



Metropolitan Council

**PROPOSED SUBSTITUTE
ORDINANCE, SUBSTITUTE
RESOLUTION, AMENDMENTS
TO ORDINANCES, AND
SECOND SUBSTITUTE
ORDINANCE TO BE FILED WITH
THE METRO CLERK
FOR THE COUNCIL MEETING OF
TUESDAY, JULY 3, 2018**

SUBSTITUTE ORDINANCE NO. BL2018-1197

An ordinance approving the plans for a ~~Construction and Demolition~~ solid waste processing facility to be located at 4648 Ashland City Highway, Nashville, TN 37218.

WHEREAS, on May 2, 2017, the Council for the Metropolitan Government of Nashville and Davidson County adopted Ordinance No. BL2017-646 making applicable to Metropolitan Government the provisions of Part 7 of Chapter 211 of Title 68 of the Tennessee Code Annotated to require local approval of landfills, solid waste disposal facilities and solid waste processing facilities prior to the construction of such facilities; and

WHEREAS, Tenn. Code Ann. §68-211-701 provides that no construction shall be initiated for any new landfill for solid waste disposal or for solid waste processing until the plans for such new landfill have been submitted to and approved by the county legislative body or governing body of the municipality in which the proposed landfill is located; and

WHEREAS, Resource Capture, Inc. located at 3524 Murphy Road, Nashville, TN 37205 has submitted an application, with plans, for a solid waste processing facility to the Tennessee Department of Environment and Conservation, Division of Solid Waste Management. The application with plans, attached hereto as an exhibit, has been forwarded to the Department of Public Works for the Metropolitan Government of Nashville and Davidson County; and

WHEREAS, the proposed facility consists of a ~~Construction & Demolition~~ processing facility to be located at 4648 Ashland City HWY, Nashville, TN 37218 (Parcel ID 06800002700), upon a parcel zoned AR2A and not within the 100 year floodplain. If approved, the facility would accept the following dry materials: food waste; and

WHEREAS, the amount of waste to be handled, processed and/or stored by the proposed facility totals 30 tons per day, with a maximum storage capacity of 30 cubic yards; and

WHEREAS, pursuant to Tenn. Code Ann. §68-211-703, public notice of the proposed facility has been properly circulated by the Metropolitan Clerk within the geographical area of the proposed facility landfill by publication in a local newspaper of general circulation, and such notice has included all information set forth in Tenn. Code Ann. §68-211-703(b); and

WHEREAS, all provisions for a public hearing set forth within Tenn. Code Ann. §68-211-703, et seq. have been complied with as of second reading of this ordinance; whereupon the Council for the Metropolitan Government of Nashville and Davidson County acted within thirty (30) days of such public hearing, or the opportunity therefor, to approve or disapprove the proposed new construction; and

WHEREAS, pursuant to Tenn. Code Ann. §68-211-704, the Metropolitan Council duly considered the following criteria in evaluating the construction of any new landfill for solid waste disposal or for solid waste processing: (1) the type of waste to be disposed of; (2) the method of disposal to be used; (3) the projected impact on surrounding areas from noise and odor created; (4) the projected impact on property values on surrounding areas; (5) the adequacy of existing roads and bridges to carry the increased traffic projected to result; (6) the economic impact on the county, city or both; (7) the compatibility with existing development or zoning plans; and (8) any other factor which may affect the public health, safety or welfare.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVODSON COUNTY:

Section 1. That the plans for the solid waste processing facility, consisting of an anaerobic digestion facility to be located at 4648 Ashland City HWY, Nashville, TN 37218 (Parcel ID 06800002700) as set forth in the exhibit hereto, are hereby approved.

Section 2. The Solid Waste Region Board and Board of Zoning Appeals, upon the enactment and approval of this ordinance, may process related permit applications, and the applicant may otherwise pursue approval through local, state and federal agencies.

Section 3. This ordinance shall take effect immediately after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

INTRODUCED BY:

John Cooper

Burkley Allen
Members of Council

SUBSTITUTE RESOLUTION NO. RS2018-1254

The Metropolitan Government of
Nashville and Davidson County
(Tennessee)

Resolution authorizing and providing for the issuance and sale of water and sewer revenue bond anticipation notes in an amount not to exceed \$200,000,000 at any one time in the form of commercial paper of The Metropolitan Government of Nashville and Davidson County; authorizing and providing for one or more dealer agreements, issuing and paying agency agreements, and credit facility agreements; and providing for certain other matters related thereto

Adopted ~~June~~July ____, 2018

Substitute Resolution No. RS2018-1254

Resolution authorizing and providing for the issuance and sale of water and sewer revenue bond anticipation notes in an amount not to exceed \$200,000,000 at any one time in the form of commercial paper of The Metropolitan Government of Nashville and Davidson County; authorizing and providing for one or more dealer agreements, issuing and paying agency agreements, and credit facility agreements; and providing for certain other matters related thereto

WHEREAS, under the provisions of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") is authorized to issue and sell from time to time its water and sewer revenue bonds, and in anticipation thereof to issue and sell from time to time water and sewer revenue bond anticipation notes, to finance capital improvements to the Metropolitan Government's water and sewer system (the "System", as more fully defined herein) and related costs; and

WHEREAS, in order to provide financing for the cost of capital improvements to the System and related costs for which water and sewer revenue bonds and bond anticipation notes have been authorized to be issued and sold, the Metropolitan County Council deems it advisable and in the best interests of the Metropolitan Government to provide at this time for the issuance and sale from time to time of water and sewer revenue bond anticipation notes of the Metropolitan Government, in the form of commercial paper; and

WHEREAS, the Metropolitan County Council (the "Metropolitan Council") adopted Resolution R85-762 on November 5, 1985, as supplemented and amended, including without limitation as supplemented and amended by Substitute Resolution No. R93-770 of the Metropolitan Council (collectively, the "Senior Lien Bond Resolution"), authorizing the Metropolitan Government's outstanding, to the extent outstanding, Water and Sewer Revenue Refunding Bonds, Series 2008A (the "Senior Lien Bonds"); and

WHEREAS, pursuant to the Second Senior Lien Bond Resolution (as hereinafter defined), there shall be no other bonds issued pursuant to the Senior Lien Bond Resolution; and

WHEREAS, the Metropolitan Council on November 16, 2010 adopted Substitute Resolution No. RS2010-1442 (the "Second Senior Lien Bond Resolution"), authorizing the issuance from time to time of water and sewer revenue bonds upon the adoption by the Metropolitan Council of a supplemental resolution, payment of which bonds shall be subordinate to the lien of the Senior Lien Bonds; and

WHEREAS, the Second Senior Lien Bond Resolution was supplemented and amended by the Metropolitan Council on November 16, 2010 by Substitute Resolution No. RS2010-1443, for the purpose of authorizing the issuance of the Metropolitan Government's Water and Sewer Revenue Refunding Bonds, Series 2010A, Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment), Water and Sewer Revenue Bonds Federally Taxable, Series 2010C (Recovery Zone Economic Development Bonds) and Water and Sewer Revenue Refunding Bonds Federally Taxable, Series 2010D (collectively, the "Series 2010 Bonds") under the authority of the Second Senior Lien Bond Resolution; and

WHEREAS, the Second Senior Lien Bond Resolution was further supplemented and amended by the Metropolitan Council (i) on March 19, 2013 by Resolution No. RS 2013-621, for the purpose of authorizing the issuance of the Metropolitan Government's Water and Sewer Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), and (ii) on October 3, 2017 by Resolution No. RS 2017-902, for the purpose

of authorizing the issuance of the Metropolitan Government's Water and Sewer Revenue Bonds, Series 2017A (Green Bonds) and Water and Sewer Revenue Bonds, Series 2017B (together, the "Series 2017 Bonds" and, together with the Series 2010 Bonds, the Series 2013 Bonds and any bonds, notes or other debt obligation hereafter issued on parity therewith, the "Second Senior Lien Bonds") under the authority of the Second Senior Lien Bond Resolution; and

WHEREAS, the Metropolitan Council on December 20, 2011 adopted Resolution No. RS2011-114 (the "Subordinate Lien Bond Resolution"), authorizing the issuance from time to time of water and sewer revenue bonds upon the adoption by the Metropolitan Council of a supplemental resolution, payment of which bonds shall be subordinate to the lien of the Senior Lien Bonds and the Second Senior Lien Bonds; and

WHEREAS, the Subordinate Lien Bond Resolution was supplemented and amended by the Metropolitan Council on December 20, 2011 by Resolution No. RS RS2011-115, for the purpose of authorizing the Metropolitan Government's Subordinate Lien Water and Sewer Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds" and, together with any bonds, notes or other debt obligation hereafter issued on parity therewith, the "Subordinate Lien Bonds"); and

WHEREAS, as required by Tennessee Code Annotated Sections 9-21-301 et seq., the Metropolitan Council adopted (i) Resolution No. RS2009-994 on October 20, 2009, preliminarily authorizing the issuance of up to \$500,000,000 of water and sewer revenue bonds; and (ii) Resolution No. RS2013-620 on March 19, 2013, preliminarily authorizing the issuance of up to \$500,000,000 of additional water and sewer revenue bonds (collectively, the "Current Initial Resolutions"); and

WHEREAS, the Metropolitan Council on April 7, 2015 adopted Resolution No. RS2015-1417, as supplemented and amended by the Metropolitan Council by resolution adopted on the date hereof, authorizing the issuance from time to time of up to \$100,000,000 in par amount outstanding at any time of its Water and Sewer Revenue Extendable Commercial Paper Notes (the "Extendable Notes"), for the purpose of financing capital improvements to the System; and

WHEREAS, the Metropolitan Government hereby desires to authorize its Water and Sewer Revenue Commercial Paper Notes (the "Commercial Paper Notes") for the purpose of financing capital improvements to the System; and

WHEREAS, the Metropolitan Government further hereby desires to authorize the execution and delivery of agreements in connection with the notes authorized hereunder; and

NOW, THEREFORE, BE IT RESOLVED by the Metropolitan County Council of The Metropolitan Government of Nashville and Davidson County, as follows:

ARTICLE I
DEFINITIONS; AUTHORITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, including the preambles hereto, have the following respective meanings:

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

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

"Bank" means a provider of a Facility and any successor and assign.

"Bank Note" means a promissory note issued by the Metropolitan Government to the order of a Bank, evidencing and securing all loans or advances made by such Bank under its Facility to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon, under and in accordance with such Facility.

"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 water and sewer revenue bonds of the Metropolitan Government authorized on a preliminary basis by the Initial Resolutions.

"Book-Entry Commercial Paper Notes" means Commercial Paper Notes issued in book-entry only form through the Depository pursuant to Section 2.03.

"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 or the city in which the office of any Bank at which requests for funds under a Facility are required to be presented, 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 Commercial Paper Notes, 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.

"Commercial Paper Fund" means each special purpose trust fund established pursuant to Section 2.06 and to be held by the Issuing and Paying Agent.

"Commercial Paper Notes" means water and sewer revenue bond anticipation notes of the Metropolitan Government issued in the form of commercial paper in anticipation of the issuance of Bonds in accordance with Section 2.01 hereof.

"Commercial Paper Program" means a program of the Metropolitan Government consisting of the issuance from time to time of Commercial Paper Notes pursuant to the terms of this Resolution.

"Costs" shall mean any of the costs of Projects permitted to be financed by the Act.

"Dealer" means Morgan Stanley & Co. LLC, and any other dealer for the Commercial Paper Program or any successor to any of them appointed pursuant to this Resolution.

"Dealer Agreement" means each Dealer Agreement authorized by Section 5.01, 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 Commercial Paper Program.

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

"Director of Finance" means the Director of Finance of the Metropolitan Government appointed pursuant to the provisions of the Charter of the Metropolitan Government or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Finance.

"Director of Law" means the Director of Law of the Metropolitan Government appointed pursuant to the provisions of the Charter of the Metropolitan Government or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Law.

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

"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.

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

"Facility" means a letter of credit (and, to the extent the context may require, the accompanying reimbursement agreement), revolving credit agreement, line of credit or other credit support or mechanism delivered, made, entered into or otherwise obtained for the purpose of securing the payment of principal of and (if applicable) interest on the Commercial Paper Notes or any substitute Facility and includes the agreement providing for a Facility authorized pursuant to Section 4.06 hereof, including any similar agreement which provides for a substitute Facility pursuant to Section 4.06.

"Holder" means any Person who is in possession of any Commercial Paper Notes issued or endorsed to such Person or to the order of such Person or to bearer or in blank and the owner of any Bank Note; provided, however, that "Holder", when used with reference to Book-Entry Commercial Paper Notes 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 Section 2.03(b).

"Initial Bank" means State Street Bank and Trust Company.

"Initial Facility" means, collectively, the Letter of Credit issued pursuant to the Reimbursement Agreement between the Metropolitan Government and the Initial Bank and the Reimbursement Agreement between the Metropolitan Government and the Initial Bank.

"Initial Resolutions" means, collectively, (i) the Current Initial Resolutions; and (ii) future initial resolutions adopted by the Metropolitan County Council of the Metropolitan Government for the purpose of financing capital improvements to the System; provided that any future initial resolution must first be published as prescribed by the Act.

"Issuing and Paying Agency Agreement" means the Issuing and Paying Agency Agreement authorized by Section 5.02, as the same may be amended or supplemented, and any other issuing and paying agency agreements 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 Commercial Paper Program.

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

"Loan Date" means a Business Day on which a Bank is required to loan or advance funds to the Metropolitan Government pursuant to a Facility to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon.

"Master Note" means a master note issued pursuant to Section 2.03.

"Maximum Rate" means, as of any time, with respect to any Commercial Paper Notes and the Bank Note, the lesser of 12% or the maximum rate permitted by 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 Commercial Paper Notes 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.

"Operation and Maintenance Expenses" shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include payments in lieu of taxes or any reserve for renewals or replacements or any allowance for depreciation or amortization, and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of the Metropolitan Government which are properly allocable to the System.

"Original Commercial Paper Notes" means Commercial Paper Notes issued for a purpose described in clause (i) of Section 2.02.

"Original Resolution" shall have the meaning ascribed in the preamble.

"Outstanding" means, when used as of any particular time with reference to Commercial Paper Notes, all Commercial Paper Notes and any Bank Note (to the extent evidencing loans or advances made under a Facility) theretofore or thereupon issued pursuant to this Resolution except (i) Commercial Paper

Notes theretofore canceled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation; (ii) Commercial Paper Notes with respect to which, and only to the extent, all liability of the Metropolitan Government shall have been discharged in accordance with Section 8.01; and (iii) Commercial Paper Notes in lieu of, or in substitution for which, other Commercial Paper Notes has been or is then being issued by the Issuing and Paying Agent pursuant to the terms of this 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.

"Prior Lien Bonds" means, collectively, the Senior Lien Bonds, the Second Senior Lien Bonds and the Subordinate Lien Bonds.

"Prior Resolutions" means, collectively, the Senior Lien Bond Resolution, the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution, as supplemented and amended.

"Projects" means capital improvements to the System.

"Program Documents" shall mean, collectively, this Resolution, the Dealer Agreements, the Issuing and Paying Agency Agreements and the Facility.

"Rating Agency" means Moody's and S&P, and/or such other securities rating agencies providing a rating on Commercial Paper Notes at the request of the Metropolitan Government.

"Representation Letter" shall have the meaning set forth in Section 2.03(c).

"Request" shall have the meaning set forth in Section 3.01(c).

"Request for Loan" means a request by the Issuing and Paying Agent (on behalf of the Metropolitan Government) to a Bank, requesting that a loan or advance of funds be made pursuant to a Facility in order to pay the principal amount of maturing Commercial Paper Notes and (if applicable) interest thereon, pursuant to Article IV of this Resolution.

"Resolution" means this Resolution, as the same may be amended or supplemented pursuant to Article VII.

"Revenues" shall mean all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding any customer deposits or other deposits subject to refund, unless such deposits have become property of the Metropolitan Government, (b) the proceeds of any insurance covering business interruption loss relating to the System and (c) interest received or to be received on any moneys or securities held in any of the funds or accounts established by the Prior Resolutions, with the exception of (i) moneys held in any Construction Fund established under the Second Senior Lien Bond Resolution or the Subordinate Lien Bond Resolution, or any account thereof and (ii) moneys held in any Debt Service Reserve Fund established under the Second Senior Lien Bond Resolution or the Subordinate Lien Bond Resolution during any period in which the investment earnings thereon are directed by resolution supplemental thereto to any Construction Fund established under the Second Senior Lien Bond Resolution or the Subordinate Lien Bond Resolution, or any account thereof. The computation of Revenues with respect to any period of time hereunder shall be increased by the amount of transfers during such period from the Rate Stabilization Fund (as defined in the Second Senior Lien Bond Resolution) to the Revenue Fund described in the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution pursuant to Section 509(a) of the Second Senior

Lien Bond Resolution, and decreased by the amount of any transfers during such period from the Revenue Fund to the Rate Stabilization Fund pursuant to Section 506(e) of the Second Senior Lien Bond Resolution. "Revenues" shall not include any Tax Credit Payments (as defined in the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution), grant proceeds or, except as set forth in (b) above, insurance proceeds.

"Rollover Commercial Paper Notes" means Commercial Paper Notes issued for the purpose described in clause (ii) of Section 2.02.

"Second Senior Lien Bonds" shall have the meaning ascribed in the preamble.

"Second Senior Lien Bond Resolution" shall have the meaning ascribed in the preamble.

"Senior Lien Bond Resolution" shall have the meaning ascribed in the preamble.

"Senior Lien Bonds" shall have the meaning ascribed in the preamble.

"Series" means a series of Commercial Paper Notes issued under the authority of Section 2.01(c) hereof.

"S&P" means S&P Global Ratings, or any successor, then maintaining a rating on Commercial Paper Notes at the request of the Metropolitan Government.

"State" means the State of Tennessee.

"Subordinate Lien Bond Resolution" shall have the meaning ascribed in the preamble.

"Subordinate Lien Bonds" shall have the meaning ascribed in the preamble.

"System" shall mean each and every part of the water system and sewer system of the Metropolitan Government that shall be owned and operated by the Metropolitan Government for water supply, transmission, treatment and distribution and for sewage collection, transmission, treatment and disposal or distribution now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of the Metropolitan Government in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said system. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of the Metropolitan Government (a) which the Metropolitan Government determines shall not constitute a part of the System for the purpose of the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution at the time of the acquisition thereof by the Metropolitan Government or (b) as to which there shall be filed with the records of the Metropolitan Government a certificate of a Consultant (as defined in the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution) stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of the Metropolitan Government to comply during the current or any future Fiscal Year with the provisions of Sections 711 of the Second Senior Lien Bond Resolution and the Subordinate Lien Bond Resolution.

"Termination Date" means the date on which a Facility in effect terminates or expires in accordance with its terms.

SECTION 1.02 Interpretation.

(a) Unless the context shall otherwise indicate, words importing the singular shall include the plural and vice versa.

(b) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(c) The terms "hereby," "hereof," "herein," "hereunder," and any similar terms used in this Resolution refer to this Resolution as a whole unless otherwise expressly stated.

(d) Any headings preceding the text of the several Articles and Sections and the table of contents of this Resolution are solely for convenience of reference and shall neither constitute a part of this Resolution nor affect its meaning, interpretation or effect.

(e) All references to time herein shall, unless otherwise stated, be to prevailing time in New York, New York.

SECTION 1.03 Authority for this Resolution. This Resolution is adopted pursuant to the Act and the Initial Resolutions.

ARTICLE II

GENERAL OBLIGATION COMMERCIAL PAPER

SECTION 2.01 Authorization and Issuance of Commercial Paper Notes.

(a) *Authorization of Commercial Paper Notes.* In anticipation of the issuance and sale of Bonds, there are hereby authorized to be issued from time to time bond anticipation notes in the form of commercial paper notes ("Commercial Paper Notes") in an aggregate principal amount outstanding at any time of not to exceed \$200,000,000, consisting of (i) Original Commercial Paper Notes and (ii) Rollover Commercial Paper Notes related thereto. Not more than \$200,000,000 of Commercial Paper Notes shall be at any one time Outstanding pursuant to this Resolution, but the Metropolitan Government may, during the course of the Commercial Paper Program, issue more than \$200,000,000 of Commercial Paper Notes. Nothing herein shall preclude the Metropolitan Government from, or limit its ability to, issue bond anticipation notes in anticipation of the issuance of the Bonds outside of this Resolution.

(b) *Conditions for and Limitations on Issuance of Commercial Paper Notes.* Commercial Paper Notes shall not be issued by the Metropolitan Government unless and until an Authorized Officer shall determine that:

(i) the aggregate of (1) the principal amount of Outstanding Commercial Paper Notes and Bank Notes, plus (2) the principal amount of the Commercial Paper Notes then being issued, plus (3) the principal amount of all Bonds, notes and other debt obligations theretofore issued pursuant to the Initial Resolutions, does not exceed the maximum principal amount of Bonds authorized to be issued by the Initial Resolutions;

(ii) the aggregate of (1) the principal amount of Outstanding Commercial Paper Notes and Bank Notes plus (2) the principal amount of the Commercial Paper Notes then being issued, does not exceed \$200,000,000;

(iii) the aggregate of the principal of (1) any Series of Outstanding Commercial Paper Notes and the related Bank Note, and (2) the Series of Commercial Paper Notes then being issued, does not exceed the available commitment under the Facility securing the principal due at maturity and (if applicable) interest thereon in connection with such Series of Commercial Paper Notes; and

(iv) such Commercial Paper Notes will not mature later than the times permitted by the Act for the retirement of bond anticipation notes, as may be approved by the Director of State and Local Finance pursuant to the Act.

(c) *Separate Series of Commercial Paper Notes.* The Commercial Paper Notes authorized hereunder may be issued in one or more Series. In the event there are multiple Facilities outstanding at any one time, the Commercial Paper Notes shall be issued in separate Series in order to distinguish between Commercial Paper Notes with respect to which one Bank has provided its Facility, and Commercial Paper Notes with respect to which another Bank has provided its Facility. The principal amount of each Series of Commercial Paper Notes and (if applicable) interest thereon shall be supported by a single Facility and not any other Facility and shall be given a Series-specific designation.

SECTION 2.02 Use of Proceeds. The proceeds of Commercial Paper Notes shall be used only for (i) the purpose of providing financing for the Costs of Projects; (ii) the payment of the principal of Outstanding Commercial Paper Notes; and (iii) the payment of the principal of and interest on Bank Notes. The proceeds of the sale of Commercial Paper Notes shall be applied in the manner set forth in Section 3.02. Notwithstanding the foregoing, the proceeds of the first issuance of the Commercial Paper Notes shall be used to retire the Outstanding Commercial Paper Notes pursuant to the Original Resolution.

SECTION 2.03 Book-Entry Commercial Paper Notes.

(a) Subject to subsection (f) of this Section, the Commercial Paper Notes of a Series shall be issued (i) in the form of one or more fully registered master note or notes (each, a "Master Note") the ownership of which shall be registered in the name of the nominee of the Depository (initially, with respect to DTC, Cede & Co.) and which may be transferred or exchanged only as hereinafter provided in this Section and, to the extent not inconsistent herewith, in accordance with the procedures of the Depository as then in effect, and (ii) otherwise in book-entry only form through the Depository.

(b) The ownership and transfer of Master Notes shall be registered on books of the Issuing and Paying Agent, which shall be kept for that purpose at the Office of the Issuing and Paying Agent. The Master Notes shall be transferable by the registered owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Issuing and Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the registration or transfer of a Master Note, the Issuing and Paying Agent shall issue in the name of the transferee a new Master Note, evidencing the Metropolitan Government's obligations with respect to the same Book-Entry Commercial Paper Notes as the instrument surrendered.

(c) In order to qualify the Commercial Paper Notes for the Depository's book-entry system, any Authorized Officer is hereby authorized from time to time to execute and deliver on behalf of the Metropolitan Government to such Depository a letter or letters from the Metropolitan Government representing such matters as shall be necessary or advisable to so qualify the Commercial Paper Notes (each, a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way impose upon the Metropolitan Government any obligation whatsoever with respect to persons having interests in the Commercial Paper Notes other than the Holders thereof and the Depository. In addition to the execution and delivery of a Representation Letter, the Authorized Officers and the other officers and

employees of the Metropolitan Government are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Commercial Paper Notes for the Depository's book-entry system.

(d) The Depository and its nominee shall be deemed to be and be treated by the Metropolitan Government and the Issuing and Paying Agent as the sole and exclusive Holder of the Master Notes and of all Book-Entry Commercial Paper Notes evidenced thereby, and the beneficial owners of Book-Entry Commercial Paper Notes shall not be deemed to be or treated as the Holders thereof, for the purposes of payment of the principal of or interest on such Book-Entry Commercial Paper Notes, payments under the Master Notes, giving any notice permitted or required to be given to Holders under this Resolution, registering the transfer of the Master Notes, obtaining any consent or other action to be taken by Holders, and for any and all other purposes whatsoever, and neither the Metropolitan Government nor the Issuing and Paying Agent shall be affected by any notice to the contrary. The Issuing and Paying Agent shall pay all principal of and interest on Book-Entry Commercial Paper Notes only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the Metropolitan Government's obligations with respect to the principal of and interest on such Book-Entry Commercial Paper Notes to the extent of the sum or sums so paid.

