

## 90 Debt Service Funds-At a Glance

<b>Mission</b> Guided by responsibility and transparency, our Debt Management Program ensures prudent financial management and long-term capital sustainability. We commit to minimizing costs, maximizing value, and safeguarding our community's fiscal health through clear objectives and adherence to legal standards. Three funds are used to account for this debt:			
25104 Schools Debt Service Fund 20115 GSD Debt Service Fund 28315 USD Debt Service Fund			
<b>Budget Summary</b>			
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>Expenditures and Transfers:</b>			
Debt Service Funds	\$414,180,400	\$410,900,600	\$436,894,300
<b>Total Expenditures and Transfers</b>	<u>\$414,180,400</u>	<u>\$410,900,600</u>	<u>\$436,894,300</u>
<b>Revenue and Transfers:</b>			
Program Revenue			
Charges, Commissions, and Fees	\$0	\$0	\$0
Other Governments and Agencies	4,921,900	4,921,900	4,921,900
Other Program Revenue	0	0	0
Total Program Revenue	<u>\$4,921,900</u>	<u>\$4,921,900</u>	<u>\$4,921,900</u>
Non-Program Revenue	\$394,065,700	\$392,442,200	\$418,638,500
Transfers from Other Funds and Units	85,254,400	13,536,500	13,333,900
<b>Total Revenue and Transfers</b>	<u>\$484,242,000</u>	<u>\$410,900,600</u>	<u>\$436,894,300</u>
<b>Expenditures per Capita</b>	\$575.98	\$563.26	\$591.54
<b>Position</b>	Total Budgeted Positions	0	0
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These funds are administered by the Department of Finance and have no separate organization chart.

### Debt Service Expenditures by District & Fund

<u>Source Description</u>	<u>FY 2024 Budget</u>	<u>FY 2024 Actual</u>	<u>FY 2025 Budget</u>	<u>FY 2026 Budget</u>
GSD - General Services District				
20115 GSD Debt Service	\$257,208,800	\$265,159,846	\$258,290,600	\$286,917,300
25104 MNPS Debt Service	<u>136,782,600</u>	<u>134,804,459</u>	<u>133,194,300</u>	<u>133,694,300</u>
Total GSD	\$393,991,400	\$399,964,305	\$391,484,900	\$420,611,600
USD - Urban Services District				
28315 USD Debt Service	<u>\$ 20,189,000</u>	<u>\$ 19,991,370</u>	<u>\$ 19,415,700</u>	<u>\$ 16,282,700</u>
Total USD	\$ 20,189,000	\$ 19,991,370	\$ 19,415,700	\$ 16,282,700
Total General Obligation Debt Service – GSD+USD	<u>\$414,180,400</u>	<u>\$419,955,675</u>	<u>\$410,900,600</u>	<u>\$436,894,300</u>

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## Budget Highlights FY 2025

The recommended budget services outstanding debt issues. Currently, Metro has approximately \$1,900,439,977 in un-issued general obligation bonds authorized for capital spending plans in Fiscal Years 2010 through 2025.

### Overview

**Debt Financing:** Periodically, Metro borrows money to provide long-term financing for capital improvement projects that are included in the Capital Spending Plan by issuing (or selling) bonds and notes, which are written promises to repay the debt at certain times and with certain interest to bondholders/investors. The specific improvements to be financed are listed in the legislation that authorizes the debt. The proceeds from the sale of the debt are used to pay off commercial paper that provides short-term financing for those improvements.

Debt service is the process of repaying those bonds and notes, and their interest, over time to bondholders/ investors. A portion of the principal is repaid each year between issuance and maturity. The maturity dates of bonds approximately match the lives of the projects they fund.

Metro does not issue long-term debt to finance operating expenditures or deficits.

**Types of debt:** Debt generally falls into the following categories:

- General obligation (GO) debt is payable from taxes, and is backed by the full faith, credit, and taxing power of the government. There is no legal limit to Metro's use of general obligation debt, although issuance requires passage of a Council resolution. Only general obligation debt is repaid from the three debt service funds (25104, 20115, and 28315).
- Revenue debt is often used to finance projects that will generate revenue. Part of the revenue generated by a project is used to service the debt on the project. It is accounted for through the enterprise or internal service fund that develops the capital project and receives its revenues.
  - Limited obligation revenue debt normally operates as revenue debt but is backed by certain non-property-tax revenues (defined in the bond covenants) in the event that there are not sufficient revenues to service the debts.

Interest earned by our bondholders/investors is generally held to be exempt from federal and Tennessee taxation.

**Structure:** Metro's outstanding debt takes three forms:

- Bonds - Long-term debt that usually matures over a period of 20-30 years.
- Notes - Medium-term debt that is issued between 1 to 10 years.
- Commercial paper – Short-term general obligations with flexible maturities ranging from 1 to 270 days, issued as cash when needed in blocks of \$100,000 plus \$1,000 increments.

Notes and commercial paper often provide interim financing and are retired by issuing long-term bonds.

Many bonds have "call options" which are provisions that allow Metro to redeem the debt before its scheduled maturity. Periodically a call option is exercised, and the bond is refunded by issuing new debt with similar maturity to lower the cost of debt. The lower bond interest saves Metro money over the remaining life of the bond issue.

