294,770,759
2028	190,410,000	58,140,543	248,550,542	24,675,000	13,157,225	37,832,225	215,085,000	71,297,768	286,382,768
2029	149,860,000	51,030,306	200,890,306	25,905,000	11,923,475	37,828,475	175,765,000	62,953,781	238,718,781
2030	155,250,000	45,085,374	200,335,374	27,200,000	10,628,225	37,828,225	182,450,000	55,713,599	238,163,599
2031	157,140,000	38,495,645	195,635,645	28,560,000	9,268,225	37,828,225	185,700,000	47,763,870	233,463,870
2032	163,540,000	31,506,670	195,046,670	29,705,000	8,125,825	37,830,825	193,245,000	39,632,495	232,877,495
2033	169,335,000	25,098,077	194,433,077	30,895,000	6,937,625	37,832,625	200,230,000	32,035,702	232,265,702
2034	134,385,000	18,817,981	153,202,981	31,820,000	6,010,775	37,830,775	166,205,000	24,828,756	191,033,756
2035	135,755,000	13,396,691	149,151,691	32,775,000	5,056,175	37,831,175	168,530,000	18,452,866	186,982,866
2036	80,035,000	9,070,900	89,105,900	33,760,000	4,072,925	37,832,925	113,795,000	13,143,825	126,938,825
2037	83,300,000	5,804,200	89,104,200	34,350,000	3,482,125	37,832,125	117,650,000	9,286,325	126,936,325
2038	50,695,000	3,124,300	53,819,300	34,950,000	2,881,000	37,831,000	85,645,000	6,005,300	91,650,300
2039	52,760,000	1,055,200	53,815,200	35,650,000	2,182,000	37,832,000	88,410,000	3,237,200	91,647,200
2040	--	--	--	36,360,000	1,469,000	37,829,000	36,360,000	1,469,000	37,829,000
2041	--	--	--	37,090,000	741,800	37,831,800	37,090,000	741,800	37,831,800
<b>TOTALS</b>	<b><u>\$2,987,285,000</u></b>	<b><u>\$939,604,717</u></b>	<b><u>\$3,926,889,717</u></b>	<b><u>\$571,725,000</u></b>	<b><u>\$184,892,191</u></b>	<b><u>\$756,617,191</u></b>	<b><u>\$3,559,010,000</u></b>	<b><u>\$1,124,496,909</u></b>	<b><u>\$4,683,506,909</u></b>

Source: The Metropolitan Government of Nashville and Davidson County.

## Contingent Debt and Payment Liabilities

As of the date of this Official Statement, the Metropolitan Government has the following outstanding contingent obligations payable from certain monies of the Metropolitan Government as hereinafter described.

### District Energy System of the Metropolitan Government

The Metropolitan Government owns a District Energy System (“DES”), which provides steam and chilled water to approximately 40 buildings in downtown Nashville for the purposes of general heating and air conditioning. DES is managed by Constellation NewEnergy Projects (“CNE”) of Baltimore, Maryland. The Metropolitan Government is a customer of DES and purchased approximately 43.78% of the steam and 46.58% of the chilled water sold by the system for the Fiscal Year ended June 30, 2020. The Metropolitan Government has covenanted to provide funding in an amount equal to any shortage in revenues necessary to pay debt service on outstanding DES obligations and/or necessary to pay operating expenses (the “Metro Funding Amount”). The budgeted Metro Funding Amount for Fiscal Year 2021 is \$630,700. In addition to covering any DES operating shortfalls, the Metro Funding Amount also provides for the payment of debt service on the DES.

### The Sports Authority of The Metropolitan Government of Nashville and Davidson County

The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the “Sports Authority”) is a public non-profit corporation and instrumentality of the Metropolitan Government organized in 1995 pursuant to Chapter 67, Title 7 of Tennessee Code Annotated, as amended; it is a Component Unit of the Metropolitan Government and is included in the Metropolitan Government’s CAFR. The purpose of the Sports Authority is to plan, promote, finance, construct, and acquire sports complexes, stadiums, arenas, and facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Sports Authority has no taxing power. The Sports Authority owns, and has provided financing for, four facilities in the Metropolitan Government. Below are descriptions of each of the financings and associated debt liabilities of the Metropolitan Government.

**Nissan Stadium.** The Sports Authority owns Nissan Stadium, which is the home of the National Football League’s Tennessee Titans and the home stadium of Tennessee State University. The Sports Authority has financed (or refinanced) a portion of the construction and improvement of Nissan Stadium through the issuance of its Series 2012A, 2013B and 2014 Bond issues and through a bank loan incurred in 2015.

Aggregate debt service on the Sports Authority’s Nissan Stadium debt approximates \$5.2 million per year and is payable through 2033. This debt is payable primarily from dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University, and a ticket tax at Nissan Stadium). In the event of a deficiency in such revenues to pay debt service, the Nissan Stadium debt (other than the 2015 bank loan) is payable from the Metropolitan Government’s non-tax General Services District General Fund revenues (the “GSD Non-Tax Revenues”).

The Sports Authority is currently studying of the current condition of Nissan Stadium for the purpose of forecasting repairs and future capital needs.

**Ford Ice Center.** The Sports Authority owns the Ford Ice Center, a two-sheet ice skating and hockey facility located in the southeastern part of the Metropolitan Government. The Ford Ice Center is



leased to, and operated by, Mid-Ice, LLC, an affiliate of the National Hockey League's Nashville Predators. The Sports Authority financed the construction of the Ford Ice Center with its Series 2013A Bonds. Debt service on the Ford Ice Center debt is approximately \$1.1 million per year and is payable through 2033.

This debt is payable primarily from Predators lease payments and surcharges levied on patrons of the Sports Authority's Bridgestone Arena, which is the home of the Nashville Predators and is the primary large-scale concert venue in the Metropolitan Government. In the event of a deficiency, the debt is payable from GSD Non-Tax Revenues.

**First Horizon Ballpark.** The Sports Authority owns the First Horizon Ballpark, the downtown baseball park that is the home of the Nashville Sounds, the AAA affiliate of Major League Baseball's Oakland Athletics. The Ballpark was financed by the Sports Authority's Series 2013A and 2013B Ballpark Bonds. Debt service on the Ballpark Bonds is approximately \$4.35 million annually and is payable through 2043. Debt service on the Series 2013A and 2013B Ballpark Bonds is primarily payable by incremental Ballpark sales tax revenues, tax increment financing payments from development adjacent to the Ballpark, and (in the case of the Series 2013B Bonds only) Sounds lease payments. Any deficiency is payable from the Metropolitan Government's non-tax Urban Services District General Fund revenues ("USD Non-Tax Revenues").

The obligation of the Metropolitan Government to make the payments on the Sports Authority's debt is not a general obligation of the Metropolitan Government but rather is required to be paid solely from GSD Non-Tax Revenues or USD Non-Tax Revenues, as applicable, pledged by the Metropolitan Government for such payments.

**Major League Soccer Stadium.** The Sports Authority is in the process of constructing a Major League Soccer ("MLS") stadium, which is expected to be completed in the second quarter of 2022, will include approximately 30,000 seats and a MLS regulation-size natural grass playing surface, and is expected to be LEED Silver certified (the "MLS Stadium"). The MLS Stadium will be the home of MLS's Nashville Soccer Club, which commenced MLS play in 2020 at Nissan Stadium. On December 17, 2020, the Metropolitan Government issued \$225 million of Sports Authority revenue bonds to finance the construction the MLS Stadium. These bonds are payable primarily from MLS team rents, sales taxes resulting from ticket, concession and merchandise sales at the MLS Stadium events, and ticket taxes levied on MLS Stadium patrons. Any deficiency is payable from GSD Non-Tax Revenues.