(e) With respect to all Book-Entry Commercial Paper Notes, neither the Metropolitan Government nor the Issuing and Paying Agent shall have any responsibility or obligation to any Depository, direct or indirect participant or any Person claiming a beneficial ownership interest in Book-Entry Commercial Paper Notes under or through the Depository or any Depository participant, or any nominee of any thereof, or any other Person which is not shown on the books of the Issuing and Paying Agent as being the Holder of a Master Note, with respect to: (1) sending transaction statements; (2) maintaining, supervising or reviewing, or the accuracy of, any records maintained by the Depository, any Depository participant or any such nominees; (3) payment or the timeliness of payment by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any amount in respect of the principal of or interest on Book-Entry Commercial Paper Notes; (4) delivery or timely delivery by the Depository to any Depository participant, or by any Depository participant or other nominees of beneficial owners to any beneficial owners, of any notice which is permitted or required to be given to Holders under this Resolution; or (5) any consent or other action taken by the Depository or its nominee as Holder of Book-Entry Commercial Paper Notes.

(f) The Depository may determine not to continue to act as securities depository for the Commercial Paper Notes, or the Metropolitan Government may determine to discontinue the book-entry only issuance of the Commercial Paper Notes through the Depository and in such case shall deliver a written notice to the Issuing and Paying Agent and the Dealer to that effect. In either case, if the Metropolitan Government determines to replace the Depository with another qualified securities depository, the Metropolitan Government shall prepare or direct the preparation of one or more new, separate, fully registered Master Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the Metropolitan Government, the Issuing and Paying Agent and the replacement Depository as are not inconsistent with the terms of this Resolution. If the Metropolitan Government fails to identify another securities depository to replace the Depository, the Metropolitan Government may amend this Resolution pursuant to paragraph (f) of Section 7.01 and shall deliver to the Issuing and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions of this Resolution, as so amended, and of the Issuing and Paying Agency Agreements, Commercial Paper Notes instruments executed on behalf of the Metropolitan Government, with the date of issuance, principal amount, maturity date, owner and rate of interest left blank. Each such Commercial Paper Notes instrument shall be held in safekeeping by the Issuing and Paying Agent until authenticated and issued in accordance with the provisions of this Resolution and of the Issuing and Paying Agency Agreements.

SECTION 2.04 Terms Applicable to Commercial Paper Notes.

(a) Subject to the conditions and limitations contained herein, the Commercial Paper Notes (i) shall be designated "Water and Sewer Revenue Commercial Paper Notes," (ii) shall bear a Series designation as described in Section 2.01(c) (if applicable) and may bear such additional designations as may be determined by an Authorized Officer, (iii) shall be dated as of the date of their issuance, (iv) shall mature on a Business Day, (v) shall not be subject to redemption prior to maturity, (vi) shall bear interest from their issuance date, payable at maturity with principal, computed on the basis of actual days elapsed, including the issue date and excluding the maturity date, and a 360-day year, (vii) shall be issued in denominations of \$100,000 and in integral multiples thereof in excess of such amount, (viii) unless otherwise directed by an Authorized Officer, shall be numbered in such manner as the Issuing and Paying Agent shall determine and (ix) shall be issued on such dates and otherwise have such terms and conditions, all as shall be specified in a Request given to the Issuing and Paying Agent pursuant to Section 3.01(c).

(b) Both principal of and interest on Commercial Paper Notes shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. Except in the case of Book-Entry Commercial Paper Notes, principal of and interest on Commercial Paper Notes shall be payable upon presentation and surrender thereof at the Office of the Issuing and Paying Agent.

SECTION 2.05 Security and Sources of Payment. The Commercial Paper Notes and each Bank Note are payable primarily from the proceeds of the Bonds in anticipation of which the Commercial Paper Notes is being issued. Additionally, the principal of and interest on the Commercial Paper Notes and each Bank Note shall constitute and be limited obligations of the Metropolitan Government, payable solely from and secured solely by a pledge of Revenues of the System, subject to the application thereof pursuant to the terms of the Prior Resolutions (including without limitation to the payment of Operation and Maintenance Expenses) and subject to the prior pledge of the Revenues in favor of the Prior Lien Bonds. The pledge of Revenues to the payment of each Series of the Commercial Paper Notes and the related Bank Note is on parity (a) with the pledge thereof in favor of each other Series of Commercial Paper Notes and related Bank Note and (b) with the pledge thereof in favor of any Extendable Notes. All amounts payable to the Bank under a Facility (other than with respect to the principal of and interest on the Bank Note) shall be payable from the Revenues of the System, subject to the provisions of the Prior Resolutions and, if and to the extent permitted by the Act, secured by a pledge of Revenues of the System on parity with the Commercial Paper Notes and the Bank Note.

SECTION 2.06 Commercial Paper Fund.

(a) There is hereby created and established with the Issuing and Paying Agent a separate and special purpose trust fund for the benefit of the Holders of each Series of Commercial Paper Notes. Each such fund shall be designated as the "Metropolitan Government Water and Sewer Commercial Paper Fund" together with a Series-specific designation (each, a "Commercial Paper Fund"). Subject to the provisions of subsection (b), the Issuing and Paying Agent shall have the sole right of withdrawal over the moneys in the Commercial Paper Fund.

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

(i) deposit into the applicable Commercial Paper Fund the proceeds of sale of all Commercial Paper Notes of a Series issued on any day, and (A) first, apply such proceeds (together with any amounts then on deposit pursuant to subsection (b)(iv) below) to the payment of the principal of the

applicable Bank Note and the principal of the Outstanding Commercial Paper Notes of such Series becoming due and payable on such day (with the Bank Note to be paid prior to Outstanding Commercial Paper Notes); and (B) second, transfer any remaining proceeds to or on behalf of the Metropolitan Government as directed in writing by an Authorized Officer, for the purpose of financing the Costs of Projects;

(ii) deposit into the applicable Commercial Paper Fund the proceeds of any loan or advance made pursuant to a Facility hereunder on any day; apply such proceeds exclusively to the payment of the principal of and (if applicable) interest thereon Outstanding Commercial Paper Notes becoming due and payable on such day; and immediately return to the applicable Bank the amount of such proceeds as shall not be necessary to pay such principal and (if applicable) interest thereon on such date (and correspondingly reduce the principal amount of outstanding loans or advances under the applicable Bank Note, as set forth in the applicable Facility);

(iii) deposit into the applicable Commercial Paper Fund any payments made by the Metropolitan Government to the Issuing and Paying Agent pursuant to a demand submitted by the Issuing and Paying Agent pursuant to Section 5.04(c), and apply such deposits to the payment of principal of and interest on Outstanding Commercial Paper Notes (with payments allocated first to interest and then to principal); and

(iv) deposit into the applicable Commercial Paper Fund any payments made to the Issuing and Paying Agent by the Metropolitan Government from the proceeds of Bonds, notes or otherwise for the purpose of paying the principal of Outstanding Commercial Paper Notes and/or the Bank Note of a Series pursuant to Section 6.01(b), and apply such proceeds to the payment of the principal of Outstanding Commercial Paper Notes and the Bank Note of such Series, as directed in writing by an Authorized Officer; provided that the Bank Note shall be paid prior to the payment of the Outstanding Commercial Paper Notes.

(c) Amounts on deposit in a Commercial Paper Fund as proceeds of Commercial Paper Notes or a Bank Note of a Series to be used to pay the principal of other Commercial Paper Notes of such Series and (in the case of a Bank Note and if applicable) interest thereon as required by subsection (b)(i) or (b)(ii) of this Section shall not be invested prior to their application for such purposes. Except as otherwise provided in Section 4.06(b) hereof, other amounts on deposit in a Commercial Paper 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) Each Commercial Paper 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 each Commercial Paper Fund, and all moneys and securities on deposit therein, shall constitute a special deposit held in a segregated account and not a general deposit of the Issuing and Paying Agent.

SECTION 2.07 Forms and Execution of Commercial Paper Notes.

(a) Each Master Note shall be executed on behalf of the Metropolitan Government with the manual or facsimile signatures of the Metropolitan Mayor and of the Metropolitan Clerk, shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Metropolitan Government, and shall be approved as to form and legality by the Director of Law by his or her manual or facsimile signature. In case any officer of the Metropolitan Government whose signature or whose

facsimile signature shall appear on the Master Note shall cease to be such officer before the delivery of such Master Note, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

(b) The Master Notes and the endorsement for authentication to appear thereon shall be substantially in the form attached hereto as Exhibit A or such other form as shall be consistent with the terms of this Resolution, and each Commercial Paper Notes instrument, other than the Master Note, and the endorsement for authentication to appear thereon shall be in such form as the Metropolitan Government may prescribe at the time such Commercial Paper Notes instrument is to be issued, in each case with such appropriate series designations, insertions, omissions, substitutions and other variations as are permitted or required by this Resolution, and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures, or CUSIP) and such legends and endorsements thereon as may, consistent herewith, be approved by an Authorized Officer.

(c) No Master Note or other Commercial Paper Notes instrument shall be valid or obligatory for any purpose until manually countersigned for authentication by the Issuing and Paying Agent.

ARTICLE III

ISSUANCE AND SALE OF COMMERCIAL PAPER

SECTION 3.01 Issuance and Sale of Commercial Paper Notes.

(a) The Commercial Paper Notes shall be issued by the Issuing and Paying Agent in accordance with Requests to be given pursuant to subsection (c) of this Section.

(b) The issuance of the Commercial Paper Notes is subject to the following conditions and limitations:

(i) The principal amount of Commercial Paper Notes Outstanding hereunder at any time shall not exceed \$200,000,000.

(ii) Commercial Paper Notes shall mature on a Business Day not later than 270 days from its date of issuance.

(iii) Original Commercial Paper Notes, and all Rollover Commercial Paper Notes associated therewith, shall not mature later than two years from the initial date of issuance of the Original Commercial Paper Notes; *provided however*, that the Original Commercial Paper Notes may be extended or renewed for not more than two additional periods not exceeding two years each with the approval of the Director of State and Local Finance, in each such instance in accordance with Section 9-21-505 of the Act. In each year in which the Original Commercial Paper Notes is extended or renewed and is Outstanding beyond two years from the date of initial issuance, the Metropolitan Government shall retire a portion thereof equal to not less than 1/20th of the principal amount of the Original Commercial Paper Notes as required by the Act unless otherwise waived by the Director of State and Local Finance. Each such approval or waiver of the Director of State and Local Finance shall be in writing and shall be delivered to the Metropolitan Government, the Issuing and Paying Agent and each Bank and Dealer. Commercial Paper Notes shall be sold at par.

(iv) Original Commercial Paper Notes and Rollover Commercial Paper Notes of a Series shall not be issued subsequent to the Termination Date with respect to the applicable Facility

unless the Metropolitan Government delivers or causes to be delivered a substitute Facility to the Issuing and Paying Agent on or prior to such Termination Date.

(v) Original Commercial Paper Notes shall not be issued unless and until the Metropolitan Government delivers or causes to be delivered to the Dealer and the Issuing and Paying Agent an opinion of Bond Counsel regarding such Original Commercial Paper Notes in the form attached to the Offering Memorandum.

(vi) Commercial Paper Notes of a Series shall mature not later than the Business Day preceding the Termination Date of the applicable Facility then in effect.

(vii) Commercial Paper Notes of a Series shall not be issued by the Issuing and Paying Agent if the Issuing and Paying Agent has received a cease issuance notice (or similar notice) from the Bank providing the applicable Facility. Prior to issuing such additional Commercial Paper Notes after receipt of such cease issuance notice, the Issuing and Paying Agent must receive written notice from the Bank providing such Facility that the cease issuance notice has been rescinded.

No Commercial Paper Notes shall be issued, authenticated or delivered if, as independently determined by the Issuing and Paying Agent in accordance with this Resolution and the Issuing and Paying Agency Agreements, upon the issuance of such Commercial Paper Notes any of the conditions or limitations contained in this subsection (b) or the conditions and limitations set forth in Section 2.01(b) shall not be complied with.

No Commercial Paper Notes shall be issued unless and until the Director of State and Local Finance has approved the issuance thereof. Each such approval shall be in writing and shall be delivered to the Metropolitan Government, the Issuing and Paying Agent and each Bank and Dealer.

(c) Prior to the issuance by the Issuing and Paying Agent of any Commercial Paper Notes, an Authorized Officer shall instruct the Issuing and Paying Agent to, in the case of Book-Entry Commercial Paper Notes, deliver appropriate issuance instructions to DTC, or shall acknowledge or confirm the same (whether an instruction, acknowledgment or confirmation, herein referred to as a "Request"). Each Request shall contain information with respect to, and approve on behalf of the Metropolitan Government:

(i) the aggregate principal amount of Commercial Paper Notes of a Series then to be issued,

(ii) the rate or rates of interest, if any, on such Commercial Paper Notes,

(iii) the issue date or dates and maturity date or dates of such Commercial Paper Notes, and

(iv) in the case of Book-Entry Commercial Paper Notes, each Depository direct participant to which such Book-Entry Commercial Paper Notes is to be credited on the books of the Depository, and the principal amount (which shall be in an authorized denomination) of Commercial Paper Notes to be credited to each such participant.

Instructions and confirmations shall be given and/or confirmed by an Authorized Officer, as provided in the Issuing and Paying Agency Agreements.

(d) Each Request given by an Authorized Officer pursuant to subsection (c) of this Section 3.01 shall constitute a representation by the Metropolitan Government that (i) the Commercial Paper Program is in compliance with the conditions and limitations contained in subsection (b) of this Section 3.01, (ii) the Metropolitan Government is in receipt of an opinion of Bond Counsel, upon which Holders of the Commercial Paper Notes may rely, as to the validity of the Commercial Paper Notes and the exclusion of interest on the Commercial Paper Notes from gross income for Federal income tax purposes, and the exemption of interest on the Commercial Paper Notes from State taxes in the form attached to the Offering Memorandum, (iii) all action on the part of the Metropolitan Government necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, (iv) all provisions of State and Federal law necessary for the valid issuance of such Commercial Paper Notes have been complied with, (v) such Commercial Paper Notes in the hands of the Holders thereof will be valid obligations of the Metropolitan Government according to their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws theretofore or thereafter enacted affecting creditors' rights, and to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law, (vi) the applicable Facility covering the Commercial Paper Notes is in full force and effect and no default exists under such Facility, and (vii) the Metropolitan Government is not in violation of the conditions and limitations contained in Section 2.01(b) and this Section, or the covenants and agreements of Sections 6.03 or 6.04(b).

The Metropolitan Government agrees that it shall immediately give notice by Electronic Means to the Issuing and Paying Agent and the Banks if it is unable at any time to make any of the representations set forth in this Section 3.01(d). The Issuing and Paying Agent shall not honor any Request so long as the Metropolitan Government is unable to make any of the representations put forth in this Section 3.01(d).

(e) Notwithstanding anything herein to the contrary, including without limitation Section 8.01 hereof, upon the (i) payment of the principal amount of any maturing Commercial Paper Notes by the Metropolitan Government pursuant to the terms of Section 5.04(c) hereof, and upon receipt of instructions from the Metropolitan Government (which shall conform to the requirements of Section 3.01(c) hereof), or (ii) payment of the principal amount of advances or loans outstanding under any Bank Note by the Metropolitan Government to the Bank pursuant to the applicable Facility, and upon receipt of instructions from the Metropolitan Government (which shall conform to the requirements of Section 3.01(c) hereof) and the Bank, the Issuing and Paying Agent shall cause to be issued to the Metropolitan Government Rollover Commercial Paper Notes in the principal amount of such payment. Such Rollover Commercial Paper Notes shall mature on such date and bear interest at such rate as may be specified by the Metropolitan Government in such instructions, provided that such maturity date and rate is consistent with the terms of Section 2.04 hereof. Such Rollover Commercial Paper Notes shall be considered Outstanding for all purposes of this Resolution, it being the intent of the Metropolitan Government that, as permitted by Sections 5-8-301 and 6-56-106, Tennessee Code Annotated, such Rollover Commercial Paper Notes shall remain an outstanding debt obligation of the Metropolitan Government until its subsequent payment pursuant to the terms of this Resolution.

SECTION 3.02 Proceeds of Sale of Commercial Paper Notes. The proceeds of the sale hereunder of Commercial Paper Notes shall be applied as follows:

(a) The proceeds of each sale of Commercial Paper Notes of a Series on any day in an amount not in excess of the principal amount of loans or advances outstanding under the Bank Note for such Series, together with interest thereon, and the principal amount of the Outstanding Commercial Paper Notes of such Series becoming due and payable on such day, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the applicable Commercial Paper Fund, shall be issued for the purpose of paying such principal (and, in the case of a Bank Note,

interest), and such proceeds shall be deposited into the applicable Commercial Paper Fund and used to pay such principal (and, in the case of a Bank Note, interest) as provided in Section 2.06(b)(i)(A).

(b) The proceeds of each sale of Commercial Paper Notes of a Series on any day in an amount in excess of the principal amount, if any, of loans or advances outstanding under the Bank Note for such Series, together with interest thereon, and the principal amount of the Outstanding Commercial Paper Notes of such Series 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 applicable Commercial Paper Fund, shall be issued for the purpose of paying, and shall be allocated to, authorized purposes pursuant to Section 2.02(i) and shall be transferred to the Metropolitan Government as directed in writing by an Authorized Officer, as provided in Section 2.06(b)(i)(B).

SECTION 3.03 Offering Memoranda.

(a) Any Authorized Officer is hereby authorized to issue one or more Offering Memoranda or other offering statements containing such information concerning the Commercial Paper Notes, the Metropolitan Government and its financial condition, the Banks, the Facilities, and such other information as such Authorized Officer shall approve, and to revise supplement and update the same from time to time. The Metropolitan Government hereby authorizes the use of any such Offering Memorandum and all such revisions, supplements and updates in connection with the sale of the Commercial Paper Notes.

(b) The Metropolitan Government hereby approves the use of the initial Offering Memorandum in the substantially in the form of the draft attached hereto as Exhibit B, with such changes, insertions, deletions, amendments, and supplements as such Authorized Officer shall approve.

ARTICLE IV

LIQUIDITY FACILITIES

SECTION 4.01 Facility Required for Each Series of Commercial Paper Notes. With respect to each Series of Commercial Paper Notes issued hereunder, the Metropolitan Government agrees, on the terms and conditions contained in this Resolution, to cause a Bank to execute and deliver a Facility to the Issuing and Paying Agent pursuant to which such Bank will agree to loan or advance funds sufficient to provide for the payment of the principal amount of and (if applicable) interest on such Series of maturing Commercial Paper Notes. Subject to the conditions precedent set forth in the applicable Facility, the Bank shall be responsible for making loans or advances with respect to maturing Commercial Paper Notes of its Series only, and shall have no obligation to with respect to Commercial Paper Notes of another Series. Each Bank will agree to loan or advance funds from time to time on any Business Day in an aggregate principal amount equal to the principal of and (if applicable) interest on any Outstanding Commercial Paper Notes of its Series due and payable on such date, to the extent other amounts deposited in the applicable Commercial Paper Fund are insufficient therefor.

SECTION 4.02 Bank Notes. All loans made by a Bank to the Metropolitan Government pursuant to a Facility shall be evidenced by a Bank Note, which shall be issued in the form contemplated by the Facility. The principal amount of each Bank Note shall be the maximum amount of funds available to be advanced under the related Facility, up to the maximum principal amount of the applicable Series of Commercial Paper Notes together with (if applicable) interest thereon at the Maximum Rate for a period of 270 days, and shall be payable by the Metropolitan Government at such times and in such manner as described in the Facility. Each Bank Note shall mature on such Business Day as shall be provided by the applicable Facility. Each Bank Note shall bear interest at a rate of interest as shall be

provided by the applicable Facility, not to exceed the Maximum Rate, and shall otherwise contain the terms and provisions contemplated by the Facility.

SECTION 4.03 Condition to Loan Funds. The obligation of a Bank to loan funds pursuant to a Facility subject to the delivery to the Bank by the Issuing and Paying Agent of a Request for Loan as required by Section 4.04, and the terms and conditions of the related Facility.

SECTION 4.04 Method of Funding. The Bank will loan or advance funds in an amount sufficient to provide for the payment of the unfunded principal amount of such maturing Commercial Paper Notes, together (if applicable) with interest thereon, on the terms and conditions set forth in the applicable Issuing and Paying Agency Agreement.

SECTION 4.05 Application of Proceeds. The proceeds of each loan made pursuant to a Facility shall be applied solely to pay the principal of Outstanding Commercial Paper Notes of the related Series, together (if applicable) with interest thereon, on the maturity date thereof.

SECTION 4.06 Initial Facility.

(a) The Metropolitan County Council hereby appoints the Initial Bank to provide the Initial Facility with respect to the initial Series of Commercial Paper Notes in an available amount sufficient to provide for the payment of not to exceed \$200,000,000 principal amount of Commercial Paper Notes and interest thereon for 270 days at the Maximum Rate. The Mayor is hereby authorized to execute any extensions to the Initial Facility or additional Facilities, and to execute, deliver and issue corresponding Bank Notes, without further action of the Metropolitan County Council, provided that any such extended or additional Facility (and Bank Note) shall be in substantially the form attached hereto as Exhibit E. The Metropolitan Government also hereby covenants that it shall use its best efforts to obtain a substitute Facility in the event the Metropolitan Government has reason to believe that a Bank will not or will be unable to honor its obligations under its Facility, and hereby delegates to the Mayor the authority to execute and deliver one or more substitute Facilities in substitution for any Initial Facility then in effect, without further action of the Metropolitan County Council, provided that any such substitute Facility shall be in substantially the form attached hereto as Exhibit E. Each Bank Note issued hereunder shall constitute a “bond anticipation note” for purposes of the Act.

(b) The Issuing and Paying Agent will cause sufficient funds to be made available under each Facility (at such times required therein in order to have funds available on the maturity date) to fund the payment of the principal of the Commercial Paper Notes of a Series covered by such Facility, together (if applicable) with interest thereon, due on such date to the extent not otherwise provided for. If funds paid under a Facility are insufficient to meet all the purposes for which such funds are to be paid and applied on such date, such funds as are available shall be applied to the payment of principal of such Series of Commercial Paper Notes, together (if applicable) with interest thereon, due on such date and, if the amount available is not be sufficient to pay in full all such principal, together (if applicable) with interest thereon, then to the payment thereof ratably, according to the amounts of principal and (if applicable) interest due on each such Commercial Paper Notes, without any discrimination or preference.

All funds paid under a Facility will be held at all times separate from funds of the Metropolitan Government in trust by the Issuing and Paying Agent for the benefit of the registered owners of the Commercial Paper Notes of the applicable Series to be applied solely in accordance with the purposes for which such amounts are paid as provided above. All funds derived from a Facility will be held uninvested.

(c) *Automatic Reinstatement.* Provision for reinstatement of certain amounts repaid by the Metropolitan Government under a Facility shall be made in the Facility under terms and conditions set forth therein.

(d) *Substitute Facility.* Upon satisfaction of the requirements set forth in this section, and subject to the terms of the existing Facility, the Metropolitan Government may replace a Facility then in effect with one or more substitute Facilities effective following the maturity date of all of the Outstanding Commercial Paper Notes of a Series covered by such Facility; provided, however, that the Facility being replaced shall in no event be terminated or released until notice has been given as provided below, the substitute Facility has been delivered to the Issuing and Paying Agent and is in effect, and all Outstanding Commercial Paper Notes secured by the prior Facility have matured prior thereto. At least 30 days prior to any such date, the Metropolitan Government shall deliver to the Issuing and Paying Agent, the Dealer and the applicable Bank written notice of such proposed replacement, including the effective date of the substitute Facility or Facilities, the identity of each issuer of a substitute Facility and the principal terms thereof. At least fifteen (15) days prior to any such date, the Issuing and Paying Agent shall give notice to each Holder of such Commercial Paper Notes at the address on the registration books maintained by the Issuing and Paying Agent. Any replacement of a Facility by a substitute Facility is specifically conditioned, among other things, upon the payment by the Metropolitan Government to the Bank of the principal of and interest on the Bank Note issued pursuant to such Facility and all amounts due and owing under such Facility.

On or prior to the date set for the replacement of any Facility, the Metropolitan Government shall have delivered to the Issuing and Paying Agent an opinion of counsel for the issuer of the substitute Facility that it constitutes a legal, valid and binding obligation of the issuer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights in general heretofore or hereafter enacted, as such laws would apply in the event of the bankruptcy, insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the issuer or in the event of any moratorium or similar occurrence affecting the issuer.

Each substitute Facility must: (1) be an obligation of a financial institution or surety whose debt obligations (or whose holding company parent's debt obligations) or suretyship undertakings, as the case may be, have at least an investment grade rating from each Rating Agency then rating the Commercial Paper Notes, and (2) have a term of at least 364 days.

(e) *Control by Bank.* Notwithstanding any inconsistent provisions in this Resolution to the contrary and so long as a Bank has not failed to honor a properly presented and conforming Request for Loan, amendments to this Resolution requiring Holder consent shall be subject to such Bank's prior written consent, and the remedies available to the Holders shall be available to the Bank exclusively, in each case, to the extent such amendments or remedies are applicable to the Series of Commercial Paper Notes related to such Bank's Facility.