**Legal Limitations:** There is no legal debt margin limitation on GSD debt. Section 7.08 of the Charter limits the USD total net bonded indebtedness payable from USD ad valorem taxes, after deduction of sinking funds for the payment of principal, to 15% of the USD assessed valuation of taxable property. On June 30, 2024, the taxable property was valued at \$38 billion, so the 15% limit was \$5.7 billion. With only \$110.5 million of applicable debt (0.29% of valuation), the margin was \$5.59 billion.

**Bond Ratings:** Metro holds excellent investment-grade ratings from three independent rating agencies (Moody's Aa2, Standard & Poor's AA+, and Kroll Bond Rating Agency AA+). These ratings are based on both the city's financial health and available reserves for paying off debt. Each agency has its own rating methodology; ratings of the three agencies cannot necessarily be compared to each other. For explanations of the ratings, visit each agency's web site.

**Debt Policies:** The following guidelines are used in managing debt service funds:

- USD general obligation debt is subject to the legal limitation noted above.
- Debt is not issued above the capacity provided by current revenue sources (including property taxes at the current rate) plus anticipated normal growth; debt is not issued in anticipation of a not-yet-approved property tax increase.
- When planning for future debt capacity, normal revenue growth is projected conservatively.
- The financing of an improvement will not exceed its useful life. In a multi-purpose bond package, the package maturities will reflect the mix of project lives funded by the package; the average life of the bonds cannot exceed the average life of the projects.
- New general obligation issues are sold by competitive bid in a public offering; the bonds are awarded to the bidder with the lowest true interest cost.
- Bond issues may be considered for refunding to reduce the cost of debt or to restructure debt service. The term of the refunding bonds will target a structure that does not materially extend the bonds being refunded. Refunding Bonds may be sold either by negotiated sale or by competitive public offering.

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**Debt Service Fund Balance:** The Debt Service Fund Balance shall have a Minimum Target of 50% of the Budgeted Debt Service in each governmental fund. Or, if determined by the Finance Director, and amount no greater than 3% above the Minimum Target that is sufficient to minimize, if not avoid, the need for annual cash flow Tax Anticipation Note ("TAN") borrowings.

**Revenue Sources:** Revenues for all three funds are detailed in the budget ordinance. The GSD and USD Debt Service Funds (funds 20115 & 28315) and the Schools Debt Service Fund (fund 25104) are funded primarily by a dedicated portion of the property tax levies. The Schools Debt Service Fund (fund 25104) also receives substantial school-related sales taxes.

**Capital Expenditures and the Budget:** The discussion of Capital Improvements in Appendix 3 of this book describes how these funds relate to the operating budget.

**Recent Bond Issues:** The Recent Bond Issues table summarizes recent bond issues. Note that only the general obligation issues are serviced through the GSD, USD, and Schools Debt Service funds; the revenue issues are serviced through non-tax sources. Future debt service requirements are listed on the next page.

**Comparative Debt Statistics:** The Comparable Debt Statistics table uses standard indicators to measure debt burden levels and trends.

### Comparative Debt Statistics

Fiscal Year	Net Debt to Assessed Valuation		Net Debt Per Capita	Debt Service to Total Expenditures
	GSD	USD		
2015	11.46%	1.25%	3,452	9.6%
2016	12.91%	1.23%	3,910	9.4%
2017	14.16%	1.15%	4,380	9.4%
2018	9.14%	0.70%	4,104	10.0%
2019	10.66%	0.69%	4,934	10.5%
2020	9.75%	0.63%	4,498	12.0%
2021	10.88%	0.60%	5,090	11.1%
2022	7.44%	0.38%	4,633	10.8%
2023	7.88%	0.33%	5,350	11.2%
2024	7.13%	0.29%	4,880	10.0%