As of the date of this Official Statement, the Metropolitan Government has not been called upon to make a payment under the outstanding Sports Authority debt, except with respect to Ballpark Bonds, where the Metropolitan Government has been required to contribute between \$600,000 and \$1,415,000 to fund annual debt service between Fiscal Year 2016-2020. The Metropolitan Government can offer no assurance as to whether annual contributions with respect to the Ballpark Bonds will remain in this range or whether or not there will be future calls on the Metropolitan Government to make a payment under other Sports Authority debt obligations. As described in this Official Statement under "INVESTMENT CONSIDERATIONS – Coronavirus Disease 2019," events scheduled for Nissan Stadium, Ford Ice Center and First Horizon Ballpark have been cancelled or postponed as a result of the COVID-19 pandemic. This will reduce the primary revenue streams that are available to pay debt service on the Sports Authority bonds and increase the likelihood that the Metropolitan Government's GSD Non-Tax Revenues or USD Non-Tax Revenues will be called upon for the payment of debt service.

Convention Center Authority of The Metropolitan Government of Nashville and Davidson County

The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the “CCA”) is a nonprofit public corporation created in 2009 by the Metropolitan Government pursuant Chapter 89 of Title 7 of the Tennessee Code Annotated, as amended (the “Act”), for the purposes set forth in the Act, including, without limitation, owning, operating and financing a convention center in order to promote economic development and to stimulate business and commercial activity in the Metropolitan Government. The Metropolitan Council approved the creation of the CCA, its charter and the appointment by the Metropolitan Mayor of its Board members.

On April 21, 2010, the CCA issued \$51,730,000 of its Tourism Tax Revenue Bonds, Series 2010A-1 and \$152,395,000 Tourism Tax Revenue Bonds Federally Taxable, Series 2010A-2 (Build America Bonds-Direct Payment) (together, the “CCA Series 2010A Bonds”), and \$419,090,000 Subordinate Tourism Tax Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment) (the “CCA Series 2010B Bonds”), to finance the development, construction, equipping, furnishing, repair, refurbishment and opening of a new downtown convention center facility (the “Convention Center” or “Music City Center”). For more information on the Convention Center and the Omni Hotel discussed below, see “Tourism” herein.

The CCA Series 2010A Bonds are payable solely from certain hotel/motel tax revenues, incremental sales tax revenues and certain other designated tourism tax revenues (the “Tourism Tax Revenues”). The CCA Series 2010B Bonds are payable from Tourism Tax Revenues, subordinate to the payment of the CCA Series 2010A Bonds, and from Convention Center operating income. If those funds are insufficient to pay debt service when due on the CCA Series 2010B Bonds, the Metropolitan Government has pledged its GSD Non-Tax Revenues (as it has with respect to the Sports Authority bonds described above) to the payment of debt service on the CCA Series 2010B Bonds. The maximum annual debt service on the CCA Series 2010B Bonds is approximately \$27.1 million, net of direct payment subsidies payable by the federal government as a result of the CCA Series 2010B Bonds being issued as Build America Bonds. The CCA has established a debt service reserve equal to \$26.5 million.

Omni Hotels & Resorts (“Omni”) operates an 800-room hotel adjacent to the Convention Center that serves as the Center’s headquarters hotel. The hotel opened on October 1, 2013. The CCA has entered into a development agreement with Omni, under which the CCA has agreed to pay approximately \$100 million in present value financial incentives for Omni to develop the hotel, which incentives are payable over the course of approximately 20 years from Omni’s completion of the hotel. The Metropolitan Government has pledged its GSD Non-Tax Revenues (as it has with respect to the Authority bonds and the CCA Series 2010B Bonds described above) to the payment of these incentives, in the event the CCA is unable to make payment. The maximum annual incentive payment is approximately \$15 million. The incentive payments are conditioned upon Omni’s continued operation of the hotel.

The obligation of the Metropolitan Government to make the payments on the above debt is not a general obligation of the Metropolitan Government but rather is required to be paid solely from GSD Non-Tax Revenues pledged by the Metropolitan Government for such payments.

As of the date of this Official Statement, the Metropolitan Government has not been called upon to make a payment under the outstanding CCA debt. However, the Metropolitan Government can offer no assurance as to whether there will be future calls on the Metropolitan Government to make a payment under these debt obligations. As described in this Official Statement under “RISK FACTORS AND INVESTMENT CONSIDERATIONS – Coronavirus Disease 2019,” events scheduled for the Convention Center have been largely canceled or postponed as a result of the COVID-19 pandemic, and decreased tourism has significantly impacted Tourism Tax Revenues. Should this situation continue, there will be

an increased likelihood that the Metropolitan Government’s GSD Non-Tax Revenues will be called upon for the payment of debt service on outstanding CCA debt and incentives.

Metropolitan Development and Housing Agency

In December 2014, the Metropolitan Development and Housing Agency (“MDHA”) entered into a lease arrangement pursuant to which MDHA constructed and operates an approximately 1,000-space parking facility in downtown Nashville. The lease arrangements obligate MDHA to annual lease payments of approximately \$2.9 million through 2044. The lease payments are payable primarily from parking revenues generated by the parking facility, which are projected by MDHA to be sufficient therefor, and in the event of a deficiency, from a subordinate pledge of USD Non-Tax Revenues.

The obligation of the Metropolitan Government to make the payments on the above debt is not a general obligation of the Metropolitan Government but rather is required to be paid solely from USD Non-Tax Revenues appropriated by the Metropolitan Government for such payments.

As of the date of this Official Statement, the Metropolitan Government has not been called upon to make a payment under the outstanding debt. However, the Metropolitan Government can offer no assurance as to whether there will be future calls on the Metropolitan Government to make a payment under these debt obligations. As described in this Official Statement under “RISK FACTORS AND INVESTMENT CONSIDERATIONS – Coronavirus Disease 2019,” downtown commuter and tourism traffic has been significantly reduced, which has also impacted the performance of downtown parking assets. Should this situation continue, there will be an increased likelihood that the Metropolitan Government’s USD Non-Tax Revenues will be called upon for the payment of debt service on these outstanding MDHA bonds.

Additional Contingent Obligations

The Metropolitan Government may fund, from time to time, additional projects payable from specific dedicated revenues. To the extent the Metropolitan Government elects to fund all or a portion of such projects, the Metropolitan Government may incur additional debt supported by certain of its revenues, including but not limited to its GSD Non-Tax Revenues and USD Non-Tax Revenues.

**Tax Increment Financing**

The Metropolitan Government routinely participates in tax increment financings (“TIFs”) related to redevelopment projects. In a TIF, an instrumentality of the Metropolitan Government (e.g. the Metropolitan Development and Housing Agency (“MDHA”) or the Industrial Development Board (the “IDB”) will issue its tax increment financing bonds or notes and grant the proceeds to a developer to incentivize the completion of a redevelopment project. To secure payment of the TIF bonds or notes, the Metropolitan Government agrees to divert all, or a portion of the incremental real and personal property tax revenues related to the project to the payment of debt service on the tax increment financing bonds. As of the date of this Official Statement, the City is obligated to divert certain incremental real and personal property taxes to the payment of debt service on the following TIFs:

MDHA TIFs: As of the end of its September 30, 2019 fiscal year, MDHA had outstanding approximately \$135.2 million of TIF bonds and notes to finance redevelopment projects in and around the downtown Nashville area. The Metropolitan Government funded approximately \$17.4 million of debt service payments on these bonds and notes during MDHA’s 2019 fiscal year.

IDB TIFs: In 2015, the IDB issued its \$21,935,000 TIF Bond to finance the redevelopment of the Bellevue Mall. This TIF Bond matures in 2038 and the maximum annual debt service is approximately \$2.5 million. The Metropolitan Government funded approximately \$1.2 million of debt service payments on these bonds in Fiscal Year 2020.