(f) *Execution of Initial Facility and Bank Note.* The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver the Initial Facility and the Bank Note related thereto, which shall be substantially in the form of the drafts thereof attached hereto as Exhibit E, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval. Each Bank Note issued hereunder shall be executed by the Metropolitan Government in the same manner as provided herein for in Section 2.07(a).

ARTICLE V

DEALER AGREEMENTS; ISSUANCE AND PAYING AGENCY AGREEMENT; RESPONSIBILITIES OF ISSUING AND PAYING AGENT

SECTION 5.01 Dealer Agreements; Dealers.

(a) The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver one or more Dealer Agreements, each of which shall be substantially in the form of the draft thereof attached hereto as Exhibit C, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval.

(b) The Metropolitan Government may remove any Dealer by giving not less than ten (10) days advance written notice to the Issuing and Paying Agent, the Dealer and the applicable Bank. The Metropolitan Government shall give written notice of the appointment of a successor Dealer to the Issuing and Paying Agent and the applicable Bank. Notwithstanding the foregoing, the removal of the Dealer shall be conditioned upon a successor Dealer being appointed and in place at or prior to the removal of the prior Dealer, and shall further be subject to the terms and conditions of the applicable Facility.

(c) The Dealer may resign at any time by giving written notice of such resignation to the Metropolitan Government, the Issuing and Paying Agent and the applicable Bank specifying the date as of which the Dealer proposes that the same shall become effective, which date shall be not less than 60 days after the date of such notice. The Metropolitan Government shall give written notice of the appointment of a successor Dealer to the Issuing and Paying Agent and the applicable Bank. Notwithstanding the foregoing, the appointment of a new Dealer shall be subject to the terms and conditions of the applicable Facility.

SECTION 5.02 Issuing and Paying Agency Agreements. The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver one or more Issuing and Paying Agency Agreements, each of which shall be substantially in the form of the draft thereof attached hereto as Exhibit D, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval.

SECTION 5.03 Issuing and Paying Agent.

(a) The Metropolitan Government covenants to maintain and provide an Issuing and Paying Agent for each Series of Commercial Paper Notes at all times while such Commercial Paper Notes is Outstanding, which shall be a bank, trust company or national banking association (and, except in the case of Book-Entry Commercial Paper Notes, having an office for delivery of Commercial Paper Notes in New York, New York), in each case with trust powers having a combined capital surplus and undivided profits of not less than \$500,000,000. Should a change in the Issuing and Paying Agent for the Commercial Paper Program occur, the Metropolitan Government agrees to promptly cause a notice thereof to be published in a financial newspaper or journal of general circulation in New York, New York; provided however, that such notice shall not be required to be published, but shall be delivered to the Depository, if the Commercial Paper Notes are being issued as Book-Entry Commercial Paper Notes at such time. Such notice shall specify the Office of the successor Issuing and Paying Agent. Subject to the terms and conditions of the applicable Facility, a successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(b) The Metropolitan Government may remove any Issuing and Paying Agent by giving not less than ten (10) days advance written notice to the Issuing and Paying Agent, the Dealer and the applicable Bank. The Metropolitan Government shall give written notice of the appointment of a successor Issuing and Paying Agent to the Dealer and the applicable Bank. Notwithstanding the foregoing, the removal and reappointment of the Issuing and Paying Agent shall be subject to the terms and conditions of the applicable Facility.

(c) The Issuing and Paying Agent may resign at any time by giving written notice of such resignation to the Metropolitan Government, the Dealer and the applicable Bank 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 and the applicable Bank.

(d) 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 this 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 Commercial Paper Notes instruments then held by the Issuing and Paying Agent for disposition in accordance with this 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.

(e) The Metropolitan Government and the Issuing and Paying Agent may treat the Holder of Commercial Paper Notes as the absolute owner of any Commercial Paper Notes for the purpose of receiving payment thereof and for all other purposes, and the Metropolitan Government and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

SECTION 5.04 Responsibilities of the Issuing and Paying Agent. The Issuing and Paying Agent shall perform its responsibilities under the Issuing and Paying Agency Agreement on the terms and conditions set forth therein.

ARTICLE VI
COVENANTS

SECTION 6.01 Punctual Payment; Covenant to Refinance.

(a) The Metropolitan Government will punctually pay or cause to be paid the principal of and interest on the Commercial Paper Notes in conformity with this Resolution. For the purpose of providing for the payment of the principal of and interest on Outstanding Commercial Paper Notes 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 applicable Commercial Paper Fund, amounts which, together with other amounts then on deposit in such Commercial Paper Fund, will be sufficient and available to make such payment on such date. The Metropolitan Government acknowledges that the proceeds of Commercial Paper Notes will not be available to pay accrued interest on Outstanding Commercial Paper Notes and that other funds of the Metropolitan Government must be timely provided therefor.

(b) Unless the payment of the principal of the Commercial Paper Notes otherwise shall be provided for by or on behalf of the Metropolitan Government from proceeds of other Commercial Paper Notes or other available moneys, on or before the respective maturity dates thereof the Metropolitan Government shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of Bonds or other debt obligations of the Metropolitan Government in an amount sufficient to provide for the payment of the outstanding principal of the Commercial Paper Notes at maturity.

SECTION 6.02 Compliance With Agreements and Other Documents. The Metropolitan Government will comply with the terms and provisions of each Dealer Agreement, Issuing and Paying Agency Agreement, Facility 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 Commercial Paper Notes as and when the same becomes due and payable.

SECTION 6.03 Commercial Paper Notes to Remain Tax Exempt. The Metropolitan Government covenants that it will execute and deliver a Federal Tax Certificate in the form prescribed by Bond Counsel in connection with the first issuance of Commercial Paper Notes, and that in connection with any subsequent issuance of Commercial Paper Notes 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 Federal Tax Certificate dated such issue date. Each Request by an Authorized Officer given or made pursuant to Section 3.01(c) shall constitute a representation by the Metropolitan Government that the facts, estimates, circumstances and reasonable expectations contained in the latest of such Federal Tax Certificates continue to be true and accurate as of the date of such Request, and that no fact material to the exclusion of the interest on the Commercial Paper Notes from gross income for federal income tax purposes exists which has not been reflected in a revised Federal Tax Certificate. The Metropolitan Government represents and covenants that it will not expend, or permit to be expended, the proceeds of any Commercial Paper Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Commercial Paper Program; provided however, that the Metropolitan Government may expend Commercial Paper Notes 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 Commercial Paper Notes from gross income for federal income tax purposes.

The Metropolitan Government further covenants that no use of the proceeds of any of the Commercial Paper Notes or any other funds of the Metropolitan Government will be made which will cause any Bank Note or Commercial Paper Notes 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 Commercial Paper Notes or any other funds held under this Resolution for any purpose which would cause any Commercial Paper Notes or Bank Notes to be subject to treatment as a "private activity bond" defined in Section 141 of the Code.

SECTION 6.04 Reservation of Right to Issue Other Obligations. Subject to the terms of the Facilities, the Metropolitan Government hereby expressly reserves the right hereafter to issue Bonds, notes or other evidences of indebtedness in addition to the Commercial Paper Notes, constituting an obligation of the Metropolitan Government payable from and secured by the Revenues of the System, when and as the Metropolitan Government shall determine and authorize.

SECTION 6.05 Conditions for and Limitations on Issuance of Commercial Paper Notes; Additional Covenants With Respect Thereto.

(a) The Metropolitan Government will not issue, or authorize or instruct the Issuing and Paying Agent to issue, any Commercial Paper Notes if, upon the issuance of such Commercial Paper Notes, the conditions and limitations contained in Sections 2.01(b) and 3.01, or the covenants and agreements of subsection (b) of this Section would not be complied with.

(b) The Metropolitan Government will not issue, or authorize or instruct the Issuing and Paying Agent to issue, Commercial Paper Notes (i) to bear interest in excess of the Maximum Rate, or (ii) for any purpose unless and until authorized by applicable State law, rules or regulations, or if it would result in the violation by the Metropolitan Government of any order of any court, governmental agency or regulatory body.

(c) Following the issuance of Commercial Paper Notes and compliance with the conditions and limitations contained in Section 2.01(b), the Metropolitan Government shall make the determinations required thereby so that at all times all Commercial Paper Notes may be allocated to authorized purposes and other conditions and limitations may be satisfied with respect thereto as provided by Section 2.01(b).

(d) The Metropolitan County Council hereby expresses its intent that the maturity of the Commercial Paper Notes be extended from two years to six years, as permitted by the Act upon approval of the State Director of Local Finance, and directs the officers of the Metropolitan Government to seek such approval and request a waiver of the principal amortization requirements prescribed by the Act during such extended period. Any actions heretofore taken by the Metropolitan Treasurer consistent with the foregoing are hereby ratified and approved.

ARTICLE VII
AMENDMENTS AND SUPPLEMENTS

SECTION 7.01 Without Consent of Holders of Commercial Paper Notes. The Metropolitan Government, from time to time and at any time, (i) without the consent or concurrence of any Holder of any Commercial Paper Notes, may adopt a resolution for the purpose of providing for the issuance of additional Series of Commercial Paper Notes, and (ii) without the consent or concurrence of any Holder of any Commercial Paper Notes, 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 Commercial Paper Notes then Outstanding, for any one or more of the following purposes:

(a) to make any changes or corrections in this Resolution required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(b) to add additional covenants and agreements of the Metropolitan Government for the purpose of further securing the payment of the Commercial Paper Notes;

(c) 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 this Resolution;

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

(e) 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 Commercial Paper Notes, which changes will not restrict, limit or reduce the obligation of the Metropolitan Government to pay the principal of and interest on the Commercial Paper Notes or otherwise materially adversely affect the Holders under this Resolution, but only if there shall be supplied to the Metropolitan Government, the Issuing and Paying Agent, the Dealer and the applicable Bank an opinion of Bond Counsel stating that the proposed modification or amendment will not adversely affect the exclusion of the interest on the Commercial Paper Notes from gross income of the owners thereof for purposes of federal income taxation;

(f) to provide for the issuance, transfer, exchange, registration, discharge from registration and replacement of Commercial Paper Notes other than Book-Entry Commercial Paper Notes;

(g) to increase the maximum aggregate principal amount of Commercial Paper Notes 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 Commercial Paper Program which then prevails; or

(h) to modify any of the provisions of this Resolution in any other respect if such modification shall be effective only with respect to Commercial Paper Notes issued subsequent to the effectiveness of such resolution or modification, in which case any Commercial Paper Notes 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 Commercial Paper Notes of, the modifications contained in such resolution; provided,

however, that nothing contained in this Resolution shall permit or be construed to permit the amendment of the terms and conditions of this Resolution or of the Commercial Paper Program so as to:

- (i) make any change in the maturity of any Outstanding Commercial Paper Notes;
- (ii) reduce the rate of interest borne by any Outstanding Commercial Paper Notes;
- (iii) reduce the amount of the principal payable on any Outstanding Commercial Paper Notes;
- (iv) modify the terms of payment of principal of or interest on any Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;
- (v) affect the rights of the Holders of less than all Outstanding Commercial Paper Notes; or
- (vi) reduce or restrict the provision made in Section 2.05 for payment of Outstanding Commercial Paper Notes.

SECTION 7.02 With Consent of Holders of Commercial Paper Notes. The Metropolitan Government, from time to time and at any time, with the prior written consent of the Banks and the consent of all of the Holders of Outstanding Commercial Paper Notes, may adopt a resolution amendatory hereof or supplemental hereto, other than as described in Section 7.01. For purposes of this Section 7.02, the Bank shall be deemed to be the sole Holder of any Outstanding Commercial Paper Notes of a Series the liquidity for which is provided by such Bank's Facility. The effectiveness of any such amendatory resolution shall also be subject to the terms and conditions of the applicable Facilities.

SECTION 7.03 Other Agreements. Nothing in this Resolution shall be deemed to restrict any amendment, modification or supplement to any Issuing and Paying Agency Agreement, Facility or Dealer Agreement, or the establishment (or amendment, modification or supplementing) of any limitation on, or procedure for, the issuance of Commercial Paper Notes which is effective only with respect to Commercial Paper Notes issued subsequent to the effectiveness of such amendment, modification, supplement or limitation to the extent not in conflict with this Resolution.

ARTICLE VIII

DEFEASANCE; UNCLAIMED MONIES

SECTION 8.01 Commercial Paper Notes Deemed Paid; Discharge of Resolution. Commercial Paper Notes will be deemed paid for all purposes of this Resolution when (a) payment of the principal of and interest on such Commercial Paper Notes 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 Commercial Paper Notes or (2) has been provided for by irrevocably 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 (for purposes of this Section 8.01 and Section 8.02, "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, (b) all compensation and expenses of the Issuing and Paying Agent pertaining to the Commercial Paper Program in respect of which such deposit is made have been paid or provided for to the satisfaction of the Issuing and Paying Agent, and (c) all amounts owed under any Bank Note and/or Facility shall have been paid. When Commercial Paper Notes are deemed paid, they will no longer be secured by or entitled to the benefits of this Resolution or be an obligation of the Metropolitan Government, except for payment

from such moneys or Government Obligations, and no additional Commercial Paper Notes may be issued except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II and pursuant to paragraph (f) of Section 7.01.

When all outstanding Commercial Paper Notes 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 this Resolution and the Commercial Paper Program, except for obligations under Article II, or pursuant to paragraph (f) of Section 7.01, in respect of the transfer, exchange, registration, discharge from registration or replacement of Commercial Paper Notes.

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

SECTION 8.02 Application of Trust Moneys. The Issuing and Paying Agent will hold in trust moneys or Government Obligations (as defined in Section 8.01) deposited with it pursuant to Section 8.01 and apply the deposited money and the proceeds from the Government Obligations in accordance with this Resolution only to the payment of principal of and interest on the Commercial Paper Notes with respect to which the same was deposited.

SECTION 8.03 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 under this Article VIII, and any moneys held by the Issuing and Paying Agent under any provision of this Resolution for the payment of principal of or interest on Commercial Paper Notes 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.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Additional Actions. The Metropolitan Mayor, the Metropolitan Clerk, the Director of Finance, the Metropolitan Treasurer and the other officers and employees of the Metropolitan Government are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Commercial Paper Notes and otherwise to effectuate the purposes of and carry out the obligations of the Metropolitan Government under the Program Documents. The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to provide for modifications or amendments to this Resolution to insure that the provisions of this Resolution conform to the terms and provisions of the Dealer Agreement and Issuing and Paying Agency Agreements as executed by the Metropolitan Mayor and Metropolitan Clerk.

SECTION 9.02 Termination of Commercial Paper Program. If, as verified by independent determination of the Issuing and Paying Agent, all of the Commercial Paper Notes shall no longer be Outstanding and if the Metropolitan Government shall have advised the Issuing and Paying Agent that no additional Commercial Paper Notes is to be issued, authenticated and delivered under this Resolution and all Bank Notes and amounts under any Facility shall have been paid, all balances remaining in the funds and accounts established pursuant hereto shall be transferred to such other funds and/or accounts as an Authorized Officer may determine in writing delivered to the Issuing and Paying Agent.

SECTION 9.03 Notices to Rating Agencies. The Metropolitan Government shall give each Rating Agency, the Dealer, the Issuing and Paying Agent and the Banks advance notice in writing of any (i) change of Dealer, (ii) change of Issuing and Paying Agent, (iii) default under any Facility, (iv) expiration, termination, extension or substitution of any Facility, (v) amendment or material change to the Program Documents and (vi) termination or defeasance of the Commercial Paper 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.

SECTION 9.04 Remedies of Holders and Facility Providers. Any Holder may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Metropolitan Government by the provisions of this Resolution. Any Bank may exercise any rights or remedies set forth in the related Facility.

SECTION 9.05 Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the Commercial Paper Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Metropolitan Government and the Holders from time to time of the Commercial Paper Notes, and the pledge made by this Resolution by the Metropolitan Government and the covenants and agreements set forth in this Resolution to be performed by the Metropolitan Government shall be for the equal and proportionate benefit, security and protection of all Holders of the Commercial Paper Notes, without preference, priority or distinction as to security or otherwise (including Series designation) of any of the Commercial Paper Notes 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 this Resolution. The Metropolitan Government agrees that each Bank shall be an express third party beneficiary of this Resolution for all purposes hereunder, and each Bank shall be entitled to enforce the rights created in its favor hereunder.

SECTION 9.06 Limitation of Benefits with Respect to this Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Commercial Paper Program is intended or should be construed to confer upon or give to any Person other than the Metropolitan Government, the Holders of the Commercial Paper Notes, the Issuing and Paying Agent, the Banks and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Metropolitan Government, the Holders of the Commercial Paper Notes, the Issuing and Paying Agent and the Dealer as herein and therein provided.

SECTION 9.07 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions or portions thereof herein contained shall be held by a court of competent jurisdiction contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper Notes issued hereunder.

SECTION 9.08 Payment and Performance on Business Days. Whenever under the terms of this Resolution or the Commercial Paper Program, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, 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.

SECTION 9.09 No Personal Recourse. No recourse shall be had for any claim based on this Resolution or the Commercial Paper 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 as such, or against the State Comptroller or any officer or employee, past or future, of the State 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.

SECTION 9.10 Disclosure of Liability. All covenants, stipulations, promises, agreements and obligations of the Metropolitan Government contained in this 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 Commercial Paper Notes or for any claim based thereon or on this Resolution against any member, officer, or employee of the Metropolitan Government, or against any Person executing the Commercial Paper Notes.

SECTION 9.11 Effect of Headings of Sections; Table of Contents. The headings of the sections of this Resolution are for convenience of reference only, and shall not affect the meaning, construction or interpretation of this Resolution.

SECTION 9.12 Effective Date. This Resolution shall take effect immediately upon the retirement of all outstanding notes issued pursuant to the Original Resolution and the first issuance of Commercial Paper hereunder, at which time the Original Resolution shall be of no further force or effect.

(signature page follows)

RECOMMENDED BY:

Scott Potter
Director of Water and Sewerage Services

APPROVED AS TO AVAILABILITY OF FUNDS BY:

Talia Lomax O'dneal
Director of Finance

APPROVED AS TO FORM AND LEGALITY:

Jon Cooper
Director of Law

INTRODUCED BY:

Tanaka Vercher

MEMBERS OF COUNCIL

EXHIBIT A
Form of Master Note

**FORM OF
MUNICIPAL COMMERCIAL PAPER – WATER AND SEWER REVENUE COMMERCIAL
PAPER NOTE, SERIES A – MASTER NOTE**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

July 10, 2018
(Date of Issuance)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY ("Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of DTC, or to registered assigns: the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Water and Sewer Revenue Commercial Paper Notes Note, Series A - Master Note (the "Master Note"), which Underlying Records are maintained by U.S. Bank National Association ("Issuing and Paying Agent"). Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Master Note evidences the obligation of the Issuer to pay the principal of and interest on, and only on, the above-named Series of Book-Entry Commercial Paper Notes referred to in the Commercial Paper Notes Resolution adopted by the Metropolitan County Council of the Issuer on ~~June 19~~ July 3, 2018 (the "Commercial Paper Notes Resolution"), and is issued under the authority of and in full compliance with the Constitution and statutes of the State of Tennessee. Reference is hereby made to the Commercial Paper Notes Resolution for definitions of terms used and not otherwise defined herein, and to all of the provisions of which (including provisions for issuance of obligations on a parity of security herewith) the Holder by acceptance of this Master Note hereby assents.

The Book-Entry Commercial Paper Notes and, accordingly, this Master Note, constitute limited obligations of the Issuer payable from and secured solely by a pledge of the revenues of the water and sewer system of the Issuer, subject to the payment of certain operations, maintenance, repair and insurance costs and subject to prior liens on such revenues in favor of prior indebtedness of the Issuer, all as more fully set forth in the Commercial Paper Notes Resolution.

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations that are evidenced thereby shall no longer be evidenced by this Master Note.

Not Valid Unless Countersigned for Authentication by Issuing and Paying Agent.

U.S. Bank National Association
(Issuing and Paying Agent)

By: _____
(Authorized Countersignature)

The Metropolitan Government of Nashville and
Davidson County
(Issuer)

By: _____
David Briley,
Metropolitan Mayor

[SEAL]

Attest: _____
Elizabeth Waites,
Metropolitan Clerk

Approved As To Form and Legality:

Jon Cooper,
Director of Law

EXHIBIT B

Form of Initial Offering Memorandum

EXHIBIT C

Form of Dealer Agreement

EXHIBIT D

Form of Issuing and Paying Agency Agreement

EXHIBIT E

Form of Facility and Fee Letter

24844047.5

**THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
\$200,000,000 WATER AND SEWER REVENUE COMMERCIAL PAPER NOTES, SERIES A**

Purpose	The Commercial Paper Notes will be issued to provide short-term financing of capital improvements to the water and sewer system (the "System") of the Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") in anticipation of the issuance of long-term bonds. See "Purpose of Program" on page 3.
Security	The Commercial Paper Notes are payable solely from and secured solely by a pledge of the revenues of the System, as more fully described herein, subject to senior and prior pledges of System revenues in favor of the Metropolitan Government's long-term water and sewer revenue bonds. The pledge of revenues in favor of the Commercial Paper Notes is on parity with a pledge of revenues in favor of the Metropolitan Government's Water and Sewer Revenue Extendable Commercial Paper Notes, 2015 Program. The Commercial Paper Notes do not constitute a general debt or liability of the Metropolitan Government for which there is a right to compel the exercise of the taxing power of the Metropolitan Government. See "Security for Commercial Paper Notes" on page 9.
Tax Status	Interest on the Commercial Paper Notes is excludable from gross income for federal income tax purposes to the extent and subject to the conditions, limitations and continuing compliance with tax covenants as described herein. The Commercial Paper Notes and the interest thereon are exempt from Tennessee taxes, subject to certain exceptions. See "Tax Matters" on page 11.
Interest Payments	Payable at maturity.
Denominations	\$100,000 minimum principal amount and integral multiples of \$1,000 thereof.
Maturities	Not later than 270 days from date of issue.
Redemption	The Commercial Paper Notes are not subject to redemption prior to maturity.
Credit Facility	State Street Bank and Trust Company (the "Initial Bank") will issue its Irrevocable Transferable Direct-Pay Letter of Credit (the "Letter of Credit") to provide credit for the payment of the principal of and interest on maturing Commercial Paper Notes, pursuant to the terms of a Reimbursement Agreement dated as of July 1, 2018 (the "Reimbursement Agreement") between the Initial Bank and the Metropolitan Government. The initial expiration date of the Reimbursement Agreement is July 10, 2021.
Dealer	Morgan Stanley & Co. LLC
Issuing and Paying Agent	U.S. Bank National Association.
Form	DTC Book-Entry-Only.
Securities Laws	Exempted securities under Section 3(a)(2) of the Securities Act of 1933; Exempt from Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.
Issuer Contact	Tom Eddlemon, Metropolitan Treasurer, 700 2nd Avenue South, Suite 205, Nashville, TN 37210, (615) 862-6112.
Bond Counsel	Bass, Berry & Sims PLC.
Financial Advisor	Hilltop Securities, Inc.

This summary is subject in all respects to more complete information contained in this Offering Memorandum and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the Commercial Paper Notes to potential investors is made only by means of the entire Offering Memorandum.

Morgan Stanley

Dated: July 10, 2018

This Offering Memorandum contains certain information for quick reference only and is not a summary of the terms of the Commercial Paper Notes. Information essential to the making of an informed decision with respect to the Commercial Paper Notes may be obtained in the manner described herein under the section heading "FINANCIAL INFORMATION".

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations with respect to the Commercial Paper Notes other than as contained in this Offering Memorandum and, if given or made, such other information or representations must not be relied upon. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Commercial Paper Notes, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 set forth herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

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

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)

\$200,000,000 WATER AND SEWER REVENUE COMMERCIAL PAPER NOTES, SERIES A

INTRODUCTION

This Offering Memorandum, including the cover page and 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 (the “Metropolitan Government”) of its Water and Sewer Revenue Commercial Paper Notes, Series A (the “Commercial Paper Notes”).

The Commercial Paper Notes will be issued under and subject to the terms and conditions contained in a resolution adopted by the Metropolitan County Council of the Metropolitan Government (the “Metropolitan Council”) on ~~June 19~~ July 3, 2018 (as it may be supplemented and amended, the “Commercial Paper Note Resolution”). The Metropolitan Government has entered into the following agreements in connection with the Commercial Paper Notes:

Issuing and Paying Agency Agreement (as it may be supplemented and amended, and together with any successor agreement, 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”).

Commercial Paper Dealer Agreement (as it may be supplemented and amended, and together with any successor agreement, the “Dealer Agreement”) between the Metropolitan Government and Morgan Stanley & Co. LLC (together with any successor, the “Dealer”).

Reimbursement Agreement (as it may be supplemented and amended, and together with any successor agreement, the “Reimbursement Agreement”) between the Metropolitan Government and State Street Bank and Trust Company (the “Initial Bank”), pursuant to which the Initial Bank has issued its Irrevocable Transferable Direct-Pay Letter of Credit (as it may be supplemented and amended, and together with any successor agreement, the “Letter of Credit”) to provide credit for the payment of the principal of and interest on maturing Commercial Paper Notes.