Source: Annual Comprehensive Financial Reports for each year

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Recent Bond Issues						
Issue	Date Issued	Orig Amount & Interest Rate	Maturity	Ratings*	Fund*	Comments
General Obligation Improvement Bonds Federally Taxable (BAB's), Series 2010B	06/10/10	\$252,005,000 5.71%	2010 to 2034	M: Aa2 S: AA+ K: AA+	G U S	Finance the retirement of a portion of the General Obligation Anticipation Notes (Commercial Paper), and general government projects.
Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (BAB-Direct Payment)	12/9/10	\$135,000,000 6.39 – 6.57%	2010 to 2037	M: Aa2 S: AA+	—	Finance the retirement of currently outstanding W&S Commercial Paper Bond Anticipation Notes and finance additional capital projects.
Water and Sewer Revenue Bonds Federally Taxable Series 2010C (Recovery Zone Economic Dev. Bonds)	12/9/10	\$75,000,000 6.69%	2010 to 2041	M: Aa2 S: AA+	—	Provide financing for Water system capital projects.
General Obligation Improvement Bonds Federally Taxable, Series 2012	08/15/12	\$6,440,000 3.367%	2027	M: Aa2 S: AA+ K: AA+	G	Finance the costs of certain public projects of the Metropolitan Government for qualified energy conservation improvements.
District Energy System Revenue and Tax Refunding Bonds, Series 2012A	08/15/12	\$47,450,000 2.00 – 5.00%	2013 To 2033	M: Aa2 S: AA+ K: AA+	U	Advance refund of outstanding Energy Production Facility Revenue Bonds.
General Obligation Extendable Commercial Paper Notes 2014 Program	07/01/14	Up to \$325,000,000 Variable	Up to 90 days issue with option to extend up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
General Obligation Refunding Bonds, Series 2015A	02/19/15	\$59,730,000 5%	2021 To 2026	M: Aa2 S: AA+ K: AA+	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2015B (Taxable)	02/19/15	\$103,980,000 .300 – 3.493%	2015 To 2029	M: Aa2 S: AA+ K: AA+	G U S	Advance refund of portions of outstanding bonds
General Obligation Improvement Bonds, Series 2015C	07/21/15	\$347,235,000 4.00 – 5.00%	2017 To 2028	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Refunding Bonds, Series 2016	06/01/16	\$343,975,000 2.00 – 5.00%	2017 To 2033	M: Aa2 S: AA+ K: AA+	G U S	Advance refund of portions of outstanding bonds.
General Obligation Improvement Bonds, Series 2017	02/02/17	\$455,540,000 4.00 – 5.00%	2018 To 2036	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes.
Water and Sewer Revenue Bonds, Series 2017A (Green Bonds)	11/02/17	\$89,420,000 5.00%	2021 To 2046	M: Aa2 S: AA+	—	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
Water and Sewer Revenue Bonds, Series 2017B	11/02/17	\$155,210,000 5.00%	2030 To 2046	M: Aa2 S: AA+	—	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
General Obligation Improvement Bonds, Series 2018	10/25/18	\$715,955,000 4.00 – 5.00%	2019 To 2038	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes, and to finance capital projects.
Water and Sewer Revenue Bonds, Series 2020A	04/08/20	\$169,575,000	2021 To 2030	M: Aa2 S: AA+	—	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund
Water and Sewer Revenue Bonds, Series 2020B	04/08/20	\$45,530,000	2021 To 2027	M: Aa2 S: AA+	—	Retire outstanding Water and Sewer commercial paper

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Recent Bond Issues						
Issue	Date Issued	Orig Amount & Interest Rate	Maturity	Ratings*	Fund*	Comments
General Obligation Refunding Bonds, Series 2021A	02/18/21	\$131,295,000	2021 To 2026	M: Aa2 S: AA+ K: AA+	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2021B	02/18/21	\$497,030,000	2021 To 2034	M: Aa2 S: AA+ K: AA+	G U S	Advance refund of portions of outstanding bonds.
General Obligation Improvement Bonds, Series 2021C	02/25/21	\$571,725,000	2022 To 2041	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Commercial Paper Series 2021	06/01/21	Up to \$375,000,000 Variable	Up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
Water and Sewer Revenue Bonds, Series 2021A (Green Bonds)	10/14/21	\$377,520,000	2022 To 2051	M: Aa2 S: AA+	—	Provide financing for water system capital projects.
Water and Sewer Revenue Refunding Bonds, Series 2021B (Green Bonds)	10/14/21	\$232,075,000	2022 To 2043	M: Aa2 S: AA+	—	Advance refund of portions of outstanding bonds.
Water and Sewer Revenue Commercial Paper Notes, Series 2022	01/11/22	Up to \$200,000,000 Variable	Up to 270 days after Issue	M: P-1 S: A-1+	—	Provide interim financing of various capital projects and refinance existing Water and Sewer commercial paper notes.
General Obligation Improvement Bonds, Series 2022A	08/04/22	\$328,545,000	2023 To 2042	M: Aa2 S: AA K: AA+	G U S	Retire outstanding General Obligation commercial paper, and to finance capital projects.
General Obligation Improvement Bonds, Series 2022B	08/04/22	\$282,565,000	2023 To 2042	M: Aa2 S: AA+ K: AA+	G U S	Provide financing for General Government capital projects.
General Obligation Commercial Paper Series 2024	05/02/24	Up to \$375,000,000 Variable	Up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
General Obligation Improvement Bonds, Series 2024A	10/17/24	\$266,700,000	2026 To 2034	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation commercial paper, and to finance capital projects.
General Obligation Improvement Bonds, Series 2024B	10/17/24	\$206,055,000	2035 To 2039	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes.
General Obligation Improvement Bonds, Series 2024C	10/17/24	\$314,850,000	2040 To 2045	M: Aa2 S: AA+ K: AA+	G U S	Retire outstanding General Obligation Commercial Paper Notes.
<p>* <b>Ratings:</b> M = Moody's, S = Standard &amp; Poor's, K = Kroll Bond Rating Agency.</p> <p>* <b>Fund:</b> This code shows the debt service fund(s) used to repay this issue. G = GSD, U = USD, S = Schools.</p>						

