



Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. The Metropolitan Government of Nashville and Davidson County (Tennessee), District Energy System Revenue and Tax Refunding Bonds, Series 2012A, \$47,450,000, Dated: August 15, 2012
592112KS4, 592112KT2, 592112KU9, 592112KV7, 592112KW5, 592112KX3, 592112KY1,
592112KZ8, 592112LA2, 592112LB0, 592112LC8

TYPE OF FILING:

If information is also available on the Internet, give URL: www.dacbond.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**Financial / Operating Data Disclosures****Rule 15c2-12 Disclosure**

Annual Financial Information & Operating Data (Rule 15c2-12)

2022 Operating Data – Energy

Audited Financial Statements or ACFR (Rule 15c2-12)

Failure to provide as required

Additional / Voluntary Disclosure

Quarterly / Monthly Financial Information

Change in Fiscal Year / Timing of Annual Disclosure

Change in Accounting Standard

Interim / Additional Financial Information / Operating Data

Budget

Investment / Debt / Financial Policy

Information Provided to Rating Agency, Credit / Liquidity Provider or Other Third Party

- Consultant Reports
- Other Financial / Operating Data

Event Filing

Rule 15c2-12 Disclosure

- Principal / Interest Payment Delinquency
- Non-payment Related Default
- Unscheduled Draw on Debt Service Reserve Reflecting Financial Difficulties
- Unscheduled Draw on Credit Enhancement Reflecting Financial Difficulties
- Substitution of Credit or Liquidity Provider, or Its Failure to Perform
- Adverse Tax Opinion or Event Affecting the Tax-exempt Status of the Security
- Modification to the Rights of Security Holders
- Bond Call
- Defeasance
- Release, Substitution or Sale of Property Securing Repayment of the Security
- Rating Change
- Tender Offer / Secondary Market Purchases
- Merger / Consolidation / Acquisition and Sale of All or Substantially All Assets
- Bankruptcy, insolvency, receivership or similar event
- Successor, Additional or Change in Trustee
- Failure to Provide Event Filing Information as Required
- Financial Obligation - Incurrence and Agreement
- Financial Obligation - Event Reflecting Financial Difficulties

Additional / Voluntary Disclosure

- Amendment to Continuing Disclosure Undertaking
- Change in Obligated Person
- Notice to Investor Pursuant to Bond Documents
- Communication From the Internal Revenue Service
- Bid For Auction Rate or Other Securities
- Capital or Other Financing Plan
- Litigation / Enforcement Action
- Change of Tender Agent, Remarketing Agent or Other On-going Party
- Derivative or Other Similar Transaction
- Other Event-based Disclosures

Asset-Backed Securities Filing

Additional / Voluntary Disclosure

- Initial Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(1))
- Quarterly Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(i))
- Annual Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(ii))
- Other Asset-Backed Securities Disclosure (e.g. notice of termination of duty to file reports pursuant to SEC Rule 15Ga-1(c)(3))

Disclosure Dissemination Agent Contact:

Name: DAC

Address: 315 East Robinson Street

Suite 300

City: Orlando

State: FL

Zip Code: 32801-1674

Telephone: 407 515 - 1100

Fax: 407 515 - 6513

Email Address: emmaagent@dacbond.com

Relationship to Issuer: Dissemination Agent

Authorized By:

Name: Corbin I. Carpenter, Esquire

Title: Disclosure Counsel

Entity: The Metropolitan Government of Nashville and Davidson County, TN

Updated by
Thermal Engineering Group, Inc.

Metro Nashville District Energy System

Revenue and Tax Refunding Bonds, Series 2012A \$47,450,000

15c2-12 Continuing Disclosure Update

Please refer to www.nashville.gov/des for further information regarding the District Energy System (DES).

THE SYSTEM AND ITS OPERATIONS

Overview

The District Energy System is a district heating and cooling system that provides steam and chilled water to the downtown metropolitan Nashville area for the purpose of general heating and air conditioning. The Metropolitan Government of Nashville and Davidson County is the owner of the district system, the Energy Generating Facility (EGF) and the site on which the EGF is located. The ownership of a portion of the Energy Distribution System was transferred from the State to the Metropolitan Government in 2004.

Primary components of the System include (i) the steam production subsystem consisting of four 65,000 PPH forced draft, pressurized, dual-fuel boilers and a duplex soft water system; (ii) the chilled water subsystem comprised of nine 2,600-ton electrical drive chillers, 18 single-cell, induced draft cooling towers and 6 chilled water and 5 condenser water pump/motor sets; (iii) a 69/13.8 KV supply substation and two 69/13.8 KV transformers; and (iv) more than 24,000 trench/tunnel feet of underground energy distribution piping.