Descriptions herein do not purport to be comprehensive or definitive, and all references to the Commercial Paper Notes, the Commercial Paper Note Resolution, and various other documents and instruments mentioned herein, are qualified in their entirety by reference to the respective document or instrument, copies of which are available from the Metropolitan Government and the Dealer. Capitalized terms not otherwise defined herein shall have the meanings ascribed by the Commercial Paper Note Resolution.

The form of opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, with respect to certain legal matters relating to the Commercial Paper Notes is attached hereto as Appendix A.

PURPOSE OF PROGRAM

The Commercial Paper Notes will be issued to provide short-term financing of capital improvements to the Metropolitan Government’s water and sewer system (the “System”) in anticipation of the issuance of long-term bonds.

PROGRAM DESCRIPTION

Commercial Paper Notes may be issued in an aggregate principal amount outstanding at any one time not to exceed \$200,000,000.

The Commercial Paper Notes will be sold at par and will have varying maturities of not more than 270 days from the respective dates of issuance; provided that each maturity date will be a Business Day and such maturity date will not exceed the Business Day preceding the expiration date of the Letter of Credit.

The Commercial Paper Notes will be issued as interest-bearing obligations in minimum denominations of \$100,000 and integral multiples of \$1,000 thereof. Commercial Paper Notes will bear interest from their date at a rate not in excess of the lesser of 12% or the maximum rate permitted by applicable law, payable at maturity with principal, computed on the basis of actual days elapsed, including the issue date and excluding the maturity date, and a 360-day year. The maximum rate of interest permitted by Tennessee law is that rate equal to the prime rate in effect from time to time, plus 4.00%. The maximum rate under Tennessee law in effect on the date hereof is 8.75%.

Redemption

The Commercial Paper Notes are not subject to redemption prior to maturity.

Book-Entry-Form

All Commercial Paper Notes initially shall be issued in book-entry-only form through The Depository Trust Company, New York, New York. For a description of the book-entry-only system, see Appendix B.

Authority for Issuance

The Metropolitan Government is authorized to issue bond anticipation notes, including the Commercial Paper Notes, to finance capital improvements to the System pursuant to Title 9, Chapter 21, Part 5 of the Tennessee Code Annotated (the "T.C.A.") and to secure such bond anticipation notes by a pledge of the revenues of the System.

Pursuant to Section 9-21-505 of the T.C.A. and upon the approval of the Tennessee Director of State and Local Finance ("Director of State and Local Finance"), the Metropolitan Government may issue bond anticipation notes for a period not to exceed two years from the issue date; provided that, with the approval of the Director of State and Local Finance, the bond anticipation notes may be extended or renewed for not more than two additional periods of two years each. The Director of State and Local Finance has approved the issuance of the Commercial Paper Notes, including the approval of two extensions of two years each for an initial permitted issuance period of six years.

Pursuant to initial resolutions previously adopted by the Metropolitan Council, the Metropolitan Government has preliminarily authorized and anticipates issuing its water and sewer revenue bonds from time to time to retire the Commercial Paper Notes.

SUMMARY OF THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the Letter of Credit and of the Reimbursement Agreement. This summary does not purport to be comprehensive or definitive, and is subject to all of the terms and provisions of the Letter of Credit and of the Reimbursement Agreement, to which reference is hereby made. Capitalized terms used in this summary but not otherwise defined herein have the respective meanings given to such terms in the Letter of Credit.

General

The Letter of Credit and the Reimbursement Agreement contain various provisions, covenants and conditions, certain of which are summarized below. The Letter of Credit supporting the Commercial Paper Notes is available to pay the maturing principal of and accrued interest due on the maturity date of the Commercial Paper Notes. Terms not otherwise defined in this "Summary of the Letter of Credit and the Reimbursement Agreement" and this Offering Memorandum will have the meanings ascribed thereto in the Reimbursement Agreement.

The Letter of Credit permits, and the Issuing and Paying Agency Agreement requires, the Issuing and Paying Agent, on behalf of the Metropolitan Government, to request the Initial Bank to honor properly presented and conforming Drawings (as defined in the Reimbursement Agreement) under the Letter of Credit to provide the funds to pay principal of and accrued interest on the Commercial Paper Notes upon the maturity thereof. All Reimbursement Obligations (as defined in the Reimbursement Agreement) under the Reimbursement Agreement will be evidenced by a single Bank Note issued by the Metropolitan Government to the Initial Bank. The Letter of Credit will expire shall expire at 5:00 p.m., New York City time, on the date (the earliest of such date to occur referred to herein as the "Termination Date") which is the earliest of (i) July 10, 2021 (the "Stated Expiration Date," as such date may be extended in accordance with the terms of the Letter of Credit), (ii) the date of payment of a

Drawing, not subject to reinstatement, which when added to all other Drawings honored under the Letter of Credit which were not subject to reinstatement as provided in the Letter of Credit, in the aggregate equals the Stated Amount on the date of issuance of the Letter of Credit as adjusted pursuant to the terms and conditions of the Letter of Credit, (iii) the date of payment of a Drawing for the outstanding amount of Commercial Paper Notes, plus interest accrued and to be accrued therein, following receipt by the Issuing and Paying Agent of written notice from the Bank that an Event of Default under the Reimbursement Agreement has occurred and is continuing, and stating that the Letter of Credit will terminate on the tenth (10th) day following the date of receipt by the Issuing and Paying Agent of such notice, (iv) the date on which the Initial Bank receives written notice from the Issuing and Paying Agent that there are no longer any Commercial Paper Notes outstanding within the meaning of the Issuing and Paying Agency Agreement, or (v) the date that the Issuing and Paying Agent surrenders the Letter of Credit to the Initial Bank for cancellation.

Conditions Precedent to Each Issuance

No Commercial Paper Notes shall be issued unless on the date of such issuance, each of the following conditions precedent shall have been fulfilled in a manner satisfactory to the Initial Bank (or waived by the Initial Bank in writing): (a) that all representations and warranties of the Metropolitan Government in the Reimbursement Agreement and each other Related Document (as defined in the Reimbursement Agreement) and, each certificate or other writing delivered to the Initial Bank pursuant to the Reimbursement Agreement or thereto on or prior to the date of such issuance shall be correct on and as of such date as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date), and no Event of Default or Default shall have occurred and be continuing on such date or would result from such issuance, (b) all conditions precedent for the issuance of the Commercial Paper Notes under the Reimbursement Agreement, the Resolution (as defined in the Reimbursement Agreement) and the Issuing and Paying Agency Agreement shall have been satisfied, (c) the Resolution shall be in full force and effect, (d) no registration, notice, qualification or other filing is required to be made with any Governmental Authority (as defined in the Reimbursement Agreement) in connection with the issuance of the Commercial Paper Notes or, if required to be made, has been or will be made prior to the date of such issuance, (e) the Initial Bank shall not have given a Stop Order (as defined in the Reimbursement Agreement) or Final Drawing Notice (as defined in the Reimbursement Agreement), (f) after the issuance of the Commercial Paper Notes, the aggregate principal amount of all Reimbursement Obligations and all Commercial Paper Notes that will be outstanding immediately after such issuance (and after giving effect to the application of proceeds of such issuance and the Reimbursement Obligations) will not exceed the amount of the Stated Amount (as defined in the Reimbursement Agreement), and (g) the maturity date of any such Commercial Paper Notes will not occur later than the Business Day immediately preceding the Stated Expiration Date (as defined in the Reimbursement Agreement). Unless the Metropolitan Government shall have previously advised the Initial Bank in writing that one or more conditions set forth in clauses (a), (b), (c), (d), (f) and (g) above have not been satisfied, the Metropolitan Government shall be deemed to have represented and warranted that on the date of such issuance or authentication of any Commercial Paper Note the above conditions have been satisfied.

In addition, the Initial Bank shall have no obligation to honor any Drawing under the Letter of Credit the proceeds of which would be used to pay the principal of and interest on maturing Commercial Paper Notes that were issued by the Metropolitan Government after receipt by the Issuing and Paying Agent of a Stop Order or Final Drawing Notice.

Events of Default and Remedies under the Reimbursement Agreement

The occurrence of any of the following events (including the expiration of any specified time) shall constitute an Event of Default (as defined in the Reimbursement Agreement) under the Reimbursement Agreement unless waived by the Initial Bank in writing:

- (a) the Metropolitan Government shall fail to pay (i) any principal of or interest on any Reimbursement Obligations or the Bank Note when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) (other than payments on the Bank Note due solely as a result of acceleration caused by the Initial Bank pursuant to the Reimbursement Agreement), (ii) any Facility Fee (as defined in the Reimbursement Agreement) or any other amount payable under the Reimbursement Agreement or under the Fee Letter (as defined in the Reimbursement Agreement) and, in the case of such Facility Fee or other amount, such failure shall continue for a period of three (3) Business

Days (as defined in the Reimbursement Agreement) from the date such obligation was due; (iii) interest on any Commercial Paper Notes (as defined in the Reimbursement Agreement) when due; or (iv) the principal of any Commercial Paper Indebtedness (other than the Commercial Paper Notes) when due;

(b) any representation, warranty, certification, or statement made by the Metropolitan Government in the Reimbursement Agreement, any other Related Document or in any certificate, financial statement, or other document delivered pursuant to the Reimbursement Agreement or any Related Documents shall have been incorrect or untrue in any material respect when made or deemed to have been made;

(c) the Metropolitan Government shall fail to perform or observe certain specified covenants set forth in the Reimbursement Agreement;

(d) the Metropolitan Government shall fail to perform or observe any other covenant, agreement, or condition contained in the Reimbursement Agreement, the Bank Note or any other Related Document (other than as addressed by any other Event of Default in the Reimbursement Agreement) and such failure, if capable of being remedied, shall remain unremedied for thirty (30) days after the earlier to occur of (i) the date on which the Metropolitan Government has actual knowledge thereof or (ii) written notice thereof shall have been given to the Metropolitan Government by the Initial Bank; *provided, however,* such breach shall not constitute an Event of Default after such thirty (30) day period for such period of time as, in the judgment of the Initial Bank, the Metropolitan Government is diligently pursuing a cure or correction of such failure and has provided the Initial Bank with a written plan for curing or correcting such failure, but in no event shall such period extend more than ninety (90) days after the occurrence of such default;

(e) one or more final unappealable judgments or orders, issued or rendered by a Government Authority (as defined in the Reimbursement Agreement) of competent jurisdiction, for the payment of money in excess of \$10,000,000, individually or in the aggregate, shall be issued or rendered against the Metropolitan Government or the System and payable from all or any portion of the Revenues (as defined in the Reimbursement Agreement), and such judgment or order shall continue unsatisfied, unbonded, undismissed and unstayed for a period of sixty (60) days;

(f) the Metropolitan Government shall fail to pay when due and payable (i) any principal of or interest on any Special Revenue Debt (as defined in the Reimbursement Agreement) (including, in each case, without limitation, any principal or sinking fund installments), and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning the Special Revenue Debt; or any failure to pay the principal of or interest on any Special Revenue Debt under any indenture, contract or instrument providing for the creation of or concerning such Special Revenue Debt shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to pay the principal of or interest on any Special Revenue Debt is to accelerate, or to permit the acceleration of, the maturity of such Special Revenue Debt or (ii) any principal of or interest on any other Debt (as defined in the Reimbursement Agreement) (other than as referred to in clause (i) of this paragraph (f)) of the Metropolitan Government having a principal amount in excess of \$1,000,000 and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation thereof or any other default under any indenture, contract or instrument providing for the creation of or concerning such other Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such other Debt;

(g) (i) the Metropolitan Government shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part

of its assets, or the Metropolitan Government shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Metropolitan Government any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Metropolitan Government, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Metropolitan Government shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) of this paragraph (g); or (v) the Metropolitan Government shall admit in writing its inability to pay its debts generally as they become due, or shall become insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code;

(h) (i) any material provision of the Reimbursement Agreement or any of the other Related Documents shall at any time for any reason cease to be valid and binding or fully enforceable against the Metropolitan Government or shall be declared to be null and void as determined by any Governmental Authority of competent jurisdiction in a final nonappealable judgment, or (ii) the validity or enforceability of any material provision of the Reimbursement Agreement or any of the other Related Documents shall be contested or repudiated in writing by the Metropolitan Government or the Metropolitan Government shall deny that it has any or further liability or obligation under the Reimbursement Agreement or any of the other Related Documents or (iii) any Governmental Authority having appropriate jurisdiction over the Metropolitan Government shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which contests the validity or enforceability of any material provision of the Reimbursement Agreement or any of the other Related Documents;

(i) (i) (A) the Metropolitan Government shall impose or the Metropolitan Government shall declare a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Special Revenue Debt or (B) any Governmental Authority with jurisdiction over the Metropolitan Government shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on all Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues that ranks senior to or on a parity with the Commercial Paper Notes and the Bank Note; or (ii) any Governmental Authority having appropriate jurisdiction over the Metropolitan Government shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Commercial Paper Notes or the Bank Note or on all indebtedness of the Metropolitan Government secured by or payable from all or any portion of the Revenues;

(j) the long term unenhanced rating by Moody's, Fitch or S&P (each as defined in the Reimbursement Agreement) (in each case to the extent such Rating Agency is then providing a rating) on any Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues that ranks senior to or on a parity with the Commercial Paper Notes and the Bank Note is (i) reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent), respectively or (ii) withdrawn or suspended or otherwise unavailable;

(k) an "event of default" as defined in any Related Document (other than the Reimbursement Agreement, the Bank Note or the Fee Letter) shall occur and be continuing or the Metropolitan Government shall default in the due performance or observance of any material term, covenant or agreement contained in the Resolution, the Issuing and Paying Agency Agreement or any other Related Document (other than the Reimbursement Agreement, the Bank Note or the Fee Letter) and the same shall not have been cured within any applicable cure period;

(l) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Commercial Paper Notes is includable in the

gross income of the holder(s) or owner(s) of such Notes and either (i) the Metropolitan Government, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Metropolitan Government shall challenge such ruling, assessment, notice or advice and a court of law make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(m) the Metropolitan Government shall cease to exist, dissolve or terminate; or

(n) the Internal Revenue Service declares the interest on any Commercial Paper Notes is not excludable from gross income for federal income tax purposes.

Upon the occurrence of any Event of Default, the Initial Bank may exercise any one or more of the following rights and remedies in addition to any other remedies in the Reimbursement Agreement or by law provided:

- (i) Declare the Bank Note, all accrued interest thereon, and all other amounts payable under the Reimbursement Agreement to be forthwith due and payable, whereupon the Bank Note and such interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Metropolitan Government under the Reimbursement Agreement. If any Event of Default specified in paragraph (g) under the caption “**Events of Default and Remedies under the Reimbursement Agreement**” above shall occur, without any notice to the Metropolitan Government or any other act by the Initial Bank, the Bank Note, together with accrued interest thereon, and all other amounts payable under the Reimbursement Agreement, shall become forthwith due and payable, without presentment, demand, protest, or other notice of any kind, all of which are waived by the Metropolitan Government under the Reimbursement Agreement; or
- (ii) Deliver a Stop Order to the Issuing and Paying Agent which shall (i) prohibit, until such time, if any, as the Initial Bank shall withdraw (in writing) such notice, the issuance of additional Commercial Paper Notes and (ii) reduce the Stated Amount of the Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such Stated Amount as the then Outstanding Commercial Paper Notes are paid; or
- (iii) Issue the Final Drawing Notice (as defined in the Reimbursement Agreement) (the effect of which shall be to cause the Termination Date (as defined in the Reimbursement Agreement) of the Letter of Credit to occur on the 10th day after the date of receipt thereof by the Issuing and Paying Agent); or
- (iv) Pursue any rights and remedies it may have under the Related Documents; or
- (v) Pursue any other action available at law or in equity.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of, or the right to take action in the future in regard to, such or subsequent Events of Default.

If any Event of Default shall occur, then and in every such case the Initial Bank shall be entitled to proceed to protect and enforce its rights by such appropriate judicial proceeding as it may deem most effectual to protect and enforce any such right, either by suit, in equity, or by action at law, whether for the specific performance of any covenant or agreement contained in the Reimbursement Agreement, in aid of the exercise of any power granted in the Reimbursement Agreement, or to enforce any other legal or equitable right vested in the Initial Bank by the Reimbursement Agreement, the Bank Note or by law. The provisions of the Reimbursement Agreement shall be a contract with each and every Holder (as defined in the Reimbursement Agreement) and the duties of the Metropolitan Government shall be enforceable by any Holder by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

DESCRIPTION OF THE INITIAL BANK

The following information concerning the Initial Bank has been provided by representatives of the Initial Bank and has not been independently confirmed or verified by Morgan Stanley & Co. LLC or the Metropolitan Government. The inclusion of this section in the Offering Memorandum shall not create any implication that there has been no change in the affairs of the Initial Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

State Street Bank and Trust Company is a wholly-owned subsidiary of State Street Corporation (the "Corporation"). The Corporation (NYSE: STT) through its subsidiaries, including the Initial Bank, provides a broad range of financial products and services to institutional investors worldwide. With \$33.12 trillion in assets under custody and administration and \$2.78 trillion in assets under management as of December 31, 2017, the Corporation operates in more than 100 geographic markets worldwide. As of December 31, 2017, the Corporation had consolidated total assets of \$238.43 billion, consolidated total deposits (including deposits in non-U.S. offices) of \$184.90 billion, total investment securities of \$97.58 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$23.24 billion, and total shareholders' equity of \$22.32 billion.

The Initial Bank's Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031 (the "Call Reports") through December 31, 2017 have been submitted through the Federal Financial Institutions Examination Council and provided to the Board of Governors of the Federal Reserve System, the primary U.S. federal banking agency responsible for regulating the Corporation and the Initial Bank. Publicly available portions of those Call Reports, and future Call Reports so submitted by the Initial Bank, are available on the Federal Deposit Insurance Corporation's website at www.fdic.gov. The Call Reports are prepared in conformity with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles.

Additional financial and other information related to the Corporation and the Initial Bank, including the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017 and additional annual, quarterly and current reports subsequently filed or furnished by the Corporation with the U.S. Securities and Exchange Commission (the "SEC"), can be accessed free of charge on the SEC's website at www.sec.gov.

Any statement contained in any document referred to above shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently submitted, filed or furnished document that also is referred to above modifies or supersedes such statement. The delivery hereof shall not create any implication that there has been no change in the affairs of the Initial Bank or the Corporation since the date hereof, or that information contained or referred to in this section is correct as of any time subsequent to this date. The information concerning the Corporation, the Initial Bank or any of their respective affiliates is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced here.

A copy of any or all of the publicly available portions of the documents referred to above, other than exhibits to such documents, may be obtained without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

The Letter of Credit is an obligation solely of the Initial Bank and is not an obligation of, or otherwise guaranteed by, the Corporation or any of its affiliates (other than the Initial Bank). Neither the Corporation nor any of its affiliates (other than the Initial Bank) is required to make payments under the Letter of Credit. None of the Initial Bank, the Corporation or any of their respective affiliates makes any representation as to, or is responsible for the suitability of the Commercial Paper Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations. The Commercial Paper Notes are not direct obligations of, or guaranteed by, the Initial Bank, the Corporation or any of their respective affiliates, except to the extent provided by the Reimbursement Agreement.

Except for the contents of this section, the Initial Bank assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Offering Memorandum.

SECURITY FOR COMMERCIAL PAPER NOTES

The Commercial Paper Notes are limited obligations of the Metropolitan Government payable solely from and secured solely by a pledge of the revenues of the System (the “Revenues”), subject to the application thereof to payment of operating expenses of the System. The pledge of Revenues in favor of the Commercial Paper Notes is subject and subordinate to the prior and senior pledge of Revenues in favor of (a) the Metropolitan Government’s Water and Sewer Revenue Refunding Bonds, Series 2008A; its Water and Sewer Revenue Refunding Bonds, Series 2010A; its Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment; its Water and Sewer Revenue Bonds Federally Taxable, Series 2010C (Recovery Zone Economic Development Bonds); its Water and Sewer Revenue Refunding Bonds Federally Taxable, Series 2010D; its Subordinate Lien Water and Sewer Revenue Refunding Bonds, Series 2012; its Water and Sewer Revenue Bonds, Series 2013; its Water and Sewer Revenue Bonds, Series 2017A (Green Bonds); and its Water and Sewer Revenue Bonds, Series 2017B (collectively, the “Prior Lien Bonds”) and (b) any other long-term bonds hereafter issued by the Metropolitan Government on parity with the Prior Lien Bonds. The pledge of Revenues in favor of the Commercial Paper Notes is on parity with the pledge of Revenues in favor of the Metropolitan Government’s Water and Sewer Extendable Commercial Paper Notes, 2015 Program (the “Extendable Notes”).

The Commercial Paper Notes do not constitute a debt or liability of the Metropolitan Government for which there is a right to compel the exercise of the taxing power of the Metropolitan Government.

The resolutions authorizing the Prior Lien Bonds require the Metropolitan Government to maintain rates at all times sufficient to provide for the payment of all operating expenses, debt service on the Prior Lien Bonds and the payment of interest on the Commercial Paper Notes and the Extendable Notes. Unless the payment of the principal of the Commercial Paper Notes otherwise shall be provided for by or on behalf of the Metropolitan Government from proceeds of other Commercial Paper Notes or other available moneys, on or before the respective maturity dates thereof, the Metropolitan Government shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of water and sewer revenue bonds or other obligations of the Metropolitan Government (or otherwise obtain governmental financing) in an amount sufficient to provide for the payment of the outstanding principal of the Commercial Paper Notes at maturity.

The Commercial Paper Notes when duly issued will constitute a contract between the Metropolitan Government and each registered owner of the Commercial Paper Notes. Any registered owner or owner(s) of the Commercial Paper 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 carry out the covenants and agreements set forth in the Commercial Paper Note Resolution and to perform its and their duties under the applicable 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 Commercial Paper Notes.

LITIGATION

At the time of the original delivery of the Commercial Paper Notes, 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 Notes or the power of the Metropolitan Government to set rates and collect revenues from the System to pay the Commercial Paper Notes.

TAX MATTERS

Federal Taxes

Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Commercial Paper 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 Commercial Paper Notes is 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.

The Internal Revenue Code of 1986, as amended (the "Code") imposes requirements on the Commercial Paper Notes that the Issuer must continue to meet after the Commercial Paper Notes are issued. These requirements generally involve the way that Commercial Paper Notes proceeds must be invested and ultimately used. If the Issuer does not meet these requirements, it is possible that a Commercial Paper Notes holder may have to include interest on the Commercial Paper 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 Commercial Paper Notes holder who is a particular kind of taxpayer may also have additional tax consequences from owning the Commercial Paper Notes. This is possible if a Commercial Paper Notes holder 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 Notes.

If a Commercial Paper Notes holder 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 Commercial Paper Notes or affect the market price of the Commercial Paper 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 Commercial Paper Notes, or under State, local or foreign tax law.

State Taxes

Under existing law, the Commercial Paper 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 Commercial Paper Notes during the period the Commercial Paper Notes are held or beneficially owned by any organization or entity, or 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 Commercial Paper 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 Commercial Paper Notes or otherwise prevent holders of the Commercial Paper Notes from realizing the full benefit of the tax exemption of interest on the Commercial Paper Notes. Further, such proposals may impact the marketability or market value of the Commercial Paper 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 Commercial Paper 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 Commercial Paper 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 Commercial Paper Notes would be impacted thereby. Purchasers of the Commercial Paper 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 Commercial Paper 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 OPINIONS

The validity of the Commercial Paper 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 A. Certain matters will be passed upon for the Initial Bank by its counsel, McGuireWoods LLP.

FINANCIAL INFORMATION

The Metropolitan Government is not required to file reports with the S.E.C. in connection with the Commercial Paper Notes. In connection with the issuance of the Commercial Paper Notes, 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) as long as the Metropolitan Government has outstanding general obligation bonds.

Audited financial statements of the Metropolitan Government and the System 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, Suite 205, Nashville, Tennessee 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 Commercial Paper Notes, and information essential to the making of an informed decision with respect to the Commercial Paper Notes 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 (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned ratings of “_”, and “_”, respectively, on the Commercial Paper Notes based upon the Metropolitan Government and the Letter of Credit issued by the Initial Bank. Such ratings reflect only the views of each rating agency, and any explanation of the significance of such ratings may be obtained only from the respective rating agency.

Such ratings for the Commercial Paper Notes are subject to revision, suspension or withdrawal at any time by the respective rating agency, and any such revision, suspension or withdrawal may affect the market price or marketability of the Commercial Paper Notes. The ratings are not a recommendation to buy, sell or hold the Commercial Paper Notes.

DEALER

The Metropolitan Government has appointed Morgan Stanley & Co. LLC (the “Dealer”) to serve as dealer for the Commercial Paper Notes. Under the Dealer Agreement, dated July 1, 2018, by and between the Metropolitan Government and the Dealer, the Dealer has no commitment to purchase any Commercial Paper Notes. Inquiries to the Dealer may be directed as set forth below.

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
Attn: Municipal Short-Term Products
Phone: (212) 761-2609

The Dealer and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

In the ordinary course of their various business activities, the Dealer and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Dealer and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

Hilltop Securities, Inc. (the “Financial Advisor”) is employed as Financial Advisor to the Metropolitan Government in connection with the issuance of the Commercial Paper Notes. The Financial Advisor, 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 Commercial Paper Notes or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor 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.