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GENERAL OBLIGATION BONDS PAYABLE	Bonds and Notes Payable at June 30, 2024					
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2024	
					Principal	Interests
<b>General Services District (GSD)</b>						
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	138,046,756	138,046,756	54,600,347
GSD G.O. Improvement Bonds (QECB Federally Taxable), Series 2012	3.367	Aug. 15, 2012	Aug. 1 2027	6,440,000	6,440,000	758,923
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	67,480,283	14,148,045	195,740
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	138,755,487	16,903,202	422,580
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	33,884,829	14,928,500	879,952
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	72,314,470	20,269,334	2,141,971
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	240,454,031	66,274,002	8,343,890
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	231,949,343	176,529,148	34,099,031
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	280,675,679	219,909,025	62,739,673
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	487,502,922	405,367,815	144,301,421
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	68,469,348	14,963,345	780,708
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	335,676,396	270,731,085	19,174,078
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	437,682,815	391,110,714	101,233,608
GSD G.O. Improvement Bonds, Series 2022A	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	188,369,349	172,803,058	76,576,875
GSD G.O. Improvement Bonds, Series 2022B	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	186,519,442	170,921,423	74,984,691
<b>Total General Obligation Bonds Payable For General Purposes</b>				<b>2,914,221,150</b>	<b>2,099,345,452</b>	<b>581,233,488</b>
<b>For School Purposes:</b>						
GSD G. O Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	70,516,649	70,516,649	27,890,788
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	62,161,564	13,032,912	180,310
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	82,814,365	10,088,453	252,210
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	22,804,914	10,047,067	592,219
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	30,240,838	8,476,333	895,742
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	97,563,777	26,890,553	3,385,520
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	78,790,586	60,019,620	11,583,059
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	171,785,733	134,593,900	38,399,411
GSD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	212,601,170	176,781,858	62,930,191
GSD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	52,656,403	10,944,190	563,692
GSD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	127,045,163	102,625,095	7,280,679
GSD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	123,318,568	110,196,726	28,522,901
GSD G.O. Improvement Bonds, Series 2022A	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	137,860,364	126,467,984	56,043,703
GSD G.O. Improvement Bonds, Series 2022B	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	95,686,007	87,684,096	38,467,764
<b>Total General Obligation Bonds Payable for School Purposes</b>				<b>1,365,846,101</b>	<b>948,365,436</b>	<b>276,988,189</b>
<b>Total General Obligation Bonds Payable - General Services District</b>				<b>4,280,067,251</b>	<b>3,047,710,888</b>	<b>858,221,677</b>

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GENERAL OBLIGATION BONDS PAYABLE	Bonds and Notes Payable at June 30, 2024					
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2024	
					Principal	Interests
URBAN Services District (USD)						
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	Jul. 1 2034	43,441,595	43,441,595	17,182,046
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul.1, 2024	7,471,610	1,566,511	21,671
USD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	Jul. 1, 2027	23,915,148	2,913,345	72,833
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015	Jul. 1, 2026	3,040,257	1,339,433	78,953
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	Jul. 1, 2029	1,424,692	399,333	42,200
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2028	8,531,298	2,351,399	296,041
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	27,571,610	20,978,154	4,053,322
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	2,538,666	1,989,041	567,470
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul.1, 2038	14,291,393	11,883,565	4,230,270
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	9,839,706	1,833,681	91,559
USD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	33,104,990	25,743,777	1,438,239
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1 2041	8,880,233	7,935,324	2,053,946
USD G.O. Improvement Bonds, Series 2022A	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	283,410	259,988	115,214
USD G.O. Improvement Bonds, Series 2022B	4.00 - 5.00	Aug. 3, 2022	Jan. 1, 2042	253	231	103
Total General Obligation Bonds Payable (governmental activities)				184,334,861	122,635,377	30,243,867
District Energy System Revenue Refunding Bonds, Series 2012A	2.000 - 5.000	Aug. 15, 2012	Oct. 1, 2033	47,450,000	28,405,000	6,607,350
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	Jul. 1, 2041	3,231,543	677,532	9,373
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.50	Jul. 21, 2015	Jul. 1, 2041	685,894	189,046	23,701
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	Jun.1, 2016	Jan. 1, 2033	5,663,461	4,313,078	832,586
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017	Jul. 1, 2036	539,922	423,034	120,690
USD G.O. Improvement Bonds, Series 2018	4.00 - 5.00	Oct. 25, 2018	Jul. 1, 2038	1,559,515	1,296,762	461,618
USD G.O. Refunding Bonds, Series 2021A	5.00	Feb. 18, 2021	Jul. 1, 2026	329,543	43,784	1,918
USD G.O. Refunding Bonds, Series 2021B (Taxable)	.121 - 1.786	Feb. 18, 2021	Jul. 1, 2034	1,203,451	1,190,043	120,629
USD G.O. Improvement Bonds, Series 2021C	1.75 - 5.00	Feb. 25, 2021	Jul. 1, 2041	1,843,384	1,647,236	426,364
USD G.O. Improvement Bonds, Series 2022A	4.00 – 5.00	Aug. 3, 2022	Jan. 1, 2042	2,031,877	1,863,970	826,009
USD G.O. Improvement Bonds, Series 2022B	4.00 – 5.00	Aug. 3, 2022	Jan. 1, 2042	359,298	329,250	144,448
Total General Obligation Bonds Payable (business-type activities)				64,897,888	40,378,735	9,574,686
Total General Obligation Bonds Payable - Urban Services District				249,232,749	163,014,112	39,818,653