## DEMOGRAPHIC AND STATISTICAL INFORMATION

### Population Growth

The following table illustrates information regarding the population growth in the Metropolitan Government. A comparison with the Nashville Metropolitan Statistical Area (“MSA”), the State of Tennessee and the United States serves to illustrate relative growth:

#### DEMOGRAPHIC STATISTICS – POPULATION GROWTH (For the Calendar Years 2010-2019 Estimates)

<u>Geographical Area</u>	<u>2010</u>	<u>2019 Estimates</u>	<u>Changes 2010 – 2019 Estimates</u>
Nashville/Davidson	626,681	694,144	10.8%
MSA	1,670,900	2,090,958	25.1%
State of Tennessee	6,346,105	6,829,174	7.6%
United States	308,745,538	328,239,523	6.3%

**Source:** United States Census Bureau ([www.census.gov](http://www.census.gov)).

The following table illustrates the per capita personal income growth within the MSA that has occurred to the greatest extent in surrounding communities; notwithstanding, the suburbs of Nashville are in themselves residential, manufacturing and agricultural communities:

#### PER CAPITA PERSONAL INCOME (For the Calendar Years 2010- 2019)

<u>Geographical Area</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Nashville/Davidson	\$47,041	\$48,989	\$50,332	\$49,727	\$53,586	\$56,061	\$59,072	\$63,101	\$68,958	\$71,252
MSA	41,763	43,975	46,437	46,603	49,204	51,865	53,648	55,729	58,779	60,680
State of Tennessee	35,653	37,616	39,296	39,421	40,799	42,626	43,626	45,233	47,210	48,684
United States	40,547	42,739	44,605	44,860	47,071	49,019	50,015	52,118	54,606	56,490

**Source:** United States Bureau of Economic Analysis ([www.census.gov](http://www.census.gov)).

## Employment

The following table illustrates the labor force segments of the eight-county Nashville Metropolitan Statistical Area for the Calendar Years 2015 through 2019:

### METROPOLITAN STATISTICAL AREA EMPLOYMENT BY INDUSTRY (For the Calendar Years 2015 through 2019)

<u>Employment Industries</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Employed – All Industries <sup>(1)</sup> (In Percentages):	915	950	983	1,015	1,048
Education & Health Services	15.39%	15.33%	15.18%	15.03%	14.78%
Financial Activities	6.52%	6.61%	6.72%	6.74%	6.81%
Government	12.40%	12.09%	11.87%	11.68%	11.42%
Information	2.36%	2.40%	2.38%	2.31%	2.36%
Leisure & Hospitality	10.98%	11.11%	11.27%	11.48%	11.62%
Manufacturing	8.64%	8.66%	8.60%	8.31%	8.09%
Professional & Business Services	16.04%	16.35%	16.40%	16.65%	16.83%
Trade, Transportation, Utilities	19.29%	19.11%	19.04%	19.12%	19.29%
Other	8.39%	8.32%	8.54%	8.69%	8.79%

<sup>(1)</sup> Total Nonfarm Employment in Thousands.

**Source:** United States Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

The following table illustrates the unemployment percentage rates in Davidson County, the MSA, the State of Tennessee and the United States for the Calendar Years 2010-2019:

### UNEMPLOYMENT RATES (For the Calendar Years 2010-2019)

<u>Geographical Area</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Nashville/Davidson	8.2%	7.5%	6.2%	5.9%	5.0%	4.4%	3.6%	2.7%	2.6%	2.5%
MSA	8.6	7.8	6.4	6.2	5.2	4.5	3.8	2.9	2.7	2.6
State of Tennessee	9.7	9.0	7.8	7.8	6.5	5.6	4.8	3.8	3.5	3.4
United States	9.6	8.9	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7

**Source:** United States Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**PRINCIPAL EMPLOYERS**  
**(For the Fiscal Year Ended June 30, 2020)**

PRINCIPAL EMPLOYERS	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Vanderbilt University	33,146	3.54%
State of Tennessee	26,833	2.86
Metro Nashville-Davidson Co. Government and Public Schools	19,152	2.04
United States Government	13,518	1.44
Nissan North America Inc.	11,000	1.17
Healthcare Corporation of America	10,600	1.13
Saint Thomas Health	8,335	0.89
Community Health Systems Inc	3,925	0.42
Randstad	4,550	0.49
Asurion	4,400	0.47
<b>TOTALS</b>	<b>135,459</b>	<b>14.45%</b>

Source: The Metropolitan Government of Nashville and Davidson County.

**Private-Sector Investment and Job Creation**

Since July 1, 2020, the Nashville Area Chamber of Commerce announced 11 business relocations or expansions into Davidson County, collectively bringing 635 new jobs into Metro Davidson County. Continued expansion has occurred in recent years in corporate and regional headquarters, the technology industry, manufacturing, health care management and many areas where the local economy has established strength and growth potential.

Over the past several years, many sizable headquarters, shared service operations, and manufacturing operations have relocated and/or expanded in Nashville. To date in the 2020-2021 Fiscal Year, California tech-company SocialSurvey tripled its headcount at its Nashville location; EV Biologics announced it will develop a new biotechnology laboratory in Nashville in order to advance its state-of-the-art cell culture, EV isolation and nano-scale bio-analytical methods; and UK-based retirement fintech company Smart Pension chose to open its first North American office in Nashville, creating 90 new jobs. In October, N2M Advisory, a global management consulting firm, announced the relocation of its headquarters from Atlanta to Nashville. N2M is made up of tech-veterans, providing M&A, private equity, corporate growth, digital, sales and distribution and executive and board advisory services to startup, government, and corporate clients.

Other successes in Davidson County include August Bioservices significantly expanding its HQ operations in Davidson County. The expansion includes 180 jobs over the next five years. The project also includes updates and expansions in the company's existing facility as well as the construction of a new, state-of drug development and manufacturing facility. Columbus-based Leading Edge also announced it will open an office in Nashville, with the goal of hiring 100 tech workers over the next five years. Leading Edge provides cloud solutions, DevOps, application development, artificial intelligence and program managers, among other services, across multiple industries. Nashville is the firm's first location outside of Columbus, Ohio.

## **Manufacturing**

As of December 2019, an average of 84,800 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products. Nashville MSA's largest manufacturing employers include Nissan North America, Bridgestone Americas, Electrolux Home Products, A.O. Smith Water Products and Vought Aircraft Industries.

## **Trade**

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with consumer spending by Nashville MSA residents exceeding \$32.0 billion. Nashville is one of the top 50 retail markets in the country. In the Nashville region, there are 245 shopping centers with 37.3 million square feet of gross leasable area. Nine of these centers are super-regional and 15 are regional.

## **Agriculture**

Nashville is surrounded by agricultural-based economies. The area encompassing middle Tennessee produces livestock, dairy products, soybeans, small grain, feed lot cattle, strawberries, hay and tobacco.

## **Transportation**

Nashville serves as a conduit or trans-shipment point for much of the traffic between the northeast and southeast United States. Three interstate highways extending in six directions intersect in Nashville in addition to nine Federal highways and four State highways. Barge service on the Cumberland River, together with good rail and air services, give Nashville an excellent four-way transportation network.

The Cumberland River, connecting Nashville and the surrounding area to the Gulf of Mexico and intermediate points on the Ohio and Mississippi Rivers, is used by 51 commercial operators, 18 of which serve Nashville. With the completion of the Tennessee-Tombigbee Waterway in 1985, Cumberland River freight is able to reach the Port of Mobile, thereby eliminating approximately 600 miles of the distance from Nashville to the open sea and contributing to the development of foreign trade in Nashville. In addition, the Federal Government in 1982 approved Nashville as a Foreign Trade Zone, a secured area supervised by the United States Customs Service, which provides for the storing of foreign merchandise without duty payments.

The CSX System, a major national railroad, serves Nashville. In addition, five major rail lines link Nashville to all major markets in the nation. Rail carriers interchange freight and cooperate in providing and extending transit privileges covering both dry and cold storage and the processing or conversion of materials.

A commuter rail service from Lebanon, Tennessee to Nashville, approximately 32 miles, known as the Music City Star, commenced transportation services in the September of 2006. It is operated under the direction of the Regional Transportation Authority, a multi-county agency. The ticket price includes Metropolitan Transportation Authority ("MTA") bus service on circulator routes in the downtown area.