MISCELLANEOUS

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 Commercial Paper Notes, the security for the payment of the Commercial Paper Notes 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 Commercial Paper Notes.

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/ David Briley
David Briley
Metropolitan Mayor

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APPENDIX A
FORM OF OPINION OF BOND COUNSEL

The Metropolitan Government of Nashville
and Davidson County
Nashville, Tennessee

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

Morgan Stanley & Co. LLC
New York, New York

State Street Bank and Trust Company
Boston, Massachusetts

**The Metropolitan Government of Nashville and Davidson County
Water and Sewer Revenue Commercial Paper Notes, Series A**

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 \$200,000,000 in aggregate principal amount of its Water and Sewer Revenue Commercial Paper Notes, Series A, dated the date hereof (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. RS2018- (the "Resolution") authorizing the issuance and sale of the Notes. As used herein, the term "Notes" shall also mean any Rollover Commercial Paper Notes (as defined in the Resolution) issued for the purpose of paying the principal 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 limited obligations of the Metropolitan Government, payable solely from and secured solely by a pledge of the revenues of the Metropolitan Government's water and sewer system, subject to costs of operating the system and subject to prior pledges of such revenues in favor of (a) the Metropolitan Government's Water and Sewer Revenue Refunding Bonds, Series 2008A; its Water and Sewer Revenue Refunding Bonds, Series 2010A; its Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (Build America Bonds-Direct Payment; its Water and Sewer Revenue Bonds Federally Taxable, Series 2010C (Recovery Zone Economic Development Bonds); its Water and Sewer Revenue Refunding Bonds Federally Taxable, Series 2010D; its Subordinate Lien Water and Sewer Revenue Refunding Bonds, Series 2012; its Water and Sewer Revenue Bonds, Series 2013; its Water and Sewer Revenue Bonds, Series 2017A (Green Bonds); and its Water and Sewer Revenue Bonds, Series 2017B (collectively, the "Prior Lien Bonds") and (b) any other long-term bonds hereafter issued by the Metropolitan Government on parity with the Prior Lien Bonds. The pledge of revenues to the payment of the Notes is on parity with the pledge in favor of the Metropolitan Government's Water and Sewer Extendable Commercial Paper Notes, 2015 Program.
4. Interest on the Notes is 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. 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

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APPENDIX B
INFORMATION RELATED TO
DEPOSITORY TRUST COMPANY

Book-Entry-Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Commercial Paper Notes, payment of interest and principal on the Commercial Paper Notes to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Offering Memorandum) of the Commercial Paper Notes, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Commercial Paper Notes is based solely on information furnished by DTC to the Metropolitan Government for inclusion in this Offering Memorandum. Accordingly, the Metropolitan Government cannot make any representations concerning these matters.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. 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 issues of U.S. and non-U.S. equity issues, 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 Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

9. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

10. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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COMMERCIAL PAPER DEALER AGREEMENT

This COMMERCIAL PAPER DEALER AGREEMENT, dated as of July 1, 2018 (the "Agreement"), by and between THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (the "Issuer") and MORGAN STANLEY & CO. LLC ("Morgan Stanley" or the "Dealer").

For and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Background and Definitions.

(a) The Issuer has authorized the issuance and sale from time-to-time of a series of its water and sewer revenue bond anticipation notes, in the form of Commercial Paper Notes designated "Water and Sewer Revenue Commercial Paper Notes, Series A" (the "Commercial Paper Notes") in the aggregate principal amount not to exceed \$200,000,000 outstanding at any time, the credit support for which is being provided by State Street Bank and Trust Company (the "Bank") pursuant to an Irrevocable Transferable Direct-Pay Letter of Credit (as amended, restated, supplemented or otherwise modified from time to time, the "Letter of Credit") issued by the Bank pursuant to the terms of a Reimbursement Agreement, dated as of July 1, 2018, between the Bank and the Issuer (as amended, restated, supplemented or otherwise modified from time to time, the "Reimbursement Agreement" and, and together with the Letter of Credit, the "Facility").

(b) The Issuer has authorized the issuance of the Commercial Paper Notes pursuant to a resolution adopted by the Metropolitan County Council of the Issuer on ~~June 19~~ July 3, 2018 (as the same may be amended or supplemented, the "Resolution") in accordance with an Issuing and Paying Agency Agreement, dated as of the date hereof (as the same may be amended, supplemented or replaced, the "Issuing and Paying Agency Agreement") between the Issuer and U.S. Bank National Association (the "Issuing and Paying Agent").

(c) The Resolution provides for the appointment of a Dealer to perform certain duties, including the offering and sale from time-to-time of the Commercial Paper Notes on behalf of the Issuer.

(d) Morgan Stanley has agreed to accept the duties and responsibilities of the Dealer with respect to the Commercial Paper Notes under the Resolution and this Agreement.

(e) Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Resolution or the Issuing and Paying Agency Agreement.

(f) Unless otherwise specifically stated herein, all references to time shall be deemed to refer to prevailing time in New York, New York.

Section 2. Appointment of Dealer.

(a) Subject to the terms and conditions contained herein, the Issuer hereby appoints Morgan Stanley as the exclusive Dealer for the Commercial Paper Notes in the United States, and Morgan Stanley hereby accepts such appointment.

(b) While (i) the Issuer has and shall have no obligation to sell the Commercial Paper Notes to the Dealer or to permit the Dealer to arrange any sale of the Commercial Paper Notes for the account of the Issuer, and (ii) the Dealer has and shall have no obligation to purchase the Commercial Paper Notes from the Issuer or to arrange any sale of the Commercial Paper Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases the Commercial Paper Notes from the Issuer, or arranges for the sale of the Commercial Paper Notes by the Issuer, such Commercial Paper Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer herein contained and in the manner provided herein.

(c) The Issuer has delivered to the Dealer a certified copy of the Resolution and the Issuing and Paying Agency Agreement. The Issuer agrees to provide the Dealer with a certified copy of any amendment to the Resolution or Issuing and Paying Agency Agreement, if any, promptly upon the adoption or execution thereof. The Commercial Paper Notes will be sold in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, and will mature not more than 270 days from the date of issuance. The Commercial Paper Notes will be issued by the Issuer as book-entry obligations represented by one or more master notes and recorded in the electronic book-entry system maintained by the Depository or any other clearing corporation (each a "Clearing Corporation") within the meaning of Section 8-102(a)(5) of the Uniform Commercial Code in accordance with the terms of the letter of representations among the Issuer, the Issuing and Paying Agent and the Clearing Corporation (the "Clearing Corporation Letter of Representations").

Section 3. Sale and Purchase of Commercial Paper Notes.

(a) The Dealer and the Issuer agree that any Commercial Paper Notes which the Dealer may arrange the sale of or which, in the Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Resolution, the Issuing and Paying Agency Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Resolution or the Issuing and Paying Agency Agreement, the provisions of the Resolution and the Issuing and Paying Agency Agreement shall be controlling.

(b) On and after the Closing (described below), subject to Section 4(b) of this Agreement, the Dealer will use its best efforts to arrange for the sale (other than to the Issuer) of the Commercial Paper Notes to pay the principal of and interest on any maturing Commercial Paper Notes (referred to herein as the "Rollover CP"); provided, however, that this sentence is not a representation that it will be able to successfully arrange for sale of the Commercial Paper Notes. Notwithstanding the foregoing, the Dealer may, but shall not be obligated to, purchase any Commercial Paper Notes (including, without limitation, Rollover CP) for its own account unless and until agreement has been reached in each case on the maturity dates and interest rates and any other relevant terms and the Dealer has agreed to such purchase.

(c) If, on any date, the Dealer is unable to arrange for the sale of Rollover CP on the applicable maturity date, the Dealer agrees to (i) notify the Issuer and the Issuing and Paying Agent and the Bank of such inability by 11:30 a.m. on such maturity date and (ii) initiate all instructions to the Issuing and Paying Agent for issuance of all Commercial Paper Notes on that day by 11:30 a.m.

(d) The Dealer is authorized to directly access the PIMS system, or any similar system, of the Issuing and Paying Agent for the purposes of transmitting the instructions described in section (ii) of the preceding paragraph to the Issuing and Paying Agent.

Section 4. Responsibilities of Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, Morgan Stanley agrees to perform the duties of Dealer set forth in this Agreement and the Resolution. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The Dealer shall use its best efforts to solicit and arrange sales of Rollover CP on behalf of the Issuer at such rates, up to the maximum interest rate applicable to Commercial Paper Notes, and maturities as may prevail from time to time in the market.

(b) Notwithstanding anything to the contrary contained herein, the Dealer may, in its sole discretion, suspend its obligation to use its best efforts to solicit and arrange sales of the Rollover CP immediately upon the occurrence of any of the following events, which suspension will continue so long as, in the Dealer's reasonable judgment, such event continues have a material adverse effect on the marketability of the Commercial Paper Notes:

(i) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(ii) a general moratorium on commercial banking activities in Tennessee or New York is declared by either federal or State of Tennessee or New York authorities;

(iii) the engagement by the United States in hostilities if the effect of such engagement, in the Dealer's judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Commercial Paper Notes;

(iv) legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or be introduced by committee or amendment in, or be enacted by, the House of Representatives or the Senate, or be recommended by the President of the United States, or a decision by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, shall be rendered or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service or any other governmental entity having jurisdiction over the subject matter shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon interest received on any Commercial Paper Notes;

(v) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Commercial Paper Notes and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Commercial Paper Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") as then in effect, the Securities Exchange Act of 1934, as amended (the "Exchange Act") as then in effect, or the Trust Indenture Act of 1939, as amended as then in effect or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the

general character of the Commercial Paper Notes, or the Commercial Paper Notes themselves, as contemplated hereby;

(vi) any event shall occur or information shall become known, which, in the Dealer's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents provided to the Dealer in connection with the performance of its duties hereunder, whether provided pursuant to Section 10 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(vii) any governmental authority shall impose, as to the Commercial Paper Notes any material restrictions not now in force, or increase materially those now in force;

(viii) any of the representations and warranties of the Issuer made hereunder shall not have been true and correct in all material respects on the date made; or

(ix) an actual or imminent default or a moratorium in respect of payment of any U. S. Treasury bills, bonds or notes the effect of which in the Dealer's judgment makes it impractical to market the Commercial Paper Notes or to enforce contracts for the sale of the Commercial Paper Notes.

Section 5. Transactions in Commercial Paper Notes. All transactions in Commercial Paper Notes between the Dealer and the Issuer shall be in accordance with the Resolution, the Issuing and Paying Agency Agreement, this Agreement, and the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Resolution. As early as possible, but not later than 11:30 a.m. on the day on which any Commercial Paper Notes are to be issued, the Dealer shall notify the Issuer of the proposed final maturities, prices and interest rates (which interest rates shall not exceed the Maximum Rate) at which the Dealer will arrange for the sale of or, in its sole discretion, purchase the Commercial Paper Notes, and provide the Issuer with any other information as required for delivery of such Commercial Paper Notes in accordance with Section 3 hereof.

Section 6. Closing. At 11:00 a.m. on October 6, 2015 or on such other date or time as may be mutually agreed upon (the "Closing"), the Issuer will deliver (a) a Certificate signed by an Authorized Officer stating that the representations and warranties set forth in this Agreement, the Resolution and Issuing and Paying Agency Agreement are true and accurate as of the date of Closing; (b) an opinion of Bond Counsel, dated the Closing, substantially in the form attached to the Offering Memorandum; (c) a supplemental opinion of Bond Counsel, dated the Closing, substantially in the form of Exhibit B hereto; (d) the documents as required herein and in the Program Documents (as defined in Section 13(a) hereof) and (e) such additional documentation as Bond Counsel or the Dealer may reasonably request to evidence compliance with applicable law at the offices of Bass, Berry & Sims PLC, 150 Third Avenue South, Suite 2800, Nashville, Tennessee, 37201 or such other place as shall have been mutually agreed upon by the Issuer and the Dealer.

Section 7. Payment for Commercial Paper Notes. The Dealer shall pay for the Commercial Paper Notes sold by the Dealer (or purchased by the Dealer for its own account) in immediately available funds by 2:00 p.m. on the Business Day such Commercial Paper Notes are delivered to the Dealer (provided that such Commercial Paper Notes are so delivered to the Dealer by 2:00 p.m. on such Business Day). All Commercial Paper Notes will be sold at par, and will be evidenced either by (i) a global note

immobilized with The Depository Trust Company of New York or (ii) if not, will be executed in the manner provided for in the Resolution.

Section 8. Authorized Officers. Commercial Paper Notes transactions with the Issuer pursuant to Section 5 hereof, shall be with any one of the officers or employees of the Issuer who are designated in writing as Authorized Officers by the Issuer's Director of Finance. The Issuer agrees to provide the Dealer with revised written designations when and as required by changes in the Authorized Officers. The Dealer may rely upon such designations unless and until otherwise notified in writing by the Issuer.

Section 9. Resignation and Removal of Dealer. The Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the Issuer, the Bank and the Issuing and Paying Agent with sixty (60) days' prior written notice. The Dealer may be removed at any time, at the direction of the Issuer upon ten (10) days' prior written notice to the Dealer, the Bank and the Issuing and Paying Agent. Upon removal or resignation of the Dealer, the Issuer shall promptly cause the Issuing and Paying Agent to give notice thereof by mail to all owners of the Commercial Paper Notes and to any rating agency that has assigned a rating to the Commercial Paper Notes.

Section 10. Furnishing of Disclosure Materials.

(a) The Issuer agrees to furnish the Dealer with an electronic copy of the Offering Memorandum of the Issuer relating to the Commercial Paper Notes (the "Offering Memorandum"), and such other information with respect to the Issuer and the Commercial Paper Notes as the Dealer shall reasonably request from time to time, for distribution to investors and potential investors in the Commercial Paper Notes. The Issuer shall be responsible for retaining such counsel or advisors as it believes necessary to assure itself that the Offering Memorandum contains all material information necessary to comply with the disclosure requirements of federal and state securities laws. The Issuer will supplement and amend the Offering Memorandum (and all documents incorporated by reference), at its expense, on an annual basis or more often as necessary so that at all times the Offering Memorandum will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The Issuer agrees to cooperate with the Dealer in the preparation from time-to-time of a new Offering Memorandum of the Issuer for the Commercial Paper Notes in the event the Dealer determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the Issuer of the Commercial Paper Notes, and to furnish or to cause to be furnished to the Dealer as many copies as the Dealer may reasonably request of such new Offering Memorandum.

(c) If, at any time during the term of this Agreement, any event shall occur or facts become known to the Issuer that might affect the correctness or completeness of any statement of a material fact contained in the then current Offering Memorandum, the Issuer shall promptly notify the Dealer in writing of the circumstances and details of such event. The Issuer agrees to promptly furnish to the Dealer a copy of each filing or notice made to anyone (whether in connection with the Commercial Paper Notes or not) pursuant to any undertaking or other agreement of the Issuer made under any provision of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 11. Indemnification.

(a) If and to the extent permitted by law, and without any representation with respect to permissibility under existing law, the Issuer assumes liability for, and will indemnify and hold the

Dealer or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the "Indemnitees") harmless from and against, any liabilities, claims, damages, costs, and expenses (including legal fees and expenses) (each a "Claim") arising out of or in connection with (i) any allegation that the Offering Memorandum or any information provided by the Issuer to the Dealer included (as of any relevant time) or includes any untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) arising out of or based upon the breach by the Issuer of any agreement, covenant or representation made in or pursuant to this Agreement.

(b) If the indemnification provided for above is unavailable or insufficient to hold harmless the Indemnitees in respect of any losses, claims, damages or liabilities referred to above, then the Issuer, in lieu of indemnifying the Indemnitees, if and to the extent permitted by law, and without any representation with respect to permissibility under existing law, shall contribute to the amount paid or payable by the Indemnitees as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer and the Dealer from the offering of the Commercial Paper Notes or (ii) in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and of the Dealer in connection with the statements or omissions that resulted in such Claim, as well as any other relevant equitable considerations; provided, however, such contribution by the Issuer shall be in an amount such that the aggregate costs incurred by the Dealer do not exceed the aggregate of the commissions and fees earned by the Dealer hereunder with respect to the issue or issues of Commercial Paper Notes to which such Claim relates. The relative benefits received by the Issuer and the Dealer shall be deemed to be in the same respective proportions as the net proceeds from the offering (before deducting expenses) received by the Issuer and the total compensation received by the Dealer, bear to the offering price of the Commercial Paper Notes. The relative fault of the Issuer and the Dealer shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to (x) information supplied by the Issuer or (y) information provided in writing by the Dealer specifically for inclusion in the Offering Memorandum under the heading "DEALERS" and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Issuer and the Dealer agree that it would not be just and equitable if contribution pursuant to this Section were determined by any other method of allocation that does not take account of the equitable considerations referred to in this paragraph.

(c) The indemnity and other provisions contained in this Section 11 shall survive termination of this Agreement.

Section 12. Fees and Expenses.

(a) For the Dealer's services under this Agreement, the Issuer will pay the Dealer a fee, within 30 days after the last business day of each March, June, September and December, equal to ~~—~~0.05% of the aggregate principal amount of Commercial Paper Notes issued within the calendar quarter then ending.

(b) The Dealer shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to: (i) the cost of preparing and printing the Commercial Paper Notes; (ii) the fees and expenses of Bond Counsel; (iii) the fees and disbursements of the Bank, the Issuer's accountants, advisers, and any other experts or consultants retained by the Issuer; (iv) fees for bond ratings or other expenses of the bond

rating agencies incurred incident thereto; and (v) any travel expenses of the Dealer incurred at the Issuer's request.

(c) The Dealer shall pay: (i) all advertising expenses in connection with the offering of the Commercial Paper Notes, if any; (ii) the costs of printing, if any, and distributing the Offering Memorandum, and (iii) all other expenses incurred by it in connection with its offering and distribution of the Commercial Paper Notes, including any fees incurred in connection with fees charged by the Depository Trust Company, but excluding any fees and expenses described in subsection (b) above.

(d) The Issuer's obligations under this Section 12 shall survive termination or expiration of the Agreement.

Section 13. Representations, Warranties, Covenants and Agreements of the Issuer. The Issuer, by its acceptance hereof, represents, warrants, covenants, and agrees with the Dealer that:

(a) The Issuer has full legal right, power, and authority to enter into (i) this Agreement, as the same may be amended or supplemented; (ii) the Issuing and Paying Agency Agreement; (iii) the Clearing Corporation Letter of Representations; and (iv) the Facility with the Bank (the Issuing and Paying Agency Agreement, the Clearing Corporation Letter of Representations, the Facility and this Agreement may hereinafter be collectively referred to as the "Program Documents"); to adopt the Resolution; to issue and sell the Commercial Paper Notes as limited obligations of the water and sewer system of the Issuer; to deliver the Commercial Paper Notes to the Dealer as provided herein; and to carry out and consummate all other transactions described in the Program Documents;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations contained in, the Commercial Paper Notes and the Program Documents; and the Program Documents have been duly and validly executed and delivered by the Issuer and constitute valid contractual obligations of the Issuer, and the Commercial Paper Notes when validly executed, authenticated, and delivered in accordance with the Resolution and the Issuing and Paying Agency Agreement will constitute legal, valid, and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms and entitled to the benefits of the Resolution;

(c) Interest on the Commercial Paper Notes is not includable in gross income under Section 103 of the Internal Revenue Code of 1986, as amended, for purposes of federal income taxes; no registration under the Securities Act of 1933, as amended (the "Act") of any security shall be required in connection with the offer and sale of the Commercial Paper Notes in accordance with the terms hereof; and the Resolution shall be exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "TIA");

(d) The Issuer is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement, or other instrument, to which the Issuer is a party or is otherwise subject, which would have a material and adverse effect upon the business or financial condition of the water and sewer system of the Issuer; and the execution and delivery of the Program Documents by the Issuer and the execution and delivery of the Commercial Paper Notes and the adoption of the Resolution by the Issuer and compliance with the provisions of each thereof will not violate or constitute a breach of or default under any existing law, administrative regulation, judgment, decree, or any agreement or other instrument to which the Issuer is a party or is otherwise subject;

(e) All approvals, consents, and orders of any governmental authority or agency having jurisdiction of any matter which would constitute a condition precedent to the performance by the Issuer of its obligations to sell and deliver the Commercial Paper Notes hereunder will have been obtained prior to the Closing;

(f) The information furnished to the Dealer by the Issuer pursuant to Section 10, when furnished or as of any earlier date to which such information relates, in the aggregate does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) To the knowledge of the Issuer, no litigation is pending in any court, or threatened, affecting the existence of the Issuer or the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Commercial Paper Notes, or the collection of receipts or assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Commercial Paper Notes; or in any way contesting or affecting the validity or enforceability of the Commercial Paper Notes, the Resolution, or the Program Documents; or contesting the powers of the Issuer, or any authority for the Commercial Paper Notes, the Resolution, or the Program Documents; or contesting in any way the completeness, accuracy or fairness of the Offering Memorandum; or materially and adversely affecting the financial condition of the water and sewer system of the Issuer;

(h) The Issuer will cooperate with the Dealer in arranging for the qualification of the Commercial Paper Notes for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Dealer may designate, and will use its best efforts to continue such qualifications in effect so long as the Commercial Paper Notes are being offered by the Dealer; provided, however, that the Issuer will not be required to execute a special or general consent to service of process or qualify to do business in connection with any such qualification in any jurisdiction and the Issuer shall incur no cost or expense in connection with action taken under this subsection 13(h);

(i) The Issuer will provide the Dealer at its address set forth below, within 270 days of the end of each fiscal year, with a copy of its annual audited financial statements for that fiscal year presented in conformity with such generally accepted accounting principles applicable to governmental entities and audited in accordance with generally accepted auditing standards. If the financial statements are not prepared in conformity with generally accepted accounting principles, the relevant differences between the basis upon which they are prepared and those of such generally accepted accounting principles should be discussed and the effects of such differences should be qualified;

(j) The Issuer shall promptly after becoming aware of the same notify the Dealer by telephone (which shall be promptly confirmed in writing) of (i) any material adverse change in the general affairs (financial or otherwise), management or operation of the water and sewer system of the Issuer, or (ii) any litigation involving the water and sewer system of the Issuer which could cause a material adverse change as contemplated in (i) above, or (iii) any reduction or any announcement or notice by Moody's Investors Service ("Moody's") or S&P Global Ratings ("S&P") that it is considering a possible reduction in the ratings of the Commercial Paper Notes, or (iv) any announcement by Moody's or S&P that the Commercial Paper Notes are being placed on "Credit Watch", or that some comparable action is being taken by either of such rating agencies, or (v) any information relating to a significant change in the ability of any issuer of any Facility with respect to the Commercial Paper Notes to satisfy its obligations, or (vi) any formal request for an opinion of counsel as to the tax-exempt status of the Commercial Paper Notes.

(k) The Issuer shall not, without the Dealer's prior written consent, amend the Resolution or Issuing and Paying Agency Agreement to the extent such amendment affects the rights or obligations of the Dealer;

(l) The Issuer will promptly notify the Dealer by facsimile or other written notice of any other material adverse changes that may affect the offering and sale on behalf of the Issuer of the Commercial Paper Notes or any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Facility; and

(m) Offering Memoranda and supplements, amendments and updates to any thereof, furnished by the Issuer and used by the Dealer (including amendments, supplements and replacements thereof), until such time as they shall have been subsequently amended, updated or replaced, in each case to the extent of the information included therein that relates to the Issuer and its operations and financial condition, shall not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(n) The Issuer will give the Dealer notice forthwith of the occurrence of any breach by the Issuer of any of its covenants contained in the Resolution.

(o) The Issuer will not permit to become effective any amendment to or modification of the Resolution or the Program Documents which could reasonably be expected to adversely affect the interest of the holder of any Notes then outstanding. The Issuer will give the Dealer notice of any proposed amendment to or modification of the Resolution, the Facility or the Issuing and Paying Agency Agreement prior to the effective date thereof.

(p) The Issuer will not sell Notes in the event that the opinions from Bond Counsel delivered in connection with the initial issuance of the Notes have been withdrawn, adversely modified or retracted.

(q) The Issuer will take all actions within its control necessary to maintain the exclusion of interest on the Notes from the gross income of the holders thereof for Federal income tax purposes.

(r) Each delivery of Notes to the Dealer shall be deemed a representation and warranty by the Issuer, as of the date thereof, that (i) the Notes issued on such date have been duly authorized, issued and delivered and, upon payment therefor, will constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, and (ii) the representations and warranties of the Issuer set forth in paragraphs (a) through (g) and paragraph (m) of this Section 13 are true and correct as if made on such date.

Section 14. Term of Agreement. This Agreement shall become effective upon the execution of the acceptance hereof by an Authorized Officer and shall continue in full force and effect until the cessation of the Commercial Paper Notes program, subject to the right of suspension and termination as provided herein or until otherwise terminated in accordance with this Agreement.

Section 15. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BE CONSTRUED UNDER AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, PROVIDED, HOWEVER, THAT THE OBLIGATIONS OF THE ISSUER UNDER THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE.

Section 16. Dealing in Commercial Paper Notes by the Dealer: No Obligation to Purchase Commercial Paper Notes.