## 90 Debt Service Funds-At a Glance

Bonds and Notes Payable at June 30, 2024						
REVENUE BONDS PAYABLE	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	June 30, 2024	
					Principal	Interests
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010B	6.393 - 6.568	Dec. 9, 2010	Jul. 1, 2037	135,000,000	135,000,000	77,889,836
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Seies 2010C	6.693	Dec. 9, 2010	Jul. 1, 2041	75,000,000	75,000,000	79,635,657
Dept of Water and Sewerage Revenue Bonds, Series 2017A (Green Bonds)	5.00	Nov. 2, 2017	Jul. 1, 2046	89,420,000	83,820,000	56,805,708
Dept of Water and Sewerage Revenue Bonds, Series 2017B	5.00	Nov. 2, 2017	Jul. 1, 2046	155,210,000	145,800,000	99,531,500
Dept of Water and Sewerage Revenue Bonds, Series 2020A	4.00	April 8, 2020	Jul. 1, 2045	169,575,000	158,370,000	84,284,375
Dept of Water and Sewerage Revenue Bonds, Series 2020B	5.00	April 8, 2020	Jul. 1 2027	45,530,000	27,850,000	2,285,250
Dept of Water and Sewerage Revenue Bonds, Series 2021A (Green Bonds)	2.625 - 5.00	Oct. 14, 2021	Jul. 1, 2051	377,520,000	364,905,000	204,391,625
Dept of Water Sewerage Rev. Refunding Bonds, Series 2021B (Green Bonds)	0.288 - 2.942	Oct. 14, 2021	Jul. 1 2043	232,075,000	226,655,000	63,720,982
<b>Total Revenue Bonds Payable - Department of Water and Sewerage</b>				<b>1,279,330,000</b>	<b>1,217,400,000</b>	<b>668,544,933</b>



# 90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2024

General Obligation Debt (Debt Service Funds GSD and SCH)

Fiscal Year	GSD Debt Service			GSD School Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2025	164,970,945	77,547,654	242,518,599	84,568,253	36,045,904	120,614,157
2026	160,776,391	71,430,451	232,206,842	70,294,817	33,072,781	103,367,598
2027	155,891,550	65,621,092	221,512,642	66,106,421	30,490,581	96,597,002
2028	158,632,905	59,361,520	217,994,425	64,831,608	27,805,532	92,637,140
2029	130,405,176	53,287,763	183,692,939	57,675,651	25,222,072	82,897,723
2030	135,322,141	47,976,710	183,298,851	59,639,409	22,841,082	82,480,491
2031	138,017,658	42,096,475	180,114,133	60,891,144	20,224,129	81,115,273
2032	143,973,279	36,092,580	180,065,859	64,394,074	17,523,593	81,917,667
2033	149,222,758	30,519,876	179,742,634	66,803,884	14,968,097	81,771,981
2034	126,529,465	25,143,173	151,672,638	58,879,855	12,422,271	71,302,126
2035	131,066,318	20,248,437	151,314,755	61,089,354	10,029,584	71,118,938
2036	98,903,362	15,964,661	114,868,023	46,643,702	7,954,170	54,597,872
2037	102,420,126	12,445,476	114,865,602	48,418,268	6,178,450	54,596,718
2038	83,889,582	9,232,614	93,122,196	36,685,912	4,602,666	41,288,578
2039	86,736,223	6,384,027	93,120,250	38,013,955	3,273,736	41,287,691
2040	52,296,478	4,178,913	56,475,391	23,086,747	2,220,308	25,307,055
2041	53,833,573	2,643,760	56,477,333	23,853,964	1,453,692	25,307,656
2042	26,457,522	1,058,305	27,515,827	16,488,418	659,541	17,147,959
Total	<b>2,099,345,452</b>	<b>581,233,488</b>	<b>2,680,578,940</b>	<b>948,365,436</b>	<b>276,988,189</b>	<b>1,225,353,625</b>

# 90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/2024

Department of Water and Sewerage Revenue Bonds and General Obligation Debt (USD Debt Service Fund)