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. MTA provides a comprehensive public transportation system covering the entire metropolitan area. In addition to regularly scheduled bus routes, MTA provides special transportation services for the handicapped and operates bus service in the downtown area for shoppers, tourists and downtown workers. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the Fiscal Year ending June 30, 2019, approximately \$48.636 million and \$4.904 million, respectively, to pay approximately 63.5% of the Authority's operating expenses. The State directs revenues from a two cent per gallon gasoline tax, which it imposes on local governments that may be applied to mass transit. The contribution of the Metropolitan Government was paid from its general revenues.

The Metropolitan Nashville Airport Authority (the "Airport Authority") owns Nashville International and John C. Tune airports. Funding for the Airport Authority's capital and operating expenses is provided exclusively from Airport Authority revenues. Nashville International Airport (BNA) (the "Airport") is situated approximately eight miles from downtown Nashville. For the Fiscal Year ended June 30, 2017, the Airport served more than 13.5 million total passengers, operating an average of 440 daily flights to 55 nonstop markets. In May 2018, the Airport added five weekly nonstop international flights to London's Heathrow Airport. In 2016, the Airport Authority announced plans for BNA Vision, a major renovation and expansion project intended to meet projected growth in passengers. BNA Vision is currently in the process of construction and completion, and by 2023 is expected to include a new parking garage, a new international arrivals facility and new hotel and office facilities. The Airport Authority also operates the John C. Tune Airport in the Cockrill Bend Industrial area west of Nashville. It serves the needs of regional corporate and private aircraft and allows Nashville International's air carrier traffic to flow with fewer constraints. Tune Airport also provides a pilot training environment and modern facilities for the transient and corporate operator.

In May 2018, Metropolitan Government voters rejected a \$9 billion transit funding program aimed at relieving congestion in Nashville and the surrounding region. The Metropolitan Government expects to continue to pursue some type of transit program in the future. Mayor John Cooper has proposed a \$1.6 billion transit plan that would be implemented over the course of approximately ten years. The plan's focus areas include modernizing the Metropolitan Government's traffic management system, upgrading the MTA bus system, and investing in neighborhood infrastructure including sidewalks, bikeways and greenways. The Mayor's plan was approved by the Metropolitan Council on December 15, 2020, but funding sources have not yet been finalized.

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**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**NUMBER AND VALUE OF BUILDING PERMITS**  
(For the Calendar Years 2011-2020)

Calendar Year	RESIDENTIAL CONSTRUCTION		NON-RESIDENTIAL CONSTRUCTION		REPAIRS, ALTERATIONS, AND INSTALLATIONS		OTHER <sup>(1)</sup>		Total Number of Permits	Total Permit Value
	Number of Permits	Permit Value	Number of Permits	Permit Value	Number of Permits	Permit Value	Number of Permits	Permit Value		
2011	2,166	372,440,931	444	382,483,854	3,163	377,053,306	1,840	18,738,180	7,613	1,150,716,271
2012	2,656	526,206,509	735	621,590,087	4,850	431,579,639	2,047	34,340,897	10,288	1,613,717,132
2013	3,406	737,396,336	762	493,330,146	3,405	455,745,450	2,135	23,344,644	9,708	1,709,816,576
2014	4,579	1,163,334,572	696	692,801,880	3,244	397,757,642	2,522	23,934,719	11,041	2,277,828,813
2015	5,774	1,428,091,853	762	937,747,113	2,988	441,598,956	2,862	38,771,613	12,386	2,846,209,535
2016	5,858	1,751,681,098	1,136	1,607,184,808	2,737	562,151,606	2,694	21,911,674	12,425	3,942,929,186
2017	5,537	1,084,398,438	1,196	1,996,276,985	2,342	572,053,980	2,642	24,394,733	11,717	3,677,124,136
2018	5,536	989,334,771	866	1,931,789,059	2,458	639,160,352	2,771	15,622,773	11,431	3,575,906,955
2019	5,195	968,600,069	1,056	2,598,254,537	2,374	607,178,804	2,388	26,243,063	11,013	4,200,276,473
2020	5,065	1,087,364,258	1,262	2,849,430,768	2,245	637,530,427	2,893	48,416,444	11,465	4,658,741,897

<sup>(1)</sup> Includes moved residential buildings, house trailers, and the demolition of residential and non-residential buildings and signs & billboard permits.

**Source:** The Metropolitan Government of Nashville and Davidson County Department of Code Administration.

## **Healthcare**

Nashville is one of the nation's leaders in the healthcare field. HCA Healthcare has its headquarters and operates several hospitals in the surrounding area. Vanderbilt University Medical Center and St. Thomas Hospital are the city's other primary hospitals.

The Metropolitan Government relocated the city-owned hospital, the Metropolitan Nashville General Hospital, to Hubbard Hospital of Meharry Medical College in 1998. In addition, Meharry provides medical staff to the Metropolitan Nashville General Hospital. The arrangement provides the city with a renovated facility staffed with residents from Meharry Medical College.

## **Higher Education**

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually.

Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

## **Professional Sports**

The Metropolitan Government is home to four professional sports franchises, all of which are located in or near downtown Nashville. The National Hockey League's ("NHL") Nashville Predators has played their hockey games in the Bridgestone Arena for the past 21 years. Nashville hosted the NHL All-Star game in 2017. The National Football League's ("NFL") Tennessee Titans have played their football games in Nissan Stadium since 1999. Nashville hosted the NFL draft in 2019. The Nashville Sounds – the AAA affiliate of the Oakland Athletics – play their baseball games in First Horizon Ballpark. Nashville Soccer Club became a member of the MLS and plays its games at Nissan Stadium until the MLS Stadium is completed.

## **Cultural Facilities**

### *Library System*

The Nashville Public Library system includes a 300,000 square foot downtown main library and 20 community branches located across the county. In addition, an extensive online offering of books and resources has extended its reach beyond the traditional branch system. The library facilities host numerous in-house programs and community events throughout the year. In the fall of 2019, the State of Tennessee completed the construction in downtown Nashville of a 165,000 square foot library and archives.

### *Performing Arts*

The Tennessee Performing Arts Center is the first state-funded facility of its kind in the nation and is home to the Nashville Ballet, the Nashville Opera Association, and the Tennessee Repertory Theatre. The arts center occupies an entire city block, and its venues include Andrew Jackson Hall (2,472 seats), the James Polk Theater (1,075 seats), the Andrew Jackson Theater (256 seats), and the War

Memorial Auditorium (1,661 seats). The center plays host to numerous events each year, including an annual series of Broadway plays. The Nashville Children's Theater is home to the oldest professional theater for children in the county. Thousands of school age children and adults are treated to a variety of productions each year. The Schermerhorn Symphony Center is an 1,844-seat concert hall located in downtown Nashville, which hosts the Nashville Symphony.

### Museums and Visual Arts

The Frist Art Museum occupies the former Nashville's historic downtown former post office building. A public-private partnership between the Metropolitan Government, the Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the Frist Center contains more than 24,000 square feet of gallery space capable of showcasing major national and international visual arts exhibitions.

The Parthenon, located in Nashville's Centennial Park, is a full-scale replica of the original building in Athens, Greece. The reproduction was built to honor Nashville's reputation for education and has attracted visitors since 1897. The recently restored building serves as Nashville's permanent art museum, holding a collection of paintings by 19<sup>th</sup> and 20<sup>th</sup> century American artists.

Cheekwood Botanical Garden and Art Museum is a 55-acre site that includes the original Cheek gardens, with pools, fountains, statuary, extensive boxwood plantings and breathtaking views of the rolling Tennessee hills. The Museum of Art is housed in a 30,000-square foot Georgian-style mansion and contains world-class collections of American and contemporary painting and sculpture, English and American decorative arts and traveling exhibitions. Collections also include silver, and the most comprehensive collection of Worcester porcelain in America.