(a) The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Commercial Paper Notes, including, without limitation, any Commercial Paper Notes offered and sold by the Dealer pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, Account Party, or agent for any committee or body of owners of the Commercial Paper Notes or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Dealer an underwriter of the Commercial Paper Notes or to obligate the Dealer to purchase any Commercial Paper Notes for its own account at any time.

Section 17. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees that: (i) any purchase of, or arrangement for the sale of, the Commercial Paper Notes contemplated by this Agreement will be pursuant to an arm's length commercial transaction between the Issuer and the Dealer and that the Dealer has financial and other interests that differ from those of the Issuer; (ii) the Dealer is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to any transaction contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Dealer has provided other services, or is currently providing other services, to the Issuer on other matters); (iii) the only obligations the Dealer has to the Issuer with respect to any transaction contemplated hereby are expressly set forth in this Agreement; and (iv) the Issuer has consulted its own financial and municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer, then the Issuer is free to engage a municipal advisor to serve in that capacity.

Section 18. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Dealer:

Morgan Stanley & Co. LLC
440 S. LaSalle Street, 37th Floor
One Financial Place
Chicago, Illinois 60605
Attention: William Mack
Telephone No.: 312-706-4266
Email: William.mack@morganstanley.com

The Issuer:

The Metropolitan Government of Nashville and Davidson County
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210
Attention: Treasurer
Telephone Number: (615) 880-2818
Facsimile Number: (615) 880-2810

The Issuing and Paying Agent:

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Commercial Paper Notes Operations
Phone Number: (212) 361-2529
Facsimile Number: (212) 509-4529

The Bank:

At the address provided therefor in the Facility

Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Commercial Paper Notes merely because of such purchase. No owner of the Commercial Paper Notes nor other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the Issuer and the Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Dealer or the Issuer, (ii) the offering and sale of and any payment for any Commercial Paper Notes hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

Attest: _____
Elizabeth Waites,
Metropolitan Clerk

By: _____
David Briley,
Metropolitan Mayor

APPROVED AS TO FORM AND LEGALITY

Jon Cooper
Director of Law

MORGAN STANLEY & CO. LLC

By: Name: _____
Title: _____

24844073.4

ISSUING AND PAYING AGENCY AGREEMENT

THIS ISSUING AND PAYING AGENCY AGREEMENT (the "Agreement") is entered into as of July 1, 2018, by and between U.S. Bank National Association (the "Issuing and Paying Agent") with offices at 100 Wall Street, Suite 1600, New York, New York 10005 and The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") regarding the program for the issuance of the Metropolitan Government's Water and Sewer Revenue Commercial Paper Notes, Series A (hereinafter referred to as the "Program").

WITNESSETH:

WHEREAS, at the request of the Metropolitan Government, the Issuing and Paying Agent is prepared to act (a) as depository for the safekeeping of certain notes of the series listed above (the "Commercial Paper Notes"; such Commercial Paper Notes when issued in book entry form being hereinafter referred to as "Book Entry Commercial Paper Notes" and when issued in the form of certificated promissory notes being hereinafter referred to as "Certificated Commercial Paper Notes") of the Metropolitan Government which may be issued and sold in the United States Commercial Paper Notes market pursuant to a Commercial Paper Notes Resolution adopted by the Metropolitan County Council of the Metropolitan Government on ~~June 19~~ July 3, 2018 (the "Resolution") and pursuant to that certain Irrevocable Transferable Direct-Pay Letter of Credit (as amended, restated, supplemented or otherwise modified from time to time, the "Letter of Credit") issued by the hereinafter defined bank pursuant to the terms of that certain Reimbursement Agreement, dated as of July 1, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Reimbursement Agreement" and, together with the Letter of Credit, the "Facility"), between the Metropolitan Government and the hereinafter defined Bank, (b) as issuing agent on behalf of the Metropolitan Government in connection with the issuance of the Commercial Paper Notes, (c) as paying agent to undertake certain obligations to make payments in respect of the Commercial Paper Notes, and (d) as depository to receive certain funds on behalf of the Metropolitan Government, as set forth herein; and

WHEREAS, this Agreement, subject to the terms and conditions of the Resolution, will govern the Issuing and Paying Agent's rights, powers and duties as such depository, issuing agent and paying agent for the Commercial Paper Notes and the Metropolitan Government's rights and obligations in connection therewith;

NOW THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. Definitions; References to Time. All capitalized terms used herein and not defined herein shall have the meanings specified in the Resolution. Unless otherwise specifically stated, all references to time shall be deemed to refer to prevailing time in New York, New York.

2. Appointment of Issuing and Paying Agent.

(a) The Metropolitan Government hereby appoints the Issuing and Paying Agent and the Issuing and Paying Agent hereby agrees to act, on the terms and conditions specified herein, as depository, and issuing and paying agent for the Commercial Paper Notes issued pursuant to the Resolution. The Commercial Paper Notes will be sold through such Commercial Paper Notes dealers and/or placement agents as the Metropolitan Government shall have notified the Issuing and Paying Agent in writing from time to time (each, a "Dealer"). The Dealer is currently Morgan Stanley & Co. LLC. The Commercial Paper Notes to which this agreement relates is the Metropolitan Government's Water and Sewer Revenue Commercial Paper Notes, Series A. The Initial Bank (as defined in the

Resolution) for the Commercial Paper Notes is State Street Bank and Trust Company (as used herein, and including any bank providing a substitute Facility, the "Bank").

(b) The Issuing and Paying Agent hereby acknowledges receipt of a certified copy of the Resolution and the Facility and agrees to be bound by the respective terms thereof as said terms relate to the duties of the Issuing and Paying Agent.

3. Letter of Representations. The Metropolitan Government will promptly deliver to the Issuing and Paying Agent an executed version of the form of Letter of Representations (the "Letter of Representations") provided by The Depository Trust Company ("DTC"). The Metropolitan Government understands and agrees that such Letter of Representations when executed by the Metropolitan Government, the Issuing and Paying Agent and DTC shall supplement the provisions of this Agreement and that the Metropolitan Government, the Issuing and Paying Agent, and DTC shall be bound by the terms and provisions of the Letter of Representations, including any procedures and operational arrangements applicable thereunder. In the event of a conflict between the Letter of Representations and the Issuing and Paying Agent's obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System (collectively, with the Letter of Representations, the "DTC Documents"), the provisions of the DTC Documents shall control to the extent (but solely to the extent) of such conflict.

4. Supply of Commercial Paper Notes.

(a) On the date of execution of this Agreement and at such time thereafter as may be necessary as a result of a transfer pursuant to Section 4(b), the Metropolitan Government will deliver to the Issuing and Paying Agent one or more executed Master Notes, evidencing the Book-Entry Commercial Paper Notes to be sold through DTC's book-entry system on or after such date.

(b) The ownership and transfer of each Master Note shall be registered on the books of the Issuing and Paying Agent, which shall be kept for that purpose at the office of the Issuing and Paying Agent listed in Section 14, or at such other address as the Issuing and Paying Agent may designate from time to time by notice in writing to the Metropolitan Government, the Issuing and Paying Agent and the Dealer.

(c) DTC may determine not to continue to act as securities depository for the Book-Entry Commercial Paper Notes. Any notice to that effect given by DTC to the Metropolitan Government or the Issuing and Paying Agent shall promptly be given by the recipient to the other party and the Dealer. In addition, the Metropolitan Government may determine to discontinue the book-entry-only issuance of Commercial Paper Notes through DTC, and in such case shall notify the Issuing and Paying Agent and the Dealer to that effect. In either case, if the Metropolitan Government determines to replace DTC with another Depository, the Metropolitan Government shall prepare or direct the preparation of one or more new, separate, fully registered Master Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the Metropolitan Government, the Issuing and Paying Agent and the replacement Depository as are not inconsistent with the terms of the Resolution.

(d) The Issuing and Paying Agent shall take all actions necessary or appropriate under this Agreement, the Resolution and the DTC Documents to ensure that all Book-Entry Commercial Paper Notes may be issued in book-entry-only form through DTC, including but not limited to obtaining all necessary CUSIP numbers. The Metropolitan Government hereby authorizes and directs the Issuing and Paying Agent to take, and the Issuing and Paying Agent agrees to take, such action as may be necessary to enter into and implement any operational arrangements with DTC (and to amend such arrangements

from time to time) in order to effectuate this Agreement and to fulfill the Issuing and Paying Agent's obligations in accordance with this Agreement and any such arrangement.

(e) If the Metropolitan Government determines to discontinue the book-entry-only system of issuing Commercial Paper Notes, the Metropolitan Government shall notify DTC, the Issuing and Paying Agent, the Bank and the Dealer to that effect, and upon such discontinuance the Issuing and Paying Agent shall make bearer Certificated Commercial Paper Notes available in accordance with the Resolution and this Agreement. To effectuate the foregoing, the Metropolitan Government will from time to time furnish or cause to be furnished to the Issuing and Paying Agent an adequate supply of Certificated Commercial Paper Notes substantially in the form prescribed by the Resolution, as the same may be amended in connection therewith, such Certificated Commercial Paper Notes to be serially numbered, but not authenticated, and with the principal amount, rate of interest, date of issue and maturity date left blank, it being understood that, for purposes of administrative efficiency, the Metropolitan Government may request that the Issuing and Paying Agent arrange, on behalf of the Metropolitan Government, for the preparation and printing of such Commercial Paper Note instruments, the costs of which shall be payable by the Metropolitan Government in accordance with the provisions of Section 23. Each such instrument will have been executed on behalf of the Metropolitan Government by the officers or employees of the Metropolitan Government duly authorized to take such action from time to time pursuant to the Resolution. When any Commercial Paper Note instruments are delivered to the Issuing and Paying Agent, the Issuing and Paying Agent shall sign and return a receipt therefor to the Metropolitan Government. In the event any such officer or employee of the Metropolitan Government executes a Commercial Paper Notes instrument by facsimile signature, the Issuing and Paying Agent is authorized to honor the signature, regardless of by whom or by what means the purported facsimile signature thereon may have been affixed thereto, if such facsimile signature resembles the facsimile specimen from time to time filed with the Issuing and Paying Agent and certified by any Authorized Officer of the Metropolitan Government.

In the event bearer Certificated Commercial Paper Notes are issued as aforesaid, the provisions of the Resolution, shall apply to, among other things, the transfer, exchange and method of payment of principal of and interest on such Certificated Commercial Paper Notes.

5. Authorized Representatives. With the delivery of this Agreement, the Metropolitan Government is furnishing to the Issuing and Paying Agent, and from time to time thereafter may furnish to the Issuing and Paying Agent, and shall furnish to the Issuing and Paying Agent upon the Issuing and Paying Agent's request, certificates ("Incumbency Certificates") of a responsible officer (a "Responsible Officer") of the Metropolitan Government certifying the incumbency and specimen signatures of officers or agents of the Metropolitan Government authorized to execute Commercial Paper Notes on behalf of the Metropolitan Government by manual or facsimile signature and/or to take other action hereunder on behalf of the Metropolitan Government (each an "Authorized Representative"); such Incumbency Certificate shall also specify the names of employees of Dealers who are authorized to give notices and/or issuance instructions to the Issuing and Paying Agent as provided herein (a "Dealer Representative"). Until the Issuing and Paying Agent receives a subsequent Incumbency Certificate of the Metropolitan Government, the Issuing and Paying Agent is entitled to rely on the last such Incumbency Certificate delivered to the Issuing and Paying Agent for purposes of determining the Authorized Representatives and Dealer Representatives. The Issuing and Paying Agent shall not have any responsibility to the Metropolitan Government to determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Notes, or to determine whether any facsimile or manual signature resembles the specimen signature(s) filed with the Issuing and Paying Agent by a duly authorized officer of the Metropolitan Government. Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be binding on the Metropolitan Government after the authentication thereof by the Issuing and Paying Agent

notwithstanding that such person shall have died or shall have otherwise ceased to hold his office on the date such Commercial Paper Notes are countersigned or delivered to the Issuing and Paying Agent. The Issuing and Paying Agent shall advise the Metropolitan Government, from time to time, of the names of the designated officers and employees of the Issuing and Paying Agent who are authorized to act on its behalf in carrying out its duties hereunder and under the Resolution.

6. Completion, Authentication and Delivery of Commercial Paper Notes.

(a) All instructions under this Agreement are to be directed to the Issuing and Paying Agent's Commercial Paper Notes operations department as Requests pursuant Section 3.01(c) of the Resolution. Electronic instructions must be transmitted in accordance with the procedures furnished by the Issuing and Paying Agent to the Metropolitan Government. In the event that electric transmission is inoperable at any time, an Authorized Officer of the Metropolitan Government or the Dealer may deliver written, telephone or facsimile instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties. The Issuing and Paying Agent shall incur no liability to the Metropolitan Government in acting upon instructions believed by the Issuing and Paying Agent in good faith to have been given by an Authorized Officer or the Dealer.

(b) On each maturity date for the Commercial Paper Notes, the Issuing and Paying Agent agrees to timely draw on the Letter of Credit, in accordance with its terms, for the payment of the principal of and interest on the Commercial Paper maturing on such date. All draw requests must be received by the Bank no later than 12:00 noon in order for the Letter of Credit to be drawn upon on the same day. The foregoing notwithstanding, the Issuing and Paying Agent agrees to make demands for payment under the Letter of Credit, in strict conformity with the Letter of Credit, for payment of the principal and interest on all Commercial Paper Notes then outstanding by no later than the Business Day (as defined in the Facility) prior to any Termination Date resulting from a Final Drawing Notice issued by the Bank.

(c) Upon receipt of a Request pursuant to the Resolution containing issuance instructions with respect to Book-Entry Commercial Paper Notes, the Issuing and Paying Agent shall transmit such instructions to DTC and direct DTC to cause appropriate entries of the Book-Entry Commercial Paper Notes to be made in accordance with DTC's applicable rules, regulations and procedures for book-entry Commercial Paper Programs. The Issuing and Paying Agent shall assign CUSIP numbers to the Book-Entry Commercial Paper Notes to identify the Metropolitan Government's aggregate principal amount of outstanding Book-Entry Commercial Paper Notes in DTC's system, together with the aggregate unpaid interest (if any) on such Book-Entry Commercial Paper Notes. Promptly following DTC's established settlement time on each issuance date, the Issuing and Paying Agent shall access DTC's system to verify whether settlement has occurred with respect to the Metropolitan Government's Book-Entry Commercial Paper Notes. The Issuing and Paying Agent shall have no liability to the Metropolitan Government whatsoever if any DTC participant purchasing Book-Entry Commercial Paper Notes fails to settle or delays in settling its balance with DTC or if DTC fails to perform in any respect.

(d) Upon receipt of a Request pursuant to the Resolution containing issuance instructions with respect to Commercial Paper Notes other than Book-Entry Commercial Paper Notes, the Issuing and Paying Agent shall: (i) complete each such Commercial Paper Notes instrument in accordance with such instructions and the Resolution, (ii) countersign, and (iii) deliver each such Commercial Paper Notes instrument in accordance with such instructions. Whenever the Issuing and Paying Agent is instructed to deliver any such Commercial Paper Notes instrument by mail, the Issuing and Paying Agent shall effect delivery by mail or otherwise, and to such person, as is specified in such instructions to receive such Commercial Paper Notes instrument. The Metropolitan Government understands that, in accordance with the custom prevailing in the commercial paper notes market, delivery of such Commercial Paper Notes

shall be made before the actual receipt of payment for the same in immediately available funds, even if the Issuing and Paying Agent is instructed to deliver such Commercial Paper Notes against payment. Therefore, once the Issuing and Paying Agent has delivered such Commercial Paper Notes to the designated recipient, the Metropolitan Government shall bear the risk that such recipient may fail to remit payment of such Commercial Paper Notes or return such Commercial Paper Notes to the Issuing and Paying Agent. The Issuing and Paying Agent is not obligated to credit any account of the Metropolitan Government if payment for such Commercial Paper Notes is not received. Delivery of Commercial Paper Notes other than Book-Entry Commercial Paper Notes shall be subject to the rules of the New York Clearing House in effect at the time of such delivery. If the Issuing and Paying Agent chooses, in its sole discretion, to credit the Metropolitan Government's account before the Issuing and Paying Agent has collected funds for delivery of Commercial Paper Notes, it is understood that such credit shall be an advance to the Metropolitan Government to be promptly repaid to the Issuing and Paying Agent from the proceeds of sale of Commercial Paper Notes. If any such advance is not repaid on the day it is used, the Metropolitan Government shall repay such advance on the next business day together with interest thereon at the rate charged by the Issuing and Paying Agent for such advance (which rate shall be no less than the "Prime Rate"). As used in this Agreement, "Prime Rate" means the rate of per annum interest which the Issuing and Paying Agent announces publicly or otherwise makes available to the public from time to time as its "prime rate" (currently calculated on the basis of the actual number of days elapsed over a year of 360 days) with any change in the "prime rate" to be effective on and as of the date of any change in said "prime rate". The Prime Rate and the calculation thereof may be established by the Issuing and Paying Agent in its sole discretion and is not necessarily the lowest rate of interest offered by the Issuing and Paying Agent to its most creditworthy customers. The Prime Rate is a variable or fluctuating rate which increases or decreases from time to time.

(e) Based upon the information provided in the Request, the Issuing and Paying Agent shall verify that the following limitations set forth in the Resolution have been met:

(i) The principal amount of Commercial Paper Notes Outstanding hereunder at any time shall not exceed \$200,000,000.

(ii) The principal amount of Commercial Paper Notes Outstanding hereunder at any time (together with interest thereon at the Maximum Rate) shall not exceed the face amount of the Facility.

(iii) Commercial Paper Notes shall mature on a Business Day not later than 270 days from its date of issuance, and shall not bear interest at a rate in excess of the Maximum Rate.

(iv) such Commercial Paper Notes will not mature later than the times permitted by the Act for the retirement of bond anticipation notes, as may be approved by the Director of State and Local Finance pursuant to the Act.

(v) Commercial Paper Notes shall be sold at par.

(vi) Original Commercial Paper Notes and Rollover Commercial Paper Notes shall not be issued subsequent to the Termination Date with respect to the Facility unless the Metropolitan Government delivers or causes to be delivered an extension of such existing Facility or a substitute Facility to the Issuing and Paying Agent on or prior to such Termination Date.

(vii) Original Commercial Paper Notes shall not be issued unless and until the Metropolitan Government delivers or causes to be delivered to the Dealer and the Issuing and Paying Agent an opinion of Bond Counsel regarding such Original Commercial Paper Notes in the form attached to the Offering Memorandum.

(viii) Commercial Paper Notes shall mature not later than the Business Day preceding the Termination Date of the Facility then in effect.

(ix) Commercial Paper Notes shall not be issued by the Issuing and Paying Agent if the Issuing and Paying Agent has received a Stop Order or Final Drawing Notice (as defined in the Facility) or a similar cease issuance notice from the Bank providing that, as a result of the occurrence of an event of default under such Facility, it is to cease issuing and Commercial Paper Notes from and after the date of such notice until such time as said order or notice has been rescinded (if applicable). Prior to issuing such additional Commercial Paper Notes after receipt of such order or notice, the Issuing and Paying Agent must receive notice from the Bank providing such Facility that such order or notice has been rescinded (if applicable). Any Stop Order or Final Drawing Notice shall be full and complete authorization to the Issuing and Paying Agent to take action or omit to take action hereunder.

(x) All conditions to the issuance of Commercial Paper Notes pursuant to the Facility shall be met.

Notwithstanding anything which may be to the contrary in this Agreement, no Commercial Paper Notes shall be issued, authenticated or delivered if, as independently determined by the Issuing and Paying Agent, upon the issuance of such Commercial Paper Notes any of the conditions or limitations contained in this subsection (e) shall not be complied with. The Issuing and Paying Agent shall notify the Metropolitan Government immediately of any action, or action not taken or cessation of action taken pursuant to this subsection (e).

Notwithstanding any other provision of this Agreement, the Issuing and Paying Agent shall not issue a Request for Loan with respect to the principal or interest amount of any maturing Commercial Paper Notes which is, to the knowledge of the Issuing and Paying Agent, registered in the name of the Issuing and Paying Agent or the Metropolitan Government or held for its account, whether pursuant to Article IV of the Resolution or otherwise. The Metropolitan Government shall promptly notify the Issuing and Paying Agent in writing of any Commercial Paper Notes so held and not acquired pursuant to Article IV of the Resolution.

The Issuing and Paying Agent shall issue Commercial Paper Notes to the Metropolitan Government upon the terms and conditions set forth in Section 3.01(e) of the Resolution.

(f) The Metropolitan Government and the Dealer, each having access to the Noteline Direct system, shall each have available to them all reports concerning Commercial Paper Notes and may arrange to obtain notices of the Commercial Paper Notes issued by making prior arrangements with the Issuing and Paying Agent's Commercial Paper Notes Department. Upon written request of the Metropolitan Government or the Bank, the Issuing and Paying Agent shall promptly provide the Metropolitan Government or the Bank, as applicable, with information with respect to any Commercial Paper Notes issued or paid hereunder. The Issuing and Paying Agent and the Dealer also will furnish the Metropolitan Government and the Bank with such additional information relating to its activities hereunder as the Metropolitan Government or the Bank, as applicable, may from time to time reasonably request.

7. Proceeds of Sale of the Commercial Paper Notes.

(a) Simultaneously herewith, the Metropolitan Government is establishing with the Issuing and Paying Agent a trust fund, which shall meet the requirements of Section 9 hereof, for the benefit of the Holders of the Commercial Paper Notes and the Bank to be designated as "The Metropolitan Government Water and Sewer Revenue Commercial Paper Fund, Series A" (the "Commercial Paper Fund"). The Issuing and Paying Agent shall maintain the Commercial Paper Fund and the deposits thereto in the manner described in Section 2.06 of the Resolution and herein. Notwithstanding anything in the Resolution or this Agreement to contrary, the Issuing and Paying Agent shall maintain separate and segregated sub-accounts within the Commercial Paper Fund for the proceeds of a draw on a Facility and any other funds deposited to the Commercial Paper Fund.

(b) On each day upon which any principal of and interest on Outstanding Commercial Paper Notes is due and payable, the Issuing and Paying Agent shall timely prepare and present to the Bank all certificates, notices and other documents required by the terms of this Agreement and the Facility to effect advances or drawings under the Facility in order to pay the principal of and interest on maturing Commercial Paper on such maturity day, without regard to other amounts on deposit in the Commercial Paper Fund or the issuance of new Commercial Paper Notes on such day.

(c) On each day upon which any principal of and interest on Outstanding Commercial Paper Notes is due and payable, the Issuing and Paying Agent shall (i) timely deposit the proceeds from the issuance of any new Commercial Paper Notes in the Commercial Paper Fund, which such proceeds shall be applied to the reimbursement of the advance by the Bank in accordance with the terms of the Facility; (ii) timely submit a demand for payment to the Metropolitan Government in an amount equal to the interest on all Outstanding Commercial Paper Notes due and payable on such day, which such proceeds shall be applied to the reimbursement of the advance by the Bank in accordance with the terms of the Facility, or in the event the Bank fails to honor the drawing required by Section 7(b) above, to the payment of interest on the maturing Commercial Paper Notes; and (iii) in the event the Bank fails to honor the drawing required by Section 7(b) above and the proceeds from the issuance of any new Commercial Paper Notes are insufficient to provide for the payment of the principal amount of maturing Commercial Paper, timely submit a demand for payment to the Metropolitan Government in an amount equal to such principal amount, the proceeds of which shall be applied to the payment of the principal of maturing Commercial Paper.

(f) The Issuing and Paying Agent shall not be obligated to use its own funds to pay the principal of or interest on Commercial Paper Notes.

8. Money for Commercial Paper Notes Payments to be Held in Trust; No Set-Off.

(a) The Issuing and Paying Agent hereby agrees with the Metropolitan Government that the Issuing and Paying Agent will hold all sums held by it in the Commercial Paper Fund in trust for the benefit of the Holders of Commercial Paper Notes and the Bank until such sums have been paid to such Holders or the Bank or otherwise disposed of as provided herein or in the Resolution.

(b) The Issuing and Paying Agent hereby waives all rights of set-off or banker's lien which it may have under applicable law against the sums on deposit in the Commercial Paper Fund or otherwise obtained pursuant to this Agreement as a result of any indebtedness due to the Issuing and Paying Agent by any of the parties hereto in any capacity and for whatever reason.

9. Commercial Paper Fund a Special Deposit; Investments.

(a) The Commercial Paper Fund shall be and constitute a special purpose trust fund. Such 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 and of the Issuing and Paying Agent that the Commercial Paper 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.

(b) Amounts on deposit in the Commercial Paper Fund, except proceeds of sale of Commercial Paper Notes or advances made under the Facility to be applied to the payment of the principal of (and, if applicable, interest on) other Commercial Paper Notes, 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 in the name of 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.

10. Payment of Commercial Paper Notes.

Payment of the principal of and interest on Book-Entry Commercial Paper Notes evidenced by a Master Note may be made by the Issuing and Paying Agent by wire transfer to DTC pursuant to and in accordance with the DTC Documents and the Master Note without the necessity of presentation and surrender of the Master Note. The Issuing and Paying Agent shall pay any other matured Commercial Paper Notes upon presentation to the Issuing and Paying Agent for payment by the Holder thereof at the first office of the Issuing and Paying Agent specified in Section 14(b), or at such other address as the Issuing and Paying Agent may designate in writing from time to time by notice to the Metropolitan Government and the Dealer.