Fiscal Year	Water Service (USD)			USD Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2025	34,195,000	51,664,383	85,859,383	17,390,802	6,519,784	23,910,586
2026	35,520,000	50,324,125	85,844,125	14,938,792	5,950,410	20,889,202
2027	36,930,000	48,892,605	85,822,605	16,082,029	5,440,436	21,522,465
2028	38,420,000	47,327,149	85,747,149	15,810,487	4,803,465	20,613,952
2029	40,790,000	45,565,391	86,355,391	12,839,173	4,149,096	16,988,269
2030	42,440,000	43,658,770	86,098,770	13,653,450	3,594,757	17,248,207
2031	44,170,000	41,653,645	85,823,645	14,136,198	2,955,915	17,092,113
2032	45,995,000	39,540,430	85,535,430	13,467,648	2,288,521	15,756,169
2033	47,925,000	37,311,795	85,236,795	13,933,358	1,676,329	15,609,687
2034	49,965,000	34,963,397	84,928,397	11,875,680	1,042,562	12,918,242
2035	52,115,000	32,524,983	84,639,983	8,864,327	542,744	9,407,071
2036	54,310,000	30,058,900	84,368,900	2,042,936	293,294	2,336,230
2037	56,555,000	27,530,789	84,085,789	2,111,605	224,599	2,336,204
2038	58,875,000	24,879,302	83,754,302	1,939,507	158,220	2,097,727
2039	61,190,000	22,166,363	83,356,363	2,004,822	92,836	2,097,658
2040	63,505,000	19,388,146	82,893,146	856,775	49,378	906,153
2041	65,900,000	16,488,316	82,388,316	877,463	28,747	906,210
2042	68,410,000	13,475,480	81,885,480	189,060	7,560	196,620
2043	51,990,000	10,907,539	62,897,539			
2044	54,100,000	8,798,200	62,898,200			
2045	41,555,000	6,816,300	48,371,300			
2046	43,415,000	4,964,975	48,379,975			
2047	33,850,000	3,259,950	37,109,950			
2048	18,070,000	2,263,931	20,333,931			
2049	18,550,000	1,783,294	20,333,294			
2050	19,040,000	1,289,925	20,329,925			
2051	19,550,000	783,431	20,333,431			
2052	20,070,000	263,419	20,333,419			
Total	1,217,400,000	668,544,933	1,885,944,933	163,014,112	39,818,653	202,832,765

# 90 Debt Service Funds-At a Glance

## Highlights from the Metropolitan Government of Nashville and Davidson County's Debt Management Policy

### Introduction

The debt programs for the Metropolitan Government include general obligation debt issued by the Metropolitan Government for which the Metropolitan Government has pledged its full faith and credit for the payment of both principal and interest; and (2) revenue debt issued by the Metropolitan Government for which the Metropolitan Government has pledged the revenues of one or more revenue-generating systems or facilities for the payment of both principal and interest. The Metropolitan Government's Sports Authority and Convention Center Authority are also issued by the Metropolitan Government. These policies will apply to all debt issued by the Metropolitan Government, except for revenue debt issued on behalf of Nashville Electric Service (NES).

These policies do not apply to the debt of any other instrumentality of the Metropolitan Government which is authorized to issue debt without the approval of the Metropolitan Council, including without limitation the Airport Authority, the Industrial Development Board, and the Health and Educational Facilities Board of the Metropolitan Government. Each of these instrumentalities is required to maintain debt management policies consistent with the requirements of applicable State law.

### Goals & Objectives

The Metropolitan Government maintains a debt policy as a tool to ensure that financial resources are adequate to meet the Metropolitan Government's long-term capital programs and financial planning. In addition, the Debt Management Policy (the "Policy") helps to ensure that financings undertaken by the Metropolitan Government satisfy certain clear objective standards designed to protect the Metropolitan Government's financial resources and to meet its long-term capital needs.

### Debt Management/General

A team from the Finance Department and advisors shall determine the details of all debt transactions to be proposed to and approved by the Metropolitan Council.

The debt management team, headed by the Metropolitan Treasurer, shall be responsible for administering Metro's debt programs, including monitoring ongoing compliance.

### Legal Requirements Regarding the Authorization, Use and Administration of Debt

1. Metropolitan Government financing will be conducted and maintained in accordance with applicable federal, state and local laws, including without limitation the requirements of:
  - a. Section 103 of the Internal Revenue Code, relative to tax-exempt debt obligations,
  - b. the Securities Act of 1933 and the Securities Exchange Act of 1934, relative to securities
  - c. The Constitution and laws of the State of Tennessee (including without limitation Title 9, Chapter 21, Tennessee Code Annotated (the "LGPOA"), and Title 7, Chapter 34, Tennessee Code Annotated (together, the "State Debt Statutes"), and
  - d. Metropolitan Charter and Code provisions.
2. No officer or agency shall be entitled to issue or incur any debt obligation without obtaining express approval thereof by resolution of the Metropolitan Council, in addition to any other requirements required by applicable law, including without limitation:
  - a. In the case of financings of public works projects pursuant to the LGPOA (other than school projected or LGPOA- defined "mandated projects"), the prior adoption by the Council of an initial resolution, the publication of the initial resolution, and in the case of general obligation bonds, the failure of voters to protest the initial resolution, as required by the LGPOA,
  - b. In the case of a refunding, the prior receipt from the Division of Local Government Finance of a report on plan of refunding
  - c. In the case of tax anticipation, bond anticipation, capital outlay or other notes, the approval of the Division of Local Government Finance, and
  - d. In the case of debt that meets the definition of "balloon indebtedness", the prior approval of the State Comptroller.
3. Debt authorizing resolutions shall be approved by the Finance Department, the Department of Law, and the Metropolitan Government's bond counsel, prior to their filing with the Metropolitan Council for consideration.
4. Prior to submitting a bond resolution to the Metropolitan Council for approval, a member of the debt management team will present to the Metropolitan Council the purpose of the financing, the estimated amount of the financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing.

# 90 Debt Service Funds-At a Glance

## Purpose and Use of Issuance Process

1. Debt may be issued for public purposes of the Metropolitan Government as permitted by the State Debt Statutes.
2. Debt may be used to finance capital projects authorized by resolutions of the Metropolitan Council and to fund costs of issuance, capitalized interest and debt service reserve.
3. Debt may only be used to fund operating expenditures in the form of tax anticipation notes, as contemplated by Title 9, Chapter 21, Part 8, Tennessee Code Annotated.
4. Prior to the issuance of bonds, bond anticipation notes may be issued for the payment of costs of projects.
5. Bonds may be issued to refinance outstanding debt.