Vanderbilt University's Fine Arts Gallery showcases six exhibitions each year that represent Eastern and Western art and an international collection of works. The Van Vechten Gallery at Fisk University houses more than 100 pieces from artists like Picasso, Renoir, and O'Keeffe. For religious art, there's a wooden 8-foot-by-17-foot carving of "The Last Supper" based on Leonardo da Vinci's masterpiece at The Upper Room Chapel along with a striking 9,000-mosaic stained glass World Christian Fellowship Window. The museum at the Upper Room also has outstanding religious works, besides two annual displays of nearly 70 Ukrainian Easter eggs in April and more than 100 Nativity scenes in December.

The Country Music Hall of Fame and Museum is one of the world's largest and most active popular music research centers and the world's largest repository of country music artifacts. In May 2001, the Museum moved to a new 130,000 square foot facility in downtown Nashville. In 2014, the Museum expanded to 350,000 feet to connect to the new Omni headquarters hotel described below.

The Adventure Science Center features a state-of-the-art Planetarium as well as exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo at Grassmere is a zoological garden and historic plantation farmhouse located six miles from downtown. The Zoo contains over 6,000 individual animals and attracts approximately 950,000 visitors each year.

A new Tennessee State Museum located in downtown Nashville opened to the public in October 2018, and the National Museum of African American Music opened in the Fall of 2020 in downtown Nashville, directly across Broadway from the Bridgestone Arena.

Music Concert Venues

The Metropolitan Government hosts large concert events at either Bridgestone Arena or Nissan Stadium. Smaller indoor venues include the Ryman Auditorium – the 2,362-seat original home of the Grand Ole Opry – and the new Grand Ole Opry, a 4,372-seat theater venue located near Gaylord Opryland Resort & Convention Center that hosts America’s longest running live radio show. The Metropolitan Government opened the Ascend Amphitheater in 2015, which maintains capacity of 6,800 and is located downtown, adjacent to the Cumberland River. The 4,500-seat Woods Amphitheatre at Fontanel is located nine miles north of downtown.

**Tourism**

Tourism is a major industry in Nashville consistently ranking in the top three producers. The Nashville Convention and Visitors Corporation (NCVC) and U.S. Travel Data Center estimate more than 16.1 million tourists came to Nashville in 2019 and spent an estimated \$6.9 billion. Annual visitation to Nashville has increased over forty-five percent (45%) in the last ten years.

The Nashville MSA has more than 412 hotels offering more than 47,962 rooms.

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
MSA HOTEL AND MOTEL ROOMS / OCCUPANCY RATE  
(For the Calendar Years 2010-2019)**

<b>Calendar Year</b>	<b>Rooms Available</b>	<b>Occupancy Rate</b>
2010	35,639	59.50%
2011	35,727	63.50%
2012	36,263	66.80%
2013	37,124	69.80%
2014	37,824	72.50%
2015	38,721	73.70%
2016	40,558	75.10%
2017	41,733	74.10%
2018	44,335	73.30%
2019	47,676	73.50%

**Source:** The Metropolitan Nashville and Davidson County Conventions and Visitors Corporation.

Conventions and Corporate Meetings

Nashville’s Music City Center opened in May 2013 and features a 350,000 square foot exhibit hall, 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), 90,000 square feet of meeting rooms, 31 loading docks and a parking garage with 1,800 spaces. The Center’s location created a high demand for hotel rooms, particularly full-service properties. An 800-room full-service Omni headquarters hotel opened in September 2013 next to the Music City Center. In the Fall of 2016, a 454-room full-service Westin Hotel opened adjacent to the Music City Center. A 533-room J W Marriott opened in 2018. Several smaller hotels have also opened near the Music City Center. The Music City Center and its adjacent hotels are located within walking distance of the downtown entertainment district described below.

Located approximately ten miles from downtown is the Gaylord Opryland Resort & Convention Center, the third largest hotel/convention center under one roof in the United States. The complex features 2,881 hotel rooms, 263,000 square feet of exhibit space and 300,000 square feet of meeting space. A \$90 million indoor waterpark was completed in December 2018. Adjacent to the Gaylord Opryland Resort & Convention Center is the Grand Ole Opry, described above, and Opry Mills – a 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a 20-screen multi-theater complex and an IMAX theater.

#### *Downtown Entertainment District*

The downtown entertainment district encompasses approximately 20 square blocks centered around historic Lower Broadway (or Lower Broad). Lower Broad consists primarily of historic brick restaurants and bars that feature live music with no cover charge. Many of the restaurants and bars are owned and/or sponsored by current and past music artists. Lower Broad is a short walk to the Music City Center and its adjacent hotels, Nissan Stadium, Bridgestone Arena, the Ryman, the Country Music Hall of Fame and Museum and most other downtown Nashville attractions. The Convention Center, Omni, Westin and J W Marriott hotels are located downtown in the Metropolitan Government's Central Business District, and are within walking distance of many notable attractions, including, the Bridgestone Arena, the Ryman Auditorium, Frist Center for the Visual Arts, Schermerhorn Symphony Center, Musicians Hall of Fame and Museum and the Johnny Cash Museum.

#### *Seasonal, Festival and Sporting Events*

Downtown Nashville annually hosts several seasonal, festival and sporting events. Downtown Nashville hosts one of the nation's largest New Year's Eve parties each year, with approximately 100,000 people coming to downtown for fireworks and live music. Nashville also hosts a four-day music festival each June known as CMA Music Fest. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. Nissan Stadium hosts the college football Music City Bowl each December, and the Bridgestone Arena is a regular host for Southeastern Conference and NCAA men's and women's basketball tournaments.

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## Education

As described above, the Nashville public schools make up the second largest school system in Tennessee. The following table illustrates the school system's enrollment and attendance trends:

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
PUBLIC SCHOOLS ENROLLMENT AND ATTENDANCE  
For the School Years 2010-2011 – 2019-2020)**

<u>School Year</u>	<u>Total Enrollment</u>	<u>Average Attendance</u>
2010-2011	78,096	73,808
2011-2012	79,117	75,072
2012-2013	81,077	76,946
2013-2014	82,863	75,190
2014-2015	84,500	76,252
2015-2016	85,797	77,791
2016-2017	86,633	78,098
2017-2018	85,379	77,117
2018-2019	86,292	77,218
2019-2020	84,358	77,474

**Source:** The Metropolitan Government of Nashville and Davidson County.

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

June 24, 2021

The Metropolitan Government of Nashville  
and Davidson County  
Nashville, Tennessee  
Morgan Stanley & Co. LLC  
New York, New York

U.S. Bank National Association  
New York, New York

**The Metropolitan Government of Nashville and Davidson County  
\$325,000,000 General Obligation Extendable Commercial Paper Notes, 2014 Series**

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by The Metropolitan Government of Nashville and Davidson County (the "Issuer") of up to \$325,000,000 in aggregate principal amount at any time of its General Obligation Extendable Commercial Paper Notes, 2014 Series (the "Notes"). In such capacity, we have examined the law and such certified proceedings and other documents as we deemed necessary to render this opinion, including, but not limited to, Resolution No. RS2014-1066 (the "Resolution") authorizing the issuance and sale of the Notes. The terms used herein, but not defined herein, shall have the respective meanings given such terms in the Resolution.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify such facts by independent investigation.

Based on the foregoing, we are of the opinion, as of the date hereof, as follows:

1. The Notes have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding obligations of the Issuer.
2. The Resolution authorizing the Notes has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Notes constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit and unlimited taxing power, and the full faith and credit of the Issuer is pledged to the payment thereof.
4. Interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the date hereof in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Notes to be so included in gross income retroactive to the date of issuance of the Notes. Except as set forth in this paragraph, we express no opinion regarding other federal tax consequences arising with respect to the Notes.



5. Under existing law, the Notes and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on the Notes during the period such Notes are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Notes in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Offering Memorandum relating to the Notes.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Bass, Berry & Sims PLC

## **Definitions**

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

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

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

"Bonds" means general obligation bonds of the Metropolitan Government authorized by the Initial Resolutions.

"Book-Entry ECP" means ECP issued in book-entry only form through the Depository.