11. Representations and Warranties of the Metropolitan Government. The Metropolitan Government hereby warrants and represents to the Issuing and Paying Agent, and, each Request to issue Commercial Paper Notes shall constitute the Metropolitan Government's continuing warranty and representation, as follows:

(a) This Agreement is, and all Commercial Paper Notes delivered to the Issuing and Paying Agent pursuant to this Agreement will be, duly authorized, executed and delivered by the Metropolitan Government. The Issuing and Paying Agent's appointment to act for the Metropolitan Government hereunder is duly authorized by the Metropolitan Government.

(b) The issuance and delivery of the Commercial Paper Notes will not violate any state or federal law and the Commercial Paper Notes does not require registration under the Securities Act of 1933, as amended.

(c) This Agreement constitutes, and the Commercial Paper Notes, when completed, countersigned, and delivered pursuant hereto, will constitute, the Metropolitan Government's legal, valid and binding obligations enforceable against the Metropolitan Government in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(d) The Metropolitan Government is duly incorporated pursuant to Section 7-1-101, et seq., Tennessee Code Annotated.

(e) The Metropolitan Government has, and at all relevant times has had, all necessary power and authority to execute, deliver and perform this Agreement and to issue the Commercial Paper Notes.

(f) The Metropolitan Government has taken all actions which are required for the authorization of the issuance of the Commercial Paper Notes, and for the authorization, execution, delivery and performance of this Agreement, and such actions do not require the approval or consent of any holder or trustee of any indebtedness or obligations of the Metropolitan Government.

(g) The issuance of Commercial Paper Notes by the Metropolitan Government (i) does not and will not contravene any provision of any governmental law, regulation or rule applicable to the Metropolitan Government, and (ii) does not and will not conflict with, breach or contravene the provisions of any contract or other instrument binding upon the Metropolitan Government.

(h) Each Request given to the Issuing and Paying Agent in accordance with this Agreement shall constitute a representation and warranty by the Metropolitan Government that the issuance and delivery of such Commercial Paper Notes has been duly and validly authorized by the Metropolitan Government.

12. Reliance on Instructions. Except as otherwise set forth herein, the Issuing and Paying Agent shall incur no liability to the Metropolitan Government in acting hereunder upon telephonic or other instructions contemplated hereby which the Issuing and Paying Agent reasonably believed in good faith to have been given by an Authorized Representative or a Dealer Representative, as the case may be. In the event a discrepancy exists with respect to such instructions, the telephonic instructions as understood by the Issuing and Paying Agent will be deemed the controlling and proper instructions, unless such instructions are required by this Agreement to be in writing.

13. Cancellation of Commercial Paper Notes; Prohibition of Defeasance of Commercial Paper Notes.

(a) Upon payment by the Issuing and Paying Agent of Certificated Commercial Paper Notes presented for payment, the Issuing and Paying Agent shall mark such Certificated Commercial Paper Notes as paid and (i) in due course cancel Certificated Commercial Paper Notes presented for payment and from time to time return such canceled Certificated Commercial Paper Notes to the Metropolitan Government, or (ii) destroy such Certificated Commercial Paper Notes and deliver to the Metropolitan Government from time to time a destruction certificate identifying all Certificated Commercial Paper Notes destroyed since the issuance of the prior destruction certificate. After payment of any matured Book-Entry Commercial Paper Notes, the Issuing and Paying Agent shall annotate the Issuing and Paying Agent's records to reflect the face amount of Book-Entry Commercial Paper Notes outstanding in accordance with the Letter of Representations. Promptly upon the written request of the Metropolitan Government, the Issuing and Paying Agent agrees to cancel and return to the Metropolitan Government all unissued Certificated Commercial Paper Notes in the Issuing and Paying Agent's possession at the time of such request.

(b) Notwithstanding anything in the Resolution to the contrary, the Metropolitan Government shall not defease the Commercial Paper Notes, and the Issuing and Paying Agent shall not process any request for defeasance.

14. Notices; Addresses.

(a) All communications to the Issuing and Paying Agent by or on behalf of the Metropolitan Government or a Dealer, by writing, telecopy, telex or telephone, and which relates to the completion, delivery or payment of the Commercial Paper Note(s), are to be directed to Commercial Paper Notes Operations at the address indicated in subsection (b) below.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing (which may be by facsimile) and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

if to the Metropolitan Government,
The Metropolitan Government of Nashville and Davidson County
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210
Attention: Treasurer
Telephone Number: (615) 880-2818
Facsimile Number: (615) 880-2810

if to the Issuing and Paying Agent,

concerning the daily issuance of Commercial Paper Notes:

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, NY 10005
Attention: Commercial Paper Notes Operations
Facsimile No.: (212) 509-4529
Telephone No.: (212) 951-8508

concerning all other matters:

U.S. Issuing and Paying Agent National Association
100 Wall Street, 16th floor
New York, NY 10005
Attention: Corporate Trust Administration
Facsimile No.: (212) 951-6993
Telephone No.: (212) 361-2893

if to the Bank,

with respect to Notices of Bank Purchase:

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0427
100 Huntington Ave., Tower 2, 4th Floor
Boston, MA 02116
Attention: Peter J. Connolly
Facsimile Transmission No. (617) 988-6674
Telephone No. (617) 662-8588

with respect to all matters:

(regarding credit matters):

State Street Bank and Trust Company
c/o State Street Public Lending Corporation
State Street Financial Center SFC/5
One Lincoln St.
Boston, Massachusetts 02111-2900
Attention: Robert Woods
Telephone: (617) 664-8512
Telecopier: (617) 946-0538

(regarding operational matters):

State Street Bank and Trust Company
State Street Financial Center SFC/5
One Lincoln Street
Boston, Massachusetts 02111-2900
Attention: Thomas Marra
Telephone: (617) 664-5862
Telecopier: (617) 350-4020
Email: MuniFinanceAdministration@
statestreet.com

(c) In any case where it is provided in this Agreement that a copy of any instruction, demand or other notice is to be delivered to a Dealer, such copy shall be delivered to the Dealer at the address set forth below by the same means as the original thereof shall have been given, provided that the failure of such copy to be given to any Dealer shall not invalidate or adversely affect the original thereof:

Dealer: Morgan Stanley & Co. LLC
440 S. LaSalle Street, 37th Floor
One Financial Place
Chicago, Illinois 60605
Attention: William Mack
Telephone No.: 312-706-4266
Email: William.mack@morganstanley.com

Notices shall be deemed delivered when received at the address specified above. For purposes of this Section, "when received" shall mean actual receipt (i) of an electronic communication by telecopier or issuance system specified in or pursuant to this Agreement; or (ii) of an oral communication by any person answering the telephone at the office of the individual or department specified in or pursuant to this Agreement; or (iii) of a written communication hand-delivered at the office specified in or pursuant to this Agreement.

Any notices required to be given to the Rating Agencies hereunder or under the Resolution shall be emailed to Moody's at:

Moody's Investors Service
7 World Trade Center
Public Finance Dept.
250 Greenwich St., 23rd Floor
New York, New York 10007
Attn: Municipal Supported Products Group
MSPGSurveillance@moodys.com

And to S&P at:

S&P Global Ratings
55 Water St., 41st Floor
New York, NY 10041
Attn: Structured Finance LOC Surveillance Group
pubfin_structured@standardandpoors.com

(d) The Issuing and Paying Agent will, on behalf of the Metropolitan Government, give to the Holders all notices required to be given to the Holders, and in the manner required, by the Resolution, or will enable the Metropolitan Government to do so directly.

15. Liability. Neither the Issuing and Paying Agent nor the Issuing and Paying Agent's agents shall be liable for any act or omission hereunder, except in the case of gross negligence or willful misconduct as described in Section 16 herein. The Issuing and Paying Agent's duties and obligations shall be determined by the express provisions of this Agreement and the DTC Documents (including the documents referred to therein), and the Issuing and Paying Agent and the Issuing and Paying Agent's agents shall be responsible for the performance of only such duties and obligations as are specifically set forth herein and therein, and no implied covenants shall be read into any such document against the Issuing and Paying Agent or the Issuing and Paying Agent's agents. Neither the Issuing and Paying

Agent nor the Issuing and Paying Agent's agents shall be required to ascertain whether any issuance or sale of Commercial Paper Note(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the Metropolitan Government is a party (whether or not the Issuing and Paying Agent or any such agent is a party to such other agreement).

16. Indemnity.

(a) If and to the extent permitted by law, and without any representation with respect to permissibility under existing law, the Metropolitan Government agrees to indemnify and hold the Issuing and Paying Agent, the Issuing and Paying Agent's employees and any and all of the Issuing and Paying Agent's officers and agents harmless from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses of any nature (including, without limitation, attorneys' fees and expenses) arising out of or resulting from this Agreement or the transactions or activities contemplated hereby or the exercise of the Issuing and Paying Agent's rights and/or the performance of the Issuing and Paying Agent's duties (or those of the Issuing and Paying Agent's agents and employees) hereunder; provided, however that the Metropolitan Government shall not be liable to indemnify or pay the Issuing and Paying Agent or any of the Issuing and Paying Agent's officers or employees with respect to any loss, liability, action, suit, judgment, demand, damage, cost or expense that results from or is attributable to the Issuing and Paying Agent's gross negligence or willful misconduct or that of the Issuing and Paying Agent's officers or employees. The foregoing indemnity includes, but is not limited to, (a) any action taken or omitted to be taken by the Issuing and Paying Agent or any of the Issuing and Paying Agent's officers or employees upon written, telecopy, telephonic or other electronically transmitted instructions (authorized herein) received by the Issuing and Paying Agent from, or believed by the Issuing and Paying Agent in good faith to have been given by, the proper person or persons, (b) the Issuing and Paying Agent's improperly executing or failing to execute any instruction because of unclear instructions, failure of communications media or any other circumstances beyond the Issuing and Paying Agent's control, and (c) the actions or inactions of DTC. The provisions of this Section 16 shall survive (i) the Issuing and Paying Agent's resignation or removal hereunder and (ii) the termination of this Agreement. In no event shall the Issuing and Paying Agent be liable for special, indirect or consequential damages. The Issuing and Paying Agent agrees to promptly notify the Metropolitan Government of any claim, demand or action levied against the Issuing and Paying Agent arising out of this Agreement. Consistent with this Agreement, the Issuing and Paying Agent shall not, except at its own cost and for its own account, make any payment, admit any liability, settle any claim, assume any obligation, or incur any expense without prior consultation with the Metropolitan Government.

(b) The foregoing indemnification shall not be a condition to the payment of Commercial Paper Notes when due, and such payment shall be made without regard to compliance under Section 24(e).

17. Termination.

(a) Subject to the terms and conditions of the Facility, this Agreement may be terminated at any time by the Metropolitan Government, with or without cause, by giving not less than 15 days advance written notice to the other party hereto (with a copy to the Dealer and Bank), or by the Issuing and Paying Agent by giving 30 days advance written notice to the other party hereto (with a copy to the Dealer and the Bank), provided that the Issuing and Paying Agent agrees to continue acting as issuing and paying agent hereunder until such time as the Issuing and Paying Agent's successor has been selected and has entered into an agreement with the Metropolitan Government to that effect. Such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination.

(b) If no successor has been appointed within 30 days, then the Issuing and Paying Agent have the right to petition a court of competent jurisdiction for the appointment of a successor issuing and paying agent hereunder. The Issuing and Paying Agent shall be reimbursed for any and all expenses in connection with any such petition and appointment.

(c) On the effective date of such termination, the Issuing and Paying Agent shall deliver to the successor issuing and paying agent, if any, at the direction of the Metropolitan Government, and otherwise to the Metropolitan Government, all canceled or unissued Commercial Paper Notes then held by the Issuing and Paying Agent for disposition in accordance with the Resolution.

(d) If all of the Commercial Paper Notes shall no longer be Outstanding (and all payments owed to the Bank with respect to the Bank Note shall have been made), and if the Metropolitan Government shall have advised the Issuing and Paying Agent that no additional Commercial Paper Notes are to be issued, authenticated or delivered under the Resolution, all balances and funds remaining in the Commercial Paper Fund shall be transferred by the Issuing and Paying Agent to such other funds and/or accounts as the Metropolitan Government may direct.

18. Amendments and Modifications. No provision of this Agreement shall be amended or waived unless such amendment is authorized or permitted by the Resolution and unless such amendment or waiver is approved in writing by the Metropolitan Government and by the Issuing and Paying Agent and the Bank, and any such waiver shall be effective only in the specific instance and for the specific purpose given; provided, however, that as to any amendments to or waivers under this Agreement that are not inconsistent with the Resolution, such approvals shall not be unreasonably withheld or delayed; and provided further, however, that this Section shall not apply to the ability of any party hereto to terminate this Agreement in accordance with the provisions of Section 17 hereof as then in effect. Without limiting the generality of the foregoing, the parties agree to amend this Agreement to the extent necessary to give effect to a change of Depository pursuant to Section 4. The Issuing and Paying Agent shall not be required to enter into any amendment hereof which adversely affects its rights hereunder.

19. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, including successors by merger, and assigns; provided, however, that no party hereto may assign any of its rights or obligations hereunder, except with the prior written consent of all the other parties hereto.

20. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and performed in the State of New York and, to the extent applicable, operating circulars of the Federal Reserve Issuing and Paying Agent, federal laws and regulations as amended, New York Clearing House rules and, to the extent not otherwise inconsistent with this Agreement, general commercial bank practices applicable to commercial paper notes issuance and payment; provided, however, that the obligations of the Metropolitan Government under this Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

21. Execution in Counterparts. This Agreement may be executed in any number of counterparts; each counterpart, when so executed and delivered, shall be deemed to be an original; and all of which counterparts, taken together, shall constitute one and the same agreement.

22. Headings. Section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

23. Compensation and Expenses. The Metropolitan Government shall pay the Issuing and Paying Agent from time to time following the execution of this Agreement reasonable compensation for

all services rendered by the Issuing and Paying Agent hereunder as agreed between the Issuing and Paying Agent and the Metropolitan Government. The Metropolitan Government shall reimburse the Issuing and Paying Agent upon the Issuing and Paying Agent's request for all expenses, disbursements and advances incurred or made by the Issuing and Paying Agent in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of the Issuing and Paying Agent's agents and counsel) except any expense or disbursement attributable to the Issuing and Paying Agent's gross negligence or willful misconduct.

24. Miscellaneous.

(a) No implied covenants or obligations of or against the Issuing and Paying Agent are to be read into this Agreement or any other agreement. No provision of this Agreement shall require the Issuing and Paying Agent to risk the Issuing and Paying Agent's own funds or otherwise incur any financial liability in the performance of any of the Issuing and Paying Agent's duties hereunder or in the exercise of any of the Issuing and Paying Agent's duties hereunder or in the exercise of any of the Issuing and Paying Agent's rights and powers hereunder. If the Issuing and Paying Agent makes a deposit, payment or transfer of funds before the Issuing and Paying Agent receives immediately available funds, such deposit, payment or transfer shall represent an advance by the Issuing and Paying Agent to the Metropolitan Government to be repaid from such funds or by the Metropolitan Government in the event that such funds are not promptly received by the Issuing and Paying Agent. It is intended that such advance be for no longer than 24 hours. Interest on each such unpaid advance shall be at the rate charged by the Issuing and Paying Agent for such advance (which rate shall be no less than the Issuing and Paying Agent's Prime Rate). The Metropolitan Government shall ensure the prompt reimbursement to the Issuing and Paying Agent of any such advance (including the interest thereon).

(b) The Issuing and Paying Agent may consult with counsel, and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by the Issuing and Paying Agent, in the absence of bad faith, gross negligence or willful misconduct on the Issuing and Paying Agent's part, in reliance on such advice or opinion.

(c) The Issuing and Paying Agent makes no representation as to, and shall have no responsibility for, the correctness of any statement contained in, or the validity or sufficiency of, this Agreement or any documents or instruments referred to in this Agreement or as to or for the validity or collectability of any obligation contemplated by this Agreement. The Issuing and Paying Agent shall not be accountable for the use or application by any person of disbursements properly made by the Issuing and Paying Agent in conformity with the provisions of this Agreement.

(d) The Issuing and Paying Agent may rely and shall be protected in acting upon any document or writing presented to the Issuing and Paying Agent hereunder and in good faith believed by the Issuing and Paying Agent to be genuine and to have been signed and presented by an authorized person or persons.

(e) The Issuing and Paying Agent, in its individual or other capacity, may become the owner or pledgee of Commercial Paper Notes and may deal with the Metropolitan Government with the same rights it would have if it were not issuing and paying agent.

(f) Upon removal or resignation of the Dealer, the Issuing and Paying Agent shall give notice thereof by mail to all owners of the Commercial Paper Notes and to any Rating Agency.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Issuing and Paying Agent, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Issuing and Paying Agent. The parties to this Agreement agree that they will provide the Issuing and Paying Agent with such information as it may request in order for the Issuing and Paying Agent to satisfy the requirements of the U.S.A. Patriot Act.

(signature page follows)

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

Attest: _____
Elizabeth Waites,
Metropolitan Clerk

By: _____
David Briley,
Metropolitan Mayor

APPROVED AS TO FORM AND LEGALITY:

Jon Cooper
Director of Law

U.S. BANK NATIONAL ASSOCIATION

By: Beverly A. Freeney
Vice President

24844108.4

REIMBURSEMENT AGREEMENT

dated as of July 1, 2018

between

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

and

STATE STREET BANK AND TRUST COMPANY

relating to

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
WATER AND SEWER REVENUE COMMERCIAL PAPER NOTES, SERIES A

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REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT is dated as of July 1, 2018, between THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE), a Tennessee local governmental entity (the “*Metropolitan Government*”) and STATE STREET BANK AND TRUST COMPANY (together with its successors and assigns, the “*Bank*”).

RECITALS:

WHEREAS, the Metropolitan Government proposes to issue its Water and Sewer Revenue Commercial Paper Notes, Series A in an aggregate principal amount not to exceed \$200,000,000 (the “*Commercial Paper Notes*”) pursuant to the Enabling Act (as herein defined) and Resolution No. RS2018-1417 approved by the Metropolitan Government, on April 7, 2018, as amended and supplemented by Resolution No. RS2018- approved by the Metropolitan Government, on ~~June~~ July 3, 2018, and to use the proceeds of the sale of the Commercial Paper Notes to pay for the planning, design, construction, improvement and equipping of certain capital projects, including expenses with respect to the issuance of the Commercial Paper Notes;

WHEREAS, to enhance the marketability of the Commercial Paper Notes, the Metropolitan Government has requested that the Bank issue its Irrevocable Transferable Direct-Pay Letter of Credit to secure certain payments to be made with respect to the Commercial Paper Notes in the amount of \$200,000,000, of which \$~~_____~~ up to \$183,000,000 will be available to pay principal of the Commercial Paper Notes upon maturity thereof, and of which \$~~_____~~ up to \$17,000,000 (270 days of interest on the principal amount of Commercial Paper Notes calculated at the rate of 12% and computed on the basis of a year of 360 days) will be available to pay accrued interest on the Commercial Paper Notes at maturity;

WHEREAS, the parties hereto agree that this Agreement, the hereinafter defined Fee Letter, the Bank Note and the Letter of Credit constitute(s) a Facility as defined in the Resolution;

WHEREAS, in reliance upon the provisions hereof, the Bank and the Metropolitan Government are willing to enter into this Agreement.

NOW, THEREFORE, for valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to other terms defined herein, unless the context shall indicate a contrary meaning or intent, the following terms shall have the respective

meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

“*2017 Official Statement*” has the meaning set forth in Section 5.01(h) hereof.

“*Additional Prior Lien Bonds*” means Prior Lien Bonds issued after the Effective Date.

“*Advance*” has the meaning set forth in Section 2.03(a)(i) hereof, and shall include, without limitation, any Advance converted into a Term Loan pursuant to Section 2.03(a)(iv) hereof.

“*Affiliate*” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“*Agreement*” means this Reimbursement Agreement, as amended, supplemented, restated or otherwise modified from time to time.

“*Anti-Corruption Laws*” means all laws, rules, and regulations of any jurisdiction applicable to the Metropolitan Government from time to time concerning or relating to bribery or corruption.

“*Bank*” has the meaning set forth in the introductory paragraph hereof.

“*Bank Agreement*” has the meaning set forth in Section 6.02(h) hereof.

“*Bank Facility*” means any Bank Agreement supporting Commercial Paper Indebtedness (other than the Commercial Paper Notes), including any bank notes to be issued and delivered under such agreement, or any other document or agreement by any Person providing credit support, additional security or liquidity for the payment of Commercial Paper Indebtedness (other than the Commercial Paper Notes), and as from time to time the agreement may be amended, restated or supplemented.

“*Bank Note*” means the promissory note issued by the Metropolitan Government to the order of the Bank, evidencing and securing the Reimbursement Obligations, substantially in the form of Exhibit B attached hereto, with appropriate completions, and any and all renewals, extensions or modifications thereof, which shall constitute a “bond anticipation note” for purposes of the Enabling Act.

“*Bank’s Office*” means the Bank’s address and, as appropriate, account as set forth on Schedule I, or such other address or account as the Bank may from time to time notify the Metropolitan Government.

“*Bank Rate*” means the rate of interest per annum with respect to an Advance equal to:
(i) for the period from and including the date such Advance is made to and including the ninetieth (90th) day next succeeding the date such Advance is made, the Base Rate from time to

time in effect; (ii) for the period from and including the ninety-first (91st) day immediately next succeeding the date such Advance is made and thereafter, the sum of the Base Rate from time to time in effect *plus* one percent (1.00%); *provided* that, immediately upon the occurrence and during the continuation of an Event of Default, the Bank Rate shall be equal to the Default Rate; *provided, further* that, subject to Section 2.04(c) hereof, at no time shall the Bank Rate exceed the Maximum Interest Rate; *provided, further*, that at no time shall the Bank Rate be less than the highest rate of interest borne by any Commercial Paper Note.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%), and (iii) seven percent (7.00%). Each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate or Federal Funds Rate, as the case may be. Each determination of the Base Rate by the Bank shall be conclusive and binding absent manifest error.

“*Bond Counsel*” means Bass, Berry & Sims PLC, or any other firm or firms selected by the Metropolitan Government whose opinion concerning bond matters is nationally recognized.

“*Book-Entry Commercial Paper*” has the meaning set forth in the Resolution.

“*Business Day*” means any days 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 or the city in which the office of the Bank at which Drawings are required to be presented under the Letter of Credit 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 Book-Entry Commercial Paper Notes, a day on which the Depository is not scheduled to be open for money market instrument settlement services.

“*Change in Law*” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption, issuance, implementation, promulgation, taking effect of, or any change in, any law, rule, treaty or regulation, or any request, policy, guideline or directive of, or any change in the interpretation, administration or application thereof by any court, central bank or other administrative or Governmental Authority or other fiscal, monetary or other authority having jurisdiction over the Bank (in each case whether or not having the force of law) including, without limitation, any Risk-Based Capital Guidelines, (b) compliance by the Bank or any corporation controlling the Bank with any law, rule, treaty or regulation, request, policy, guideline or directive of any such court, central bank or other administrative or Governmental Authority or other fiscal, monetary or other authority having jurisdiction over the Bank (in each case whether or not having the force of law) or (c) any change in the application, interpretation or enforcement of any of the foregoing.

“*Code*” means the Internal Revenue Code of 1986, as amended, and when reference is made to a particular section thereof, the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

“*Commercial Paper Indebtedness*” means the Commercial Paper Notes and all other commercial paper notes, debentures, obligations or similar instruments issued by the Metropolitan Government and payable from or secured by the Revenues (or any portion thereof).

“*Commercial Paper Notes*” has the meaning set forth in the recitals hereof.

“*Control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. Without limitation, any director, executive officer or beneficial owner of 5% or more of the equity of a Person shall, for the purposes of this Agreement, be deemed to control the other Person. “*Controlling*” and “*Controlled*” have meanings correlative thereto.

“*Conversion Date*” means, with respect to an Advance, the earlier to occur of (i) the first day of the third (3rd) month immediately following the date such Advance was made and (ii) the Termination Date.

“*Dealers*” means each dealer or remarketing agent selected from time to time by the Metropolitan Government to market or remarket the Commercial Paper Notes in accordance with the Resolution. As of the Effective Date, the Dealer is Morgan Stanley & Co. LLC.

“*Dealer Agreement*” means each dealer agreement entered into between the Metropolitan Government and a Dealer with respect to the Commercial Paper Notes, and shall initially mean the Commercial Paper Dealer Agreement as of July 1, 2018, by and between the Metropolitan Government and the Dealer named therein as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof, and any other agreement delivered in substitution or exchange for each agreement.

“*Debt*” of any Person means, at any date and without duplication, (i) all obligations of such Person for borrowed money, including without limitation, obligations secured by any of the revenues or assets of such Person and all obligations of such Person evidenced by bonds (including revenue bonds), debentures, notes or other similar instruments, (ii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (iii) all obligations of such Person as lessee under capital leases, (iv) all indebtedness of others secured by a Lien on any asset of such Person, whether or not such indebtedness is assumed by such Person, (v) all indebtedness of others guaranteed by, or secured by any of the revenues or assets of, such Person, (vi) payment obligations of such Person under any Swap Contract and (vii) obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a Bank Agreement.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the

United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“*Default*” means any condition or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default.