## Security and Source of Payment

Pursuant to State Debt Statutes, the Metropolitan Government may issue general obligation bonds, which are direct general obligations of the Metropolitan Government payable as to both principal and interest from any funds or monies of the Metropolitan Government from whatever source derived. The full faith and credit of the Metropolitan Government is pledged to the payment of principal of and interest on all general obligation bonds. General obligation bonds may be additionally secured by a pledge of the revenues of one or more revenue-producing systems or facilities. Pursuant to State Debt Statutes, the Metropolitan Government may issue revenue bonds, which are limited obligations of the Metropolitan Government, payable solely from the revenues of one or more revenue-producing systems or facilities.

## Debt Capacity Assessment

**General Obligation** - During development and consideration of a capital-spending plan, impact of the resulting debt and debt service will be evaluated to determine appropriate level of debt to the overall financial position of the Metropolitan Government. To accomplish this evaluation, a calculation of the various metrics will be performed on existing debt as compared to projected debt resulting from capital-spending plan. An analysis of historical financial trends and current and projected economic factors will be considered in evaluation of the appropriate level of debt to be approved in a capital-spending plan.

**Revenue Bonds** – In considering the issuance of revenue debt, the Metropolitan Council will consider whether the revenues pledged to the repayment of the debt are sufficient to meet the revenue demands of the applicable system or facility, including any legal or contractual debt service coverage requirements, based on information provided by the debt management team and the Metropolitan Government's municipal advisor.

## Federal Tax Exemption

Due to its typically lower interest cost, the Metropolitan Government will seek to issue debt on a tax-exempt basis, when legally possible and when applicable restriction of federal tax law does not effectively offset the economic advantage of issuing tax-exempt debt. The debt management team will administer any tax-exempt debt in accordance with the post-issuance compliance policies described herein.

## Types of Debt

Each type of debt listed below (i) may be issued to finance capital expenditures or to refinance outstanding bonds, notes or other debt obligations; and (ii) may be issued as general obligation bonds or revenue bonds. Each type of debt may be structured with interest payments on a fixed or variable rate basis:

- a. Fixed-Rate Long-Term Debt
- e. Variable Long-Term Debt
- f. Short-Term Debt
- g. Bonds
- h. Bond Anticipation Notes
- i. Tax and Revenue Anticipation Notes
- j. Capital Outlay Notes
- k. Government Financings Programs
- l. Financing Leases

## Debt Management Structure

1. The Metropolitan Government shall establish by resolution all terms and conditions relating to the issuance of debt and will invest all proceeds pursuant to the terms of the Metropolitan Government's authorizing resolution and the Metropolitan Government's investment policy.
2. Term: The average life of any debt will not exceed the weighted average lives of the projects financed thereby, and the final maturity of debt will be limited to 30 years after the date of issuance, unless otherwise specifically approved by the Metropolitan Council in the debt authorizing resolution.

## **90 Debt Service Funds-At a Glance**

3. Debt Service Structure: Debt will be structured to amortize in a manner that does not result in the debt constituting "balloon indebtedness" as defined below, without first complying with the Balloon Indebtedness provisions set forth below.
4. Call Provisions: Call features should be structured to provide maximum flexibility relative to cost. The Metropolitan Government will avoid the sale of long-term non-callable bonds absent careful evaluation by the Metropolitan Government with respect to the value of the call option.
5. Original Issuance Discount/Premium: Where applicable, debt will be issued at a premium or discount based on market conditions, the goal of minimizing true interest cost, and the goal of preserving the value of future refunding opportunities.
6. Capitalized Interest: From time to time certain financings may benefit from the use of capitalized interest. Interest may be financed (capitalized) through a period permitted by federal law, State Debt Statutes, and the authorizing resolution of the Metropolitan Council if it is determined that doing so is in the Metropolitan Government's best interest.
7. Debt Service Reserve Funds: If the Metropolitan Council determines whether it is necessary or advisable to fund a debt service reserve fund in connection with revenue debt, it may agree to fund such a reserve. The size of any debt service reserve fund established in connection with the tax- exempt debt will follow the applicable federal tax rules.

### **Balloon Debt**

The Metropolitan Government will not present to the Metropolitan Council a resolution authorizing the issuance of debt that would now constitute "balloon indebtedness," as defined by Tennessee Code Annotated Section 9-21-133, without first submitting a plan of balloon indebtedness to the State Comptroller and, provided the Comptroller responds within the time frame set forth in Tennessee Code Annotated Section 9-21-133, receiving his or her approval thereof and report thereon. The plan of balloon indebtedness and the Comptroller's report and approval (if applicable) shall be presented to the Metropolitan Council prior to its consideration of the debt authorizing resolution.