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

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

"Costs" shall mean any of the costs of a Public Works Project permitted to be financed by Section 9-21-109 of the Act.

"Dealer" means Morgan Stanley & Co. LLC, appointed by the Metropolitan Government pursuant to the Resolution to serve as dealer for the ECP Program in accordance with the Dealer Agreement, and any other dealer for the ECP Program or any successor to any of them appointed pursuant to the Resolution.

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

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

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

"ECP" or "ECP Notes" means general obligation bond anticipation notes of the Metropolitan Government issued in the form of extendable commercial paper in accordance with the Resolution.

"ECP Fund" means the special purpose trust fund described below to be held by the Issuing and Paying Agent for the benefit of the Holders from time to time of ECP for the deposit of proceeds of ECP

and other moneys to be used to pay the principal of and interest on Outstanding ECP, and the payment therefrom of principal of and interest on Outstanding ECP.

"ECP Program" means a program of the Metropolitan Government consisting of the issuance from time to time of ECP.

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

"EMMA" means the Electronic Municipal Market Access of the Municipal Securities Rulemaking Board.

"Extended Maturity Date" means, for each ECP Note, a Business Day that is the earlier of: 1) 270 days after its Issue Date and 2) the Final Maturity Date.

"Extended Period Interest Payment Date" means: (i) if the applicable Original Maturity Date is before the 15<sup>th</sup> day of the month, the first Business Day of the next month and the first Business Day of each month thereafter; and (ii) if the applicable Original Maturity Date is on or after the 15<sup>th</sup> day of the month, the first Business Day of the second succeeding month and the first Business Day of each month thereafter.

"Extension Rate" means, for each ECP Note, the rate of interest per annum established under the Resolution for each weekly period from and after the Original Maturity Date.

"Final Maturity Date" means January 1, 2019.

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

"Initial Resolutions" means, collectively, (i) the following initial resolutions of the Metropolitan Government adopted by the Metropolitan County Council for the purposes and not in excess of the respective amounts therein: RS2009-746; RS2010-1363; RS2012-276; RS2013-559; RS2013-710, RS2014-963, RS2014-1126, RS2015-1500, RS2016-245, RS2017-713, RS2017-963, RS2018-1328, RS2018-1454, RS2019-100 and RS2020-213; and (ii) future initial resolutions adopted by the Metropolitan County Council of the Metropolitan Government; provided that any future initial resolution must first be published and either not sufficiently protested or approved by referendum, all as prescribed by the Act.

"Issuance Request" means a request made by the Metropolitan Government, acting through an Authorized Officer, to the Issuing and Paying Agent for the delivery of ECP Notes, as described below.

"Issue Date" means, for each ECP Note, the date on which beneficial ownership is transferred to the original purchaser thereof.

"Issuing and Paying Agency Agreement" means the Issuing and Paying Agency Agreement authorized by the Resolution, as the same may be amended or supplemented, and any other issuing and

paying agency agreement which the Metropolitan Government determines to be in replacement thereof as may be entered into by the Metropolitan Government from time to time with respect to the ECP Program.

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

"Master Note" means a master note issued pursuant to the Resolution.

"Maximum Rate" means, as of any time, the rate equal to the lesser of (a) 9% per annum, calculated on the basis of actual days elapsed and a 365 or 366 day year, or (b) the maximum rate of interest at the time permitted by Section 47-14-103, Tennessee Code Annotated, or other applicable State law.

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

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

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

"Original Maturity Date" means, for each ECP Note, a Business Day not less than 1 day and not greater than: i) the 90<sup>th</sup> day after the Issue Date, or ii) the 90<sup>th</sup> day preceding the Final Maturity Date.

"Original Rate" means, for each ECP Note, the rate of interest per annum borne by such ECP Note to the Original Maturity Date.

"Outstanding" means, when used as of any particular time with reference to ECP, all ECP theretofore or thereupon issued pursuant to the Resolution except (i) ECP theretofore canceled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation; (ii) ECP with respect to which, and only to the extent, all liability of the Metropolitan Government shall have been discharged in accordance with the defeasance provisions described below; and (iii) ECP in lieu of, or in substitution for, which other ECP has been or is then being issued by the Issuing and Paying Agent pursuant to the terms of the Resolution.

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

"Prevailing Rating" means, at the time of determination and with respect to a Rating Agency, the rating assigned to the ECP Notes by the Rating Agency or any comparable future designation by the Rating Agency.

"Prior Notes" shall have the meaning ascribed in the preamble.

"Program Documents" shall mean, collectively, the Resolution, the Dealer Agreement and the Issuing and Paying Agency Agreement.

“Public Works Project” shall have the meaning prescribed by Section 9-21-105 of the Act.

"Rating Agency" means either or both of Moody's and Standard & Poor's, and/or such other securities rating agencies providing a rating on ECP, at the request of the Metropolitan Government.

"Resolution" means the Resolution, as the same may be amended or supplemented.

"SIFMA" means the Securities Industry and Financial Markets Association (formerly the Bond Market Association) or any successor thereto.

"SIFMA Index" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the Dealer shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

"Standard & Poor's" means Standard and Poor's Ratings Services, a Division of The McGraw-Hill Companies, or any successor, then maintaining a rating on ECP at the request of the Metropolitan Government.

"State" means the State of Tennessee.

"Tax Certificate" means a certificate, as amended from time to time, executed and delivered on behalf of the Metropolitan Government by an Authorized Officer on the date upon which ECP Notes are initially issued and delivered, or any functionally equivalent certificate subsequently executed and delivered on behalf of the Metropolitan Government by an Authorized Officer with respect to the requirements of Section 148 (or any successor section) of the Code relating to the ECP Notes.

### **References to Time**

All references to time shall, unless otherwise stated, be deemed to be to the prevailing time in New York, New York.

### **ECP Fund**

The Resolution establishes with the Issuing and Paying Agent a separate and special purpose trust fund for the benefit of the Holders to be designated as the "Metropolitan Government General Obligation Extendable Commercial Paper Fund" (the "ECP Fund"). The Issuing and Paying Agent shall have the sole right of withdrawal over the moneys in the ECP Fund, except as may otherwise be described below.

(a) The Metropolitan Government may deposit its funds or proceeds of its Bonds or other indebtedness or fund into the ECP Fund for the purpose of paying the principal of and/or interest on Outstanding ECP.

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

(i) Upon the sale of ECP on any day, deposit to the ECP Fund an amount of the proceeds thereof, which, together with any funds otherwise on deposit in the ECP Fund on such day is sufficient to pay the principal of and interest on Outstanding ECP maturing or being redeemed on such

day, and use such proceeds and other funds (if applicable) to pay the principal of and interest on such Outstanding ECP;

(ii) Upon the sale of ECP on any day, to the extent the proceeds thereof are in excess of the amount required by subsection (i), transfer the balance of such excess to the Metropolitan Government;

(iii) deposit into the ECP Fund the proceeds of Bonds, notes or other evidences of indebtedness transferred to the Issuing and Paying Agent by or on behalf of the Metropolitan Government, and apply such deposits to the payment of the principal of and interest on Outstanding ECP, or otherwise, as an Authorized Officer shall specify from time to time in written instructions filed with the Issuing and Paying Agent; and

(iv) apply the moneys on deposit in the ECP Fund solely to the payment of the principal of and interest on the ECP, as aforesaid, as the same mature and become due and payable, or otherwise as provided above.

(c) Amounts on deposit in the ECP Fund as proceeds of ECP to be used to pay the principal of and/or interest on other ECP as required by subsection (c)(i) of this Section shall not be invested prior to their application for such purposes. Other amounts on deposit in the ECP Fund may be invested prior to their application for authorized purposes, but only at the direction of an Authorized Officer, and only in securities held in the name of the Metropolitan Government or the Issuing and Paying Agent as trustee for the Metropolitan Government (in either case, either as registered or beneficial owner), and otherwise shall not earn interest.

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

### **Issuance Requests**

(a) The Issuing and Paying Agent shall authenticate and deliver ECP Notes from time to time for the consideration and in the manner hereinafter provided, but only upon receipt by the Issuing and Paying Agent of an Issuance Request, no later than 12:00 Noon on the Business Day on which ECP Notes are to be delivered, directing the Issuing and Paying Agent to authenticate the ECP Notes referred to therein and to deliver the same to or upon the order of the Dealer. Each Issuance Request shall include:

- (i) the aggregate principal amount of ECP Notes then to be issued;
- (ii) the denominations in which they are to be issued;
- (iii) the Original Rate;
- (iv) the Issue Date;
- (v) the Original Maturity Date;
- (vi) the Extended Maturity Date; and

(vii) any additional designations thereof.

(b) The delivery of any Issuance Request under subsection (a) hereof to the Issuing and Paying Agent by an Authorized Officer in the manner provided therein shall constitute the certification and representation of the Metropolitan Government to the Issuing and Paying Agent that, as of the date thereof:

(i) after the issuance of such ECP Notes and the application of the proceeds thereof, (1) the sum of the aggregate principal amount of ECP Notes Outstanding will not exceed \$325,000,000 and (2) the sum of the aggregate principal amount of ECP Notes Outstanding, together with all other Bonds, notes or other indebtedness issued pursuant to the Initial Resolutions, will not exceed the amount of indebtedness authorized by the Initial Resolutions;

(ii) to the Metropolitan Government's knowledge there has been no change in the facts, estimates, circumstances and representations of the Metropolitan Government set forth or made in the Tax Certificate;

(iii) the Original Maturity Date set forth in the Issuance Request does not extend beyond 90 days prior to the Final Maturity Date;

(iv) the Extended Maturity Date of such Commercial Paper Notes set forth in the Issuance Request does not extend beyond the Final Maturity Date;

(v) the Metropolitan Government has not been notified by Bond Counsel that its opinion with respect to the validity of the ECP Notes and the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealer has been delivered;

(vi) to the actual knowledge of the Metropolitan Government, the Metropolitan Government in in compliance with the terms of the Resolution; and

(vii) all of the conditions precedent to the issuance of such ECP Notes set forth in this Section of the Resolution have been satisfied.

(c) The Metropolitan Government may deliver an Issuance Request for the issuance of multiple ECP Notes on multiple dates in the future, and shall have the right to rescind such notice with respect to any issue of ECP Notes to be issued until 11:00 a.m. on any date ECP Notes are to be issued.

(d) No later than 2:30 p.m. on each Business Day on which the Metropolitan Government proposes to issue ECP Notes, the Dealer shall report to the Metropolitan Government each transaction made with or arranged by it or shall notify the Metropolitan Government and the Issuing and Paying Agent of the difference, if any, between the amount of maturing ECP Notes and the amount of ECP Notes which the Dealer has arranged to sell or has agreed to purchase.

(e) Upon receipt of such Issuance Request (which may be transmitted by mail, telecopy or other electronic communications method, or by telephone, promptly confirmed in writing by 2:00 p.m.), the Issuing and Paying Agent shall, by 3:00 p.m. on such day, complete each ECP Note as to amount, Issue Date, Original Maturity Date, Extended Maturity Date and Original Rate specified in such Issuance Request, and deliver each such ECP Note to or upon the order of the Dealer upon receipt of payment therefor. If an Issuance Request is received after 12:00 Noon on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested ECP Notes until the next succeeding Business Day.

(f) Notwithstanding the foregoing, the Issuing and Paying Agent shall not deliver any ECP Notes if:

(i) such delivery would cause the sum of the aggregate principal amount of ECP Notes Outstanding to exceed \$325,000,000;

(ii) the Issuing and Paying Agent shall have received notice from an Authorized Officer directing the Issuing and Paying Agent to cease authenticating and delivering ECP Notes until such time as such direction is withdrawn by similar notice;

(iii) the Issuing and Paying Agent shall have received notice from Bond Counsel that its opinion regarding the exclusion of interest on the ECP Notes from gross income for Federal income tax purposes of the holders thereof is being withdrawn;

(iv) the Original Maturity Date of such ECP Notes would extend beyond the 90<sup>th</sup> day preceding the Final Maturity Date; or

(v) the Extended Maturity Date of such ECP Notes would extend beyond the Final Maturity Date.

(g) Any Issuance Request made by telephone pursuant to this Section may be recorded by the Issuing and Paying Agent and shall be confirmed promptly in writing by an Authorized Representative; provided, however, that any conflict between any recorded oral Issuance Request and the written confirmation thereof, shall not affect the validity of any recorded oral Issuance Request received by the Issuing and Paying Agent as provided herein. If the Issuing and Paying Agent does not record an oral Issuance Request, and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control.

(h) The purchase price of each Note shall be 100% of the principal amount thereof, and no Note shall be deemed to be issued until payment for its purchase has been made in lawful money of the United States of America.

### **Proceeds of Sale of ECP**

The proceeds of the sale hereunder of ECP shall be applied as follows:

(i) The proceeds of each sale of ECP on any day in an amount not in excess of the principal of Outstanding ECP becoming due and payable on such day, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the ECP Fund, shall be deemed to have been issued for the purpose of paying such principal, and such proceeds shall be deposited into the ECP Fund and used to pay such principal.

(j) The proceeds of each sale of ECP on any day in an amount in excess of the principal of Outstanding ECP becoming due and payable on such day, if any, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the ECP Fund, shall be deemed to have been issued for the purpose of paying Costs of Public Works Projects or retiring the Prior Notes and shall be transferred to the Metropolitan Government as directed in writing by an Authorized Officer. Such proceeds shall be held and invested in a segregated fund of the Metropolitan Government in accordance with applicable law and applied exclusively to the Costs of Public Works Projects; provided that amounts to be used to retire the Prior Notes shall be deposited with the paying agent therefor.



## **Issuing and Paying Agent**

(k) The Metropolitan Government covenants to maintain and provide an Issuing and Paying Agent at all times while the ECP is Outstanding, which shall be a bank, trust company or national banking association (and, except in the case of Book-Entry ECP, having an office for delivery of ECP in New York, New York), in each case with trust powers. Should a change in the Issuing and Paying Agent for the ECP Program occur, the Metropolitan Government agrees to promptly cause a notice thereof to be posted on EMMA; provided however, that such notice shall not be required to be posted, but shall be delivered to the Depository, if the ECP are being issued as Book-Entry ECP at such time. Such notice shall specify the Office of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(l) The Metropolitan Government may remove any Issuing and Paying Agent by giving not less than fifteen (15) days advance written notice to the Issuing and Paying Agent and the Dealer. The Metropolitan Government shall give written notice of the appointment of a successor Issuing and Paying Agent to the Dealer.

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

(n) Notwithstanding subsections (b) and (c) above, no such removal or resignation shall be effective unless and until a successor has been appointed and shall have accepted the duties and obligations of Issuing and Paying Agent under the Resolution. If no successor has been appointed within 30 days as aforesaid, the Issuing and Paying Agent shall have the right to petition a court of competent jurisdiction for the appointment of a successor Issuing and Paying Agent, and the Issuing and Paying Agent shall be reimbursed by the Metropolitan Government for any and all expenses in connection with any such petition and appointment. On the effective date of any such removal or resignation, the Issuing and Paying Agent shall deliver to the successor Issuing and Paying Agent, if any, at the direction of the Metropolitan Government, or otherwise to the Metropolitan Government, all canceled or unissued ECP instruments then held by the Issuing and Paying Agent for disposition in accordance with the Resolution, and shall transfer the funds then held by it to the successor Issuing and Paying Agent, if any, at the direction of the Metropolitan Government, or otherwise to the Metropolitan Government. The Metropolitan Government shall pay all outstanding fees and expenses due and owed to the Issuing and Paying Agent following such removal or resignation.