“*Default Rate*” means, subject to Section 2.04(e) hereof, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.00%); *provided* that, subject to Section 2.04(e) hereof, at no time shall the Default Rate exceed the Maximum Interest Rate; *provided, further*, that at no time shall the Default Rate be less than the highest rate of interest borne by any Commercial Paper Note.

“*Depository*” has the meaning set forth in the Resolution.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act and all regulations, guidelines and directions in connection therewith.

“*Drawing*” has the meaning assigned to that term in the Letter of Credit.

“*Effective Date*” means July ~~10~~10, 2018, so long as the conditions precedent set forth in Section 4.01 hereof have been satisfied or waived by the Bank.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*Employee Plan*” means an employee benefit plan covered by Title IV of ERISA and maintained for employees of the Metropolitan Government.

“*Enabling Act*” means Title 9, Chapter 21 of Tennessee Code Annotated, as amended.

““*Environmental Laws*” means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to Hazardous Materials or to environmental, health, safety and land use matters applicable to any property.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the System directly or indirectly resulting from or based upon (a) violation of any Environmental Laws, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and, unless the context otherwise requires, the rules and regulations promulgated thereunder from time to time.

“*Excess Amount*” has the meaning set forth in Section 2.07(a) hereof.

“*Extendable Commercial Paper Notes*” means Metropolitan Government’s Water and Sewer Revenue Extendable Commercial Paper Notes, 2015 Program.

“*Extendable Commercial Paper Resolution*” means Resolution No. RS2015-1417 approved by the Metropolitan Government on April 7, 2015, as amended and supplemented by Resolution No. RS2018- approved by the Metropolitan Government on ~~June~~ July 3, 2018.

“*Facility Fee*” has the meaning set forth in the Fee Letter.

“*Federal Funds Rate*” means, for any day, the rate of interest per annum as determined by the Bank at which overnight Federal funds are offered to the Bank for such day by major banks in the interbank market, with any change in such rate to become effective as to the Metropolitan Government on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the Metropolitan Government absent manifest error.

“*Fee Letter*” means the Fee Letter dated as of the Effective Date between the Metropolitan Government and the Bank, and all amendments, modifications, restatements and extensions of such agreement, entered into from time to time and any other agreement delivered in substitution or exchange for such agreement

“*Final Drawing Notice*” has the meaning set forth in the Letter of Credit.

“*Final Maturity Date*” means, with respect to any Advance, the earliest to occur of: (i) the third (3rd) anniversary of the date on which the related Drawing was made, (ii) the third (3rd) anniversary of the Stated Expiration Date, (iii) the Substitution Date, (iv) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than solely as a result of the Letter of Credit terminating on the Stated Expiration Date), including as a result of the occurrence of an Event of Default and (v) the Business Day on which Commercial Paper Notes or bonds are sold to fund such repayment.

“*Fiscal Year*” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve month period hereafter designated as the official fiscal year period of the Metropolitan Government, which designation shall be provided to the Bank in a certificate of the Metropolitan Government.

“*Fitch*” means Fitch Ratings, Inc.

“*Governmental Authority*” means the United States or any state or political subdivision thereof or any foreign nation or political subdivision thereof, any entity, body or authority

exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in the United States (or any state, municipality or political subdivision thereof) or any foreign nation or political subdivision thereof, including, without limitation, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority or other governmental or quasi-governmental authority exercising control over Bank or other financial institutions, and any corporation or other entity or authority owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Hazardous Materials” means dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, material or substances (as defined in Environmental Laws), and shall include any urea formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing material, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, materials, substance, pollutant or contaminant the improper storage, disposal or release of which would subject the person so storing, disposing or releasing (or the owner of the property on which such action occurs) to any damages, penalties or liabilities under any applicable law, regulation, requirement or rule.

“Holder” means the Bank and any other holder of any interest in the Bank Note or any Person to which the Bank or any such other holder sells a participation in the Bank Note (whether or not the Metropolitan Government was given notice of such sale and whether or not the Holder has an interest in the Bank Note at the time amounts are payable to such Holder thereunder and under this Agreement).

“Initial Resolutions” has the meaning set forth in the Resolution.

“Investment Grade” means a rating of *“Baa3”* (or its equivalent) or better by Moody’s and *“BBB-”* (or its equivalent) or better by S&P or Fitch.

“ISP” means, with respect to the Letter of Credit, the *“International Standby Practices 1998”* published by the Institute of International Banking Law & Practice, Inc.

“Issuing and Paying Agent” means the firm serving from time to time as issuing and paying agent for the Commercial Paper Notes pursuant to Section 5.03 of the Resolution and any successor thereto. As of the Effective Date, the Issuing and Paying Agent is U.S. Bank National Association.

“Issuing and Paying Agency Agreement” means the Issuing and Paying Agency Agreement, dated as of July 1, 2018, by and between the Metropolitan Government and the Issuing and Paying Agent, approved and authorized by Section 5.02 of the Resolution, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof and any other agreement delivered in substitution or exchange for such agreement.

“L/C Charges” means and includes the facility fees, draw fees, amendment fees, consent fees, termination fees and waiver fees as set forth in the Fee Letter and other fees and expenses payable by the Metropolitan Government to the Bank hereunder.

“*Laws*” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Letter of Credit*” means the Letter of Credit issued by the Bank for the account of the Metropolitan Government in favor of the Issuing and Paying Agent supporting the Commercial Paper Notes, as amended and restated in the form of Exhibit A hereto, with appropriate insertions, as from time to time amended and supplemented.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Maximum Interest Rate*” means the maximum net effective interest rate permitted by applicable law to be paid on obligations issued or incurred by the Metropolitan Government in the exercise of its borrowing powers.

“*Metropolitan Government*” has the meaning set forth in the introductory paragraph hereof.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Obligations*” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Metropolitan Government arising under any Related Document or otherwise with respect to the Advances, Reimbursement Obligations, the Fee Letter and the Bank Note whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising, and all other payment obligations of the Metropolitan Government to the Bank arising under or in relation to this Agreement, the Fee Letter, the Bank Note and any Advance, including in each instance, all interest accrued thereon and including interest and fees that accrue after the commencement by or against the Metropolitan Government of any proceeding under any Debtor Relief Laws naming the Metropolitan Government as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“*Offering Memorandum*” means the Offering Memorandum dated July —10, 2018, relating to the Commercial Paper Notes, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

“*Operation and Maintenance Expenses*” has the meaning set forth in the Resolution.

“*Other Taxes*” has the meaning set forth in Section 3.01(a) hereof.

“*Outstanding*” (i) with respect to the Commercial Paper Notes, has the meaning set forth in the Resolution and (ii) with respect to Advances, means all Advances made by the Bank pursuant to the terms hereof and not repaid in full to the Bank by the Metropolitan Government.

“*Participant*” means any Person which in accordance with Section 8.06(b) hereof shall participate in the benefits and obligations of the Bank hereunder and the Bank Note pursuant to a participation agreement between the Bank and such Person.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“*Payment Office*” means the office or offices, account or accounts of the Bank set forth in Section 2.06 hereof.

“*Person*” means an individual, a corporation, a partnership, an association, a limited liability company, a partnership, a trust, or any other entity or organization, including a Governmental Authority.

“*Prime Rate*” means, for any day, the fluctuating interest rate per annum most recently announced by the Bank as its “prime rate”, it being understood that such rate shall not necessarily be the best or lowest rate of interest available to the Bank’s best or most preferred large commercial customers. Each change in the Prime Rate shall take effect simultaneously with the corresponding change or changes in the Bank’s prime rate.

“*Prior Lien Bonds*” has the meaning set forth in the Resolution.

“*Prior Resolutions*” has the meaning set forth in the Resolution.

“*Quarterly Payment Date*” means the first Business Day to occur in each January, April, July and October of each calendar year.

“*Rating Agencies*” means S&P, Fitch and/or Moody’s, as applicable.

“*Reimbursement Obligations*” means any and all obligations of the Metropolitan Government to reimburse the Bank for any Drawings under the Letter of Credit and all obligations to repay the Bank for any Advance, including in each instance all interest accrued thereon.

“*Related Documents*” means this Agreement, the Letter of Credit, the Fee Letter, the Prior Resolutions, the Initial Resolutions, the Resolution, the Offering Memorandum, the Issuing and Paying Agency Agreement, the Dealer Agreement, the Commercial Paper Notes, the Bank Note or any exhibit or schedule to any of the foregoing.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“*Resolution*” means Resolution No. RS2018-1417 approved by the Metropolitan Government, on April 7, 2018, as amended and supplemented by Resolution No. RS2018- approved by the Metropolitan Government, on ~~June~~ July 3, 2018, authorizing the issuance of the Commercial Paper Notes, including such amendments, modifications or supplements permitted pursuant to its terms and the terms hereof.

“*Revenues*” has the meaning set forth in the Resolution.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“*Rollover Commercial Paper Notes*” has the meaning set forth in the Resolution.

“*S&P*” means S&P Global Ratings.

“*Sanctions*” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

“*Second Senior Lien Bonds*” has the meaning set forth in the Resolution.

“*Second Senior Lien Bond Resolution*” has the meaning set forth in the Resolution.

“*Senior Lien Bonds*” has the meaning set forth in the Resolution.

“*Special Revenue Debt*” means Debt of the Metropolitan Government payable from all or any portion of the Revenues or secured by all or any portion of the Revenues and which is senior to or on parity with the Commercial Paper Notes and the Bank Note, including, without limitation, all obligations represented by bonds, notes, indentures, certificates, debentures and similar obligations which are payable from all or any portion of the Revenues or secured by all or any portion of the Revenues and which are senior to or on parity with the Commercial Paper Notes and the Bank Note.

“*Stated Amount*” means, as of any date, the maximum amount which by the terms of the Letter of Credit is available to be drawn under the Letter of Credit as of such date.

“*Stated Expiration Date*” means the date set forth in the Letter of Credit as the date on which the Letter of Credit is stated to expire (*i.e.*, initially, July 10, 2021), unless terminated in

accordance with the terms of the Letter of Credit or as extended from time to time pursuant to the terms of the Letter of Credit and this Agreement.

“*Stop Order*” means the notice described in Section 4.03 hereof.

“*Substitution Date*” means the date of acceptance by the Metropolitan Government of a substitute credit facility in accordance with the terms and provisions of the Resolution.

“*Swap Contract*” means (i) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*System*” means the Metropolitan Government’s Water and Sewerage System.

“*Taxes*” has the meaning set forth in Section 3.01(a) hereof.

“*Term Loan*” means each term loan made by the Bank to the Metropolitan Government pursuant to Section 2.01(a)(iv) hereof on a Conversion Date.

“*Termination Date*” means the date on which the Letter of Credit terminates or expires as described in the Letter of Credit.

Section 1.02. Other Interpretive Provisions. With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns,

(iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

Section 1.03. Accounting Terms. All accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with the financial statements of the Metropolitan Government referred to in Section 6.01(i) hereof.

Section 1.04. Interpretations. The table of contents and article and section headings of this Agreement are included herein for convenience of reference purposes only and shall not constitute a part of this Agreement or affect its interpretation in any respect. All references to time herein shall refer to local time in New York, New York.

Section 1.05. Rounding. Any financial ratios required to be maintained by the Metropolitan Government pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.06. Letter of Credit Amounts. Unless otherwise specified herein, the amount of the Letter of Credit at any time shall be deemed to be the maximum amount available to be drawn under the Letter of Credit, whether or not such maximum stated amount is in effect at such time. Without limiting the foregoing, the determination of such maximum amount shall assume compliance with all conditions for drawing and no reduction for (a) any amount drawn by any drawing referred to in the Letter of Credit, the amount of which, in whole or in part, is subject to reinstatement (unless such amount is not reinstated under the Letter of Credit), or

(b) any amount not available to be drawn because Commercial Paper Notes are held by or for the account of the Metropolitan Government.

ARTICLE II

LETTER OF CREDIT

Section 2.01. Issuance of Letter of Credit. Subject to the terms and conditions set forth herein, the Letter of Credit shall be in the original stated amount of \$200,000,000 (calculated as the sum of the maximum principal amount of the Commercial Paper Notes supported by the Letter of Credit (*i.e.*, \$ 183,000,000) plus interest thereon at a maximum rate of twelve percent (12%) per annum for a period of two hundred seventy (270) days calculated on the basis of a year of 360 days (the “*Stated Amount*”).

Section 2.02. Letter of Credit Drawings. The Issuing and Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. The Metropolitan Government hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Metropolitan Government hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

Section 2.03. Reimbursement of Certain Drawings under the Letter of Credit; Mandatory Prepayment; Interest. (a)(i) Each Drawing shall be reimbursed by the Metropolitan Government in full on the date that such Drawing is made, *provided, however*, that if the conditions precedent set forth in Section 4.02 hereof are satisfied at the time of payment by the Bank of any Drawing, such Drawing made under the Letter of Credit shall constitute an advance (“*Advance*”) to the Metropolitan Government and shall be subject to the terms and conditions applicable to Advances under this Agreement. Unless the conditions precedent contained in Section 4.02 hereof are satisfied on the date of payment by the Bank of a Drawing, the Metropolitan Government agrees to reimburse the Bank for the full amount of such Drawing immediately upon payment by the Bank of such Drawing and on the date of each such payment. If the Metropolitan Government does not make such reimbursement to the Bank with respect to such Drawing on such date, such Reimbursement Obligation shall bear interest at the Default Rate and be payable upon demand.

(ii) The Metropolitan Government promises to repay to the Bank on the date of the related Drawing the portion of each Drawing used to pay interest accrued on Commercial Paper Notes. If the Metropolitan Government does not make such reimbursement to the Bank with respect to the interest portion of such Drawing on such date, such Reimbursement Obligation shall bear interest at the Default Rate and be payable upon demand.

(iii) To the extent not required to be paid earlier as set forth above, the Metropolitan Government promises to pay or cause to be paid to the Bank the principal portion of each Advance on the related Conversion Date; *provided*, that if the conditions precedent set forth in Section 4.04 hereof are satisfied on such Conversion Date, the unpaid principal amount of the related Advance shall convert into a Term Loan and shall be payable by the Metropolitan

Government pursuant to Section 2.03(a)(iv) hereof and the interest accrued on the related Advance to the Conversion Date shall payable by the Metropolitan Government on the Conversion Date.

(iv) Unless otherwise required to be paid in full on one of the dates provided above, the principal portion of each Term Loan shall be payable by the Metropolitan Government in equal quarterly installments (“*Quarterly Principal Payments*”) commencing on the Conversion Date immediately succeeding the date the related Advance was made, and every three months thereafter, with the final installment in an amount equal to the entire then outstanding principal amount of such Advance due and payable on the Final Maturity Date (the period commencing on the Conversion Date and ending on the Final Maturity Date is referred to as the “*Amortization Period*”). Each Quarterly Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Quarterly Principal Payments over the applicable Amortization Period.

(b) Upon the Bank’s receipt of any payment or prepayment of any Advance, the amount of such Advance shall be reduced by the amount of such payment or prepayment, with the Bank crediting any prepayment received, first to the payment of any outstanding interest accrued on the related Advance, and second to the payment of the principal of such Advance. Any such payment or prepayment to be applied to principal of Advances hereunder shall be applied to the prepayment of related Advances in chronological order of their issuance hereunder, and within each Advance, shall be applied *pro rata* to principal installments payable thereon. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(c) Each unreimbursed Drawing and Advance made by the Bank shall be evidenced by the Bank Note, payable to the Bank and in the principal amount equal to the Stated Amount. The Bank Note shall bear interest and shall be due and payable on the dates, in the amounts, and under the circumstances set forth herein. The payment of the principal of and interest on the Bank Note shall constitute payment of the principal of and interest on the related Reimbursement Obligations and the payment of the principal of and interest on the Reimbursement Obligations shall constitute the payment of and principal and interest on the Bank Note and the failure to make any payment on any Reimbursement Obligation when due shall be a failure to make a payment on the Bank Note and the failure to make any payment on the Bank Note when due shall be a failure to make a payment on the related Reimbursement Obligation. The Metropolitan Government shall repay the Bank Note on each date on which the Metropolitan Government is required to make a principal payment on the corresponding Reimbursement Obligation in a principal amount equal to the amount of such Reimbursement Obligation so payable due on such date. The Metropolitan Government shall pay interest on the Bank Note on each date on which the Metropolitan Government is required to make an interest payment with respect to the corresponding Reimbursement Obligation.

(d) The Bank shall record, and prior to any transfer of its Bank Note shall endorse on the schedules forming a part thereof, appropriate notations to evidence the date, amount, type and maturity of each Advance made by it and the date and amount of each payment of principal

made by the Metropolitan Government with respect thereto; *provided, however*, that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Metropolitan Government hereunder or under the Bank Note. In any legal action or proceeding in respect of this Agreement or the Bank Note, the notations made on the Bank Note or as provided by the Bank's accounting records shall be presumptive evidence of the existence and amount due thereunder, absent of manifest error. The Bank is hereby authorized by the Metropolitan Government so to endorse the Bank Note and to attach to and make a part of the Bank Note a continuation or substitution of any such schedule as and when required.

Section 2.04. Interest. (a) Subject to the provisions of subsection (b) below, the Metropolitan Government shall pay interest on the unpaid principal amount of each Advances, from and including the date of such Advance until the principal amount of such Advance shall be paid in full, at the Bank Rate, payable monthly in arrears on the first Business Day of each month (commencing on the first such date to occur after the making of such Advance), on the Final Maturity Date and on the date any Advance shall be paid or prepaid.

(b) (i) From and after the occurrence of an Event of Default and during the continuance of any such Event of Default, all Obligations (including, without limitation, Advances) hereunder shall thereafter bear interest at the Default Rate.

(ii) If any amount payable by the Metropolitan Government hereunder, under the Fee Letter or under any other Related Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at the Default Rate.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest, to the extent permitted by law) shall be due and payable upon demand.

(c) To the extent permitted by applicable law, if the rate of interest payable hereunder shall exceed the Maximum Interest Rate for any period for which interest is payable, then

(i) interest at the Maximum Interest Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the limitation of the Maximum Interest Rate and (B) the Maximum Interest Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof without regard to the limitation of the Maximum Interest Rate ceases to exceed the Maximum Interest Rate, at which time the Metropolitan Government shall pay to the Bank with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Interest Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by applicable law, upon the termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Metropolitan Government shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest. In determining whether or not any interest payable under this Agreement exceeds the Maximum Interest Rate, any non-principal payment (except payments specifically stated in this agreement to be

“*interest*”) shall be deemed, to the extent permitted by applicable law, to be an expense, fee, premium or penalty rather than interest. On the Final Maturity Date, the Metropolitan Government shall pay to the Bank a fee equal to the amount of accrued and unpaid interest as a result of the provisions of this Section 2.04(c).

(d) All computations of interest, fees and other amounts due and owing hereunder shall be made by the Bank on the basis of a year of 365 or 366 days, in each case, for the actual number of days (including the first day but excluding the last day in the case of interest) occurring in the period for which such interest or fee is payable. Interest shall accrue on each Advance from and after the date on which such Advance was made to and including the date on which such Advance is paid in full, *provided* that any Advance that is repaid on the date on which it is made shall bear interest for one day. Each determination by the Bank of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent demonstrable error. In addition, any calculation made pursuant to this Section 2.04(d) that would cause the interest paid, payable or accruing on the indebtedness of the Metropolitan Government under this Agreement, the Fee Letter and the Bank Note to exceed the Maximum Interest Rate shall be adjusted so as to reduce the interest paid, payable and accruing hereunder and thereunder to such Maximum Interest Rate, as more fully set forth in Section 2.04(c) hereof. All sums paid or agreed to be paid to the Bank for the use, forbearance or detention of the indebtedness evidenced by the Advances shall, to the extent permitted by law, be amortized, prorated, allocated and spread throughout the full term of such Advances.

Section 2.05. Fees. The Metropolitan Government agrees to pay to the Bank the fees set forth in the Fee Letter at the times and in the amounts set forth therein. Any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Letter, and any reference to this Agreement shall be deemed to include a reference to the Fee Letter. All fees paid under this Agreement and the Fee Letter shall be fully earned when due and nonrefundable when paid.

Section 2.06. Termination or Reduction of Commitment. (a) (i) Notwithstanding any provision of the Agreement or this Fee Letter to the contrary, the Metropolitan Government agrees not to terminate or replace the Letter of Credit, except (A) upon the payment to the Bank of all Obligations payable hereunder and under this Agreement and the Fee Letter and (B) the Metropolitan Government providing the Bank with thirty (30) days’ prior written notice of its intent to terminate or replace the Letter of Credit; *provided* that all Obligations to the Bank shall be paid to the Bank at or prior to the time of termination and any such termination of the Letter of Credit shall be in compliance with the terms of the Resolution.

(ii) Notwithstanding any provision of the Agreement or this Fee Letter to the contrary, the Metropolitan Government agrees not to permanently reduce the Stated Amount, except upon the Metropolitan Government providing the Bank with ten (10) days’ prior written notice of its intent to permanently reduce the Stated Amount.

(b) The Metropolitan Government may at any time at its option deliver to the Issuing and Paying Agent a substitute credit or liquidity facility in full and complete substitution and

replacement for the Letter of Credit upon the occurrence of each of the following: (i) the payment to the Bank of all amount due and payable hereunder and under the Fee Agreement as of the Substitution Date, and (ii) the payment to the Bank by the Metropolitan Government or the provider of such substitute credit or liquidity facility of all fees, expenses and other Obligations payable hereunder and under the Fee Letter, including, without limitation, all principal and accrued interest due and owing on any Drawing or Advances and any amount due under the Bank Note. The Metropolitan Government shall give the Bank and the Issuing and Paying Agent at least thirty (30) days' prior written notice of any such proposed delivery of a substitute credit or liquidity facility in substitution of the Letter of Credit and on the Substitution Date (and assuming the payment to the Bank of the amounts described in clauses (i) and (ii) above), the Letter of Credit shall expire and terminate on the Business Day immediately succeeding the date of such delivery of a substitute credit or liquidity facility in substitution of this Agreement, and thereafter the Bank shall no longer be obligated to honor Drawings under the Letter of Credit.

(c) The Letter of Credit shall terminate on the Termination Date. All Obligations then outstanding (together with accrued interest thereon) shall be due and payable on the Termination Date, unless Advances shall be subject to the amortization provisions beyond the Termination Date as set forth in Section 2.03(a)(iv) hereof.

(d) If the Letter of Credit is terminated or expires, all accrued Facility Fees and all other amounts due and owing hereunder shall be payable on the effective date of such termination or expiration, as applicable. If the amount of the Stated Amount is permanently reduced, the Facility Fee that has accrued on the amount of such reduction shall be payable on the effective date of such reduction.

Section 2.07. Prepayments.

(a) *Optional Prepayments.* The Metropolitan Government may, upon three (3) Business Days' notice to the Bank at any time or from time to time voluntarily prepay any Advance in whole or in part, without penalty or premium, each such prepayment to be accompanied by the payment of accrued interest to the date of such prepayment on the amount prepaid, *provided* that each partial prepayment shall be in a principal amount equal to at least \$100,000 and integral multiples thereof. Each notice of prepayment shall be irrevocable and shall specify the date and the amount of the prepayment and identify the Advance to be prepaid.

(b) *Mandatory Prepayments.* (i) If on any date any Commercial Paper Notes or bonds are sold to finance the repayment of Advances, the Metropolitan Government shall immediately prepay any Outstanding Advances (if any) in an amount equal to the sum of the proceeds from such sale. If the Metropolitan Government executes and delivers Commercial Paper Notes on any date on which any Advance is outstanding and the sum of (1) the proceeds of such issuance and (2) any funds made available by the Metropolitan Government to pay the principal amount of such Commercial Paper Notes, exceeds (any such excess being referred to as the "*Excess Amount*") the amount (if any) required to pay the principal amount of related Commercial Paper Notes maturing on such date, the Metropolitan Government shall (or shall cause the Issuing and Paying Agent to) repay or prepay Advances in an aggregate principal amount such that the aggregate principal amount so paid or prepaid, as the case may be (together with interest accrued

thereon to but excluding the date of prepayment), shall equal the Excess Amount, by paying such aggregate principal amount together with such accrued interest to the Bank

(ii) Each such prepayment shall be accompanied by the payment of accrued interest to the date of such prepayment on the amount prepaid.

(c) Upon the Bank's receipt of any payment or prepayment of any Advance, the amount of such Advance shall be reduced by the amount of such payment or prepayment, with the Bank crediting any prepayment received, first to the payment of any outstanding interest accrued on the related Advance, and second to the payment of the principal of such Advance. Any such payment or prepayment to be applied to principal of Advances hereunder shall be applied to the prepayment of related Advances in chronological order of their issuance hereunder, and within each Advance, shall be applied *pro rata* to principal installments payable thereon. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

Section 2.08. General Provisions as to Payment. The following general provisions shall apply to all payments of Facility Fees, payments on the Advances and all other payment Obligations under this Agreement:

(a) The Bank shall calculate and notify the Metropolitan Government in writing of the amounts payable by the Metropolitan Government hereunder; *provided, however,* that the failure of the Bank to provide such notice shall not affect the obligations of the Metropolitan Government to make any payments owed to the Bank hereunder. All