Production and Sale of Energy

Sale of Energy Generated by the System

Historical Capacity and Sales: Under existing Customer Contracts between the Customers and the Metropolitan Government, the System provides steam and chilled water services to a total of 42 buildings in downtown Nashville, consisting of 19 privately owned buildings, 13 State owned buildings and 10 Metro-owned buildings. The actual sales, on average, over the previous three fiscal years indicates that the Private Customers, the State, and the Metropolitan Government customers accounted for approximately 26.2%, 32.3% and 41.5%, respectively of the actual steam sales and 34.0%, 23.0% and 43.0% respectively of the actual chilled water sales. Below is a six-year summary of total historic steam and chilled water sales for the System:

Historical Sales - Fiscal Years Ended June 30

| Sales | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|------------------------------|---------|---------|---------|---------|---------|---------|
| Steam (1,000 lbs) | 321,620 | 366,928 | 382,077 | 346,227 | 326,332 | 335,021 |
| Chilled Water (1,000 tonhrs) | 64,116 | 59,914 | 61,977 | 56,839 | 51,537 | 63,259 |

System Capacity and Sales: The Energy Generating Facility has been designed to produce a total installed capacity of 260,000 PPH of 150 PSIG saturated steam and 23,400 tons per hour of 42°F chilled water. Assuming one boiler and one chiller off-line with chilled water and steam services based on historical peak demands, the diversity factors are 66.5% and 74.6% respectively. Recognizing both parasitic loads and line losses, the Metropolitan Government has an estimated remaining diversified contract sales capacity of 2,429 tons for chilled water and 24,622 PPH for steam. Historically, customer's contract for demand is an amount greater than experienced and, when compared to their peak demand this difference is considered the Contract Diversity. The following table sets forth the current total capacities of steam and chilled water contracted for by the Customers pursuant to the Customer Contracts:

| Customer Commitments | Committed Capacity | | Percentage of Total Available Capacity | |
|---------------------------------------|--------------------|----------------------------|--|--------------------|
| | Steam (pph) | Chilled Water (tons) | Steam (-) | Chilled Wtr (-) |
| Commercial Customers | | | | |
| Parkway Towers | 4,500 | 550 | 2.70% | 2.72% |
| Bobby Hotel | 1,850 | 190 | 1.11% | 0.94% |
| Fairlane Hotel | 1,995 | 192 | 1.20% | 0.95% |
| Sheraton Hotel | 12,660 | 950 | 7.61% | 4.70% |
| Hermitage Hotel | 7,000 | 400 | 4.21% | 1.98% |
| 501 Union Association | 2,500 | 175 | 1.50% | 0.87% |
| Fifth Third Financial | - | 1,043 | 0.00% | 5.16% |
| Renaissance Hotel | 21,104 | 1,300 | 12.68% | 6.44% |
| CitySpace Office Tower | - | 255 | 0.00% | 1.26% |
| St. Mary of the Seven | 315 | 27 | 0.19% | 0.13% |
| Nashville City Center | - | 850 | 0.00% | 4.21% |
| Wildhorse Saloon | 1,600 | 210 | 0.96% | 1.04% |
| <u>Ryman Auditorium</u> | <u>1,450</u> | <u>230</u> | <u>0.87%</u> | <u>1.14%</u> |
| Total Commercial | 54,974 | 6,372 | 33.03% | 31.54% |
| State of Tennessee | | | | |
| Andrew Jackson | 60,403 | 1,425 | 36.29% | 7.05% |
| Cordell Hull | (1) | 498 | (1) | 2.47% |
| John Sevier | (1) | 404 | (1) | 2.00% |
| War Memorial | (1) | 704 | (1) | 3.49% |
| Library & Archives | (1) | 156 | (1) | 0.77% |
| Supreme Court | (1) | 78 | (1) | 0.39% |
| State Capitol | (1) | 222 | (1) | 1.10% |
| James K Polk | 14,560 | 1,309 | 8.75% | 6.48% |
| Citizen's Plaza | 7,350 | 788 | 4.42% | 3.90% |
| Tennessee Tower | 12,165 | 1,760 | 7.31% | 8.71% |
| Tennessee State University | 5,405 | - | 3.25% | 0.00% |
| Legislative Plaza | (1) | (2) | (1) | (2) |
| Rachel Jackson | (1) | (1) | (1) | (1) |
| Total State (3) | 99,883 | 7,344 | 60.01% | 36.36% |
| Metropolitan Government | | | | |
| A. A. Birch/Ben West | 13,800 | 1,050 | 8.29% | 5.20% |
| Metro Courthouse | 7,000 | 466 | 4.21% | 2.31% |
| Municipal Auditorium | 4,500 | 600 | 2.70% | 2.97% |
| Criminal Justice Center | 13,210 | 585 | 7.94% | 2.90% |
| Bridgestone Arena | 15,269 | 2,500 | 9.17% | 12.38% |
| Nissan Stadium | - | 1,500 | 0.00% | 7.43% |
| Hume Fogg School | 3,000 | 300 | 1.80% | 1.49% |
| Nashville Public Library | 8,374 | 700 | 5.03% | 3.47% |
| Music City Center | 47,500 | 5,820 | 28.54% | 28.81% |
| Total Metro | 112,653 | 13,521 | 67.69% | 66.94% |
| Additional Customers | | | | |
| 4th and Church Building | 6,606 | 660 | 3.97% | 3.27% |
| Schermerhorn Hall | 4,200 | 500 | 2.52% | 2.48% |
| Viridian Tower | - | 512 | 0.00% | 2.53% |
| Nashville Hyatt Place | 6,300 | 250 | 3.79% | 1.24% |
| 5th + Broadway (601 Commerce) | - | 1,200 | 0.00% | 5.94% |
| Hyatt Centric | - | 255 | 0.00% | 1.26% |
| Total Additional | 17,106 | 3,377 | 10.28% | 16.72% |
| TOTAL COMMITMENTS | 284,616 | 30,614 | 171.01% | 151.55% |
| Total Available Sales Capacity | 166,433 | 20,200 | | |
| Historic Peak Demand | 148,065 | 18,584 | | |
| Sales Diversity Factor | 74.60% | 66.54% | | |
| Diversified Sales Avail. | 24,622 | 2,429 | | |