### **Refinancing Outstanding Debt**

1. The Department of Finance and the Metropolitan Government's Municipal Advisor shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Municipal Advisor will regularly conduct an analysis of all refunding candidates to identify potential refunding candidates from the outstanding bond maturities.
2. The Metropolitan Government will consider the following issues when analyzing possible refunding opportunities:
  - Debt Service Savings
  - Term of Refunding Bonds

### **Methods of Sale**

The Metropolitan Government will use one of three methods of sale of debt: competitive, negotiated, and private placement. Metro will use the method it deems most effective to market, price, and place its bonds. The Metropolitan Government will consider other worthy policy goals, such as previous commitments to the encouragement of greater participation in the underwriting syndicate by minority, women-owned, and disabled veteran enterprises firms in its method of sale decision while evaluating bond financing costs.

### **Bond Rating Agency Strategy**

Metro's use of rating agencies is determined on a deal-by-deal, credit -by-credit basis. Metro retains discretion to determine the number and the specific rating agency firms (if any) to use on any specific financing. Metro will maintain good communication with bond rating agencies about its financial condition. This effort will include providing periodic updates on Metro's general financial condition, as requested, and coordinating meetings and presentations in conjunction with a new debt issuance. Metro will continually strive to maintain, and improve where applicable, its bond ratings by improving financial policies, budgets, forecasts, and the financial health of Metro.

### **Credit Enhancements**

The Metropolitan Government shall seek to use credit enhancement (letters of credit, liquidity agreements, bond insurance, etc.) when such credit enhancement strengthens its creditworthiness and/or achieves a lower cost of borrowing. Selection of credit enhancement providers shall be subject to the approval of the Finance Director in consultation with the Metropolitan Government's Municipal Advisor. The Metropolitan Government will consider the use of credit enhancement on a case-by-case basis. The debt management team or Municipal Advisor will conduct a cost-benefit analysis to determine whether to use credit enhancement. If the analysis of the entire bond issue as well as individual maturities demonstrate that it is not cost effective to use an enhancement, Metro may choose to issue the bonds unenhanced.

# 90 Debt Service Funds-At a Glance

## Risk Assessment

1. The Office of the Treasurer will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The Finance Department will evaluate all proposed transactions for consistency with the objectives and constraints of the Policy.
2. At a minimum, the following risks are assessed before issuing debt:
  - a. Change in Public/Private Use
  - b. Default Risk
  - c. Liquidity Risk
  - d. Interest Rate Risk
  - e. Rollover Risk

## Transparency

The Metropolitan Government complies with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance will be considered.

All costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner.

## Professional Services

1. The Metropolitan Government requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Metropolitan Government. This includes "soft" costs or compensations in lieu of direct payments.
2. Issuer's Counsel: The Metropolitan Government will enter into an engagement letter agreement with each lawyer or law firm representing the Metropolitan Government in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Metropolitan Department of Law who serves as counsel to the Metropolitan Government.
3. Bond Counsel: Bond counsel is contracted by the Metropolitan Department of Law and serves to assist the Metropolitan Government in all its general obligations and revenue debt issues.
4. Municipal Advisor: The Municipal Advisor is contracted by the Office of the Treasurer and serves and assists the Metropolitan Government on financial matters. The Municipal Advisor will be subject to a fiduciary duty which includes a duty of loyalty and a duty of care.
5. Disclosure Counsel: The Metropolitan Government may choose to engage counsel to act as disclosure counsel to the Metropolitan Government to assist the Metropolitan Government in preparing all of its primary offering and reoffering documents, continuing disclosure undertakings, bond purchase agreements, and to assist the Metropolitan Government in developing policies and procedures regarding its primary and secondary market disclosure obligations, including continuing disclosure compliance obligations.

## Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Metropolitan Government shall be required to disclose to the Metropolitan Government existing client and business relationships between and among the professionals to a transaction (including but not limited to municipal advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators and other issuers whom they may serve. This disclosure shall include that information reasonably sufficient to allow the Metropolitan Government to appreciate the significance of the relationships.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform, are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

## Post-Closing Regulatory Compliance and Debt Administration

1. Federal Tax Compliance: The Department of Finance has adopted Federal Tax Compliance Policies and Procedures regarding the administration of all of its tax-exempt and tax-advantaged debt. The Finance Department will comply with these Federal Tax Compliance Policies and Procedures, as they may be amended from time to time.
2. Investment of Debt Proceeds: Any debt proceeds will be deposited with the Metropolitan Treasurer's Office. The proceeds shall be invested in permitted investments pursuant to the Metropolitan Government's investment policy, applicable provisions of State law and governing debt documents.

## **90 Debt Service Funds-At a Glance**

3. Continuing Disclosure: The Metropolitan Government will comply with Securities Exchange Act Rule 15c2-12, by timely providing financial information, operating data, and event notices, as set forth in any continuing disclosure undertaking entered into in connection with debt.

### **Reporting Schedule**

In accordance with the Metropolitan Code of Ordinance section 5.04.110 the Department of Finance shall prepare quarterly reports and an annual report on the Metropolitan Government's outstanding debt. The Director of Finance shall submit the annual report to the Metropolitan Council providing a summary of the Metropolitan Government's outstanding debt no later than May 1, of each year. Such a report shall be presented to the Metropolitan Council in conjunction with the presentation of the mayor's proposed operating budget.