## **Covenants**

### *Punctual Payment*

The Metropolitan Government will punctually pay or cause to be paid the principal of and interest on the ECP in conformity with the Resolution. For the purpose of providing for the payment of the principal of and interest on Outstanding ECP on the date that the same shall become due and payable, the Metropolitan Government, on or prior to such date, will pay or cause to be paid to the Issuing and Paying Agent for deposit in the ECP Fund, amounts which, together with other amounts then on deposit in such ECP Fund, will be sufficient and available to make such payment on such date. The foregoing is not intended to preclude the Metropolitan Government from extending the maturity date of ECP Notes in the manner described in the Resolution.

### *Covenant to Refinance*

With respect to any ECP Notes the maturity of which has been extended pursuant to the Resolution, the Metropolitan Government covenants that it will promptly seek approval of the Metropolitan County Council for the issuance of Bonds or other debt obligations to refinance such ECP Notes and, provided such approval is received, to offer and sell such Bonds or other debt obligations upon reasonable and customary terms and conditions so that the proceeds thereof may be applied to the payment of such ECP Notes on or prior to the applicable Extended Maturity Date.

### *Compliance with Agreements and Other Documents*

The Metropolitan Government will comply with the terms and provisions of the Dealer Agreement, the Issuing and Paying Agency Agreement and any other resolution or contract to which the Metropolitan Government is a party, the non-compliance with which would materially adversely affect the ability of the Metropolitan Government to make payment of the principal of and interest on the ECP as and when the same becomes due and payable.

### *ECP to Remain Tax Exempt*

The Metropolitan Government covenants that it will execute and deliver a Tax Certificate in the form prescribed by Bond Counsel in connection with the first issuance of ECP, and that in connection with any subsequent issuance of ECP it will, if requested by Bond Counsel, execute and deliver either written confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be accurate as of such issue date or a revised Tax Certificate dated such issue date. Each Issuance Request by an Authorized Officer given or made pursuant to the Resolution shall constitute a representation by the Metropolitan Government that the facts, estimates, circumstances and reasonable expectations contained in the latest of such Tax Certificates continues to be true and accurate as of the date of such Issuance Request, and that no fact material to the exclusion of the interest on the ECP from gross income for federal income tax purposes exists which has not been reflected in a revised Tax Certificate. The Metropolitan Government represents and covenants that it will not expend, or permit to be expended, the proceeds of any ECP in any manner inconsistent with its reasonable expectations as certified in the Tax Certificates to be executed from time to time with respect to the ECP Program; provided however, that the Metropolitan Government may expend ECP proceeds in such manner if the Metropolitan Government first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exclusion of interest on the ECP from gross income for federal income tax purposes.

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

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

### *Reservation of Right to Issue Other Obligations*

The Metropolitan Government expressly reserves the right hereafter to issue Bonds, notes or other evidences of indebtedness in addition to the ECP, constituting a general obligation of the Metropolitan Government, and additionally secured as may be required by the Act or other provisions of

law or as determined by the Metropolitan Government, when and as the Metropolitan Government shall determine and authorize.

### **Amendments and Supplements to the Resolution**

#### *Without Consent of Holders of ECP*

The Metropolitan Government, from time to time and at any time, (i) without the consent or concurrence of any Holder of any ECP, may adopt a resolution for the purpose of providing for the issuance of any Bonds, notes or other evidences of indebtedness, and (ii) without the consent or concurrence of any Holder of any ECP, may adopt a resolution amendatory hereof or supplemental hereto, if the provisions of such resolution shall not materially adversely affect the rights of the Holders of the ECP then Outstanding, for any one or more of the following purposes:

(o) to make any changes or corrections in the Resolution as to which the Metropolitan Government shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Resolution, or to insert in the Resolution such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable;

(p) to add additional covenants and agreements of the Metropolitan Government for the purpose of further securing the payment of the ECP;

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

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

(s) to comply with any request by or requirement of any Rating Agency which is necessary, or which the Metropolitan Government reasonably believes is necessary, to prevent a downward revision by such Rating Agency in the rating of ECP;

(t) to provide for the issuance, transfer, exchange, registration, discharge from registration and replacement of ECP other than Book-Entry ECP; and

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

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

- (i) make any change in the maturity of any Outstanding ECP;
- (ii) reduce the rate of interest borne by any Outstanding ECP;
- (iii) reduce the amount of the principal payable on any Outstanding ECP;
- (iv) modify the terms of payment of principal of or interest on any Outstanding ECP, or impose any conditions with respect to such payment;
- (v) affect the rights of the Holders of less than all Outstanding ECP; or
- (vi) reduce or restrict the provision made in the Resolution for payment of Outstanding ECP.

## **Defeasance**

### *ECP Deemed Paid; Discharge of Resolution*

ECP will be deemed paid for all purposes of the Resolution when (a) payment of the principal of and interest on such ECP to the due date of such principal and interest (whether at maturity or otherwise) either (1) has been made in accordance with the terms of such ECP or (2) has been provided for by depositing with the Issuing and Paying Agent (A) moneys sufficient to make such payment and/or (B) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all compensation and expenses of the Issuing and Paying Agent pertaining to the ECP Program in respect of which such deposit is made have been paid or provided for to the satisfaction of the Issuing and Paying Agent. When ECP is deemed paid, it will no longer be secured by or entitled to the benefits of the Resolution or be an obligation of the Metropolitan Government, except for payment from such moneys or Government Obligations, and no additional ECP may be issued except that it may be transferred, exchanged, registered, discharged from registration or replaced.

When all outstanding ECP are deemed paid under the foregoing provisions of this Section, the Issuing and Paying Agent will, upon the request of the Metropolitan Government, acknowledge the discharge of the Metropolitan Government's obligations under the Resolution and the ECP Program.

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

### *Application of Trust Moneys*

The Issuing and Paying Agent will hold in trust moneys or Government Obligations deposited with it and apply the deposited money and the proceeds from the Government Obligations in accordance with the Resolution only to the payment of principal of and interest on the ECP with respect to which the same was deposited.

### *Repayment to Metropolitan Government*

The Issuing and Paying Agent will pay to the Metropolitan Government promptly upon its request any excess moneys or securities held by the Issuing and Paying Agent at any time, and any

moneys held by the Issuing and Paying Agent under any provision of the Resolution for the payment of principal or interest on ECP that remains unclaimed for one year or such other shorter or longer period, or to such other Person, as may at the time be prescribed by State law with respect to unclaimed property.

## **Miscellaneous**

### *Notices to Rating Agencies*

The Metropolitan Government shall give each Rating Agency, the Dealer and the Issuing and Paying Agent advance notice in writing of any (i) change of Dealer, (ii) change of Issuing and Paying Agent, (iii) amendment or material change to the Program Documents, and (iv) termination or defeasance of the ECP Program; *provided however*, that if the Metropolitan Government does not have advance actual notice of any such event, notice shall be given by the Metropolitan Government as soon as practicable after the Metropolitan Government has actual notice thereof.

### *Resolution to Constitute a Contract; Equal Security*

In consideration of the acceptance of the ECP, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Metropolitan Government and the Holders from time to time of the ECP, and the pledge made by the Resolution by the Metropolitan Government and the covenants and agreements set forth in the Resolution to be performed by the Metropolitan Government shall be for the equal and proportionate benefit, security and protection of all Holders of the ECP, without preference, priority or distinction as to security or otherwise of any of the ECP authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Resolution.

### *Payment and Performance on Business Days*

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

### *No Personal Recourse*

No recourse shall be had for any claim based on the Resolution or the ECP Program against any member, officer or employee, past, present or future, of the Metropolitan Government, the Metropolitan County Council of the Metropolitan Government or of any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

### *Disclosure of Liability*

All covenants, stipulations, promises, agreements and obligations of the Metropolitan Government contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Metropolitan Government and not of any member, officer or employee of the Metropolitan Government in his individual capacity, and no recourse shall be had for the payment

of the principal of or interest on the ECP or for any claim based thereon or on the Resolution against any member, officer, or employee of the Metropolitan Government, or against any Person executing the ECP.