Notes:

- (1) Included as part of Andrew Jackson capacity
- (2) Included as part of War Memorial capacity
- (3) Central Services has been demolished; demand for State remains unchanged

Projected Operating Results; Projected Revenues and Expenses

The following table sets forth the operating results for the past year of operations, and certain base case financial projections developed by Thermal Engineering Group, Inc. (TEG) for the succeeding five (5) years of operation of the System. The base case projections assume sales based on Customer Contracts existing as of the date hereof and not on sales of any remaining available capacity.

Forecast of Revenues and Expenses Fiscal Years Ended June 30

| | | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 |
|--------------------------|-----|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | Actual (5) | Budget | Projected (4) | Estimated | Estimated (6) | Estimated |
| Metro Funding Amount | (1) | \$ 586,100 | \$ 374,300 | \$ 384,500 | \$ 815,400 | \$ 49,700 | \$ 582,600 |
| Revenues | | <u>\$ 18,469,600</u> | <u>\$ 20,163,600</u> | <u>\$ 21,802,800</u> | <u>\$ 22,014,700</u> | <u>\$ 22,130,900</u> | <u>\$ 22,592,300</u> |
| Total Operating Revenues | | \$ 19,055,700 | \$ 20,537,900 | \$ 22,187,300 | \$ 22,830,100 | \$ 22,180,600 | \$ 23,174,900 |
| Total Operating Expenses | (2) | \$ 13,961,700 | \$ 16,226,600 | \$ 17,439,600 | \$ 17,486,700 | \$ 17,600,100 | \$ 17,715,900 |
| Net Revenues | | \$ 5,094,000 | \$ 4,311,300 | \$ 4,747,700 | \$ 5,343,400 | \$ 4,580,500 | \$ 5,459,000 |
| Total Debt Service | (3) | \$ 5,094,000 | \$ 4,311,300 | \$ 4,747,700 | \$ 5,343,400 | \$ 4,580,500 | \$ 5,459,000 |

Notes:

- (1) The Metro Funding Amount transferred annually represents the anticipated operational cost shortfall based on the projected revenues and expenses and therefore will be more or less than the amount actually required.
- (2) Operating expenses include transfers made to the EDS Repair and Replacement Fund.
- (3) Debt service amounts have been pro-rated on a 12-month fiscal year basis and are net of any interest earnings and capitalized interest payments. Total debt service includes potential obligations relative to approved capital budgets through FY22.
- (4) Fiscal Year 2024 Budget is under development and will need to be adjusted to recognize true-ups and transfers.
- (5) Fiscal Year 2022 Actual adjusted to include year-end Customer True-Up. Metro Funding Amount includes funds from the Undesignated Fund Balance in FY22.
- (6) Assumes the FOC costs in FY26 is equal to the escalated value of current operating contract for the SO.

Subsequent to the close of the fiscal year, certain estimated operating expenses and costs charged to system customers must be adjusted to reflect actual cost. This Annual Customer True-up is required to determine variances between budget and actual for purposes of customer invoicing. As a result, the Forecast of Revenues and Expenses do not necessarily reflect the audited financial statements.

Based on the experience of TEG, and the information made available to it by way of historical operating data for the Metro Nashville District Energy System, TEG is of the opinion that the revenues projected to be derived from operation of the System are adequate to pay all operating expenses and provide a minimum debt service coverage on the District Energy System Revenue and Tax Refunding Bonds, Series 2012A of at least 1.00 over the term of the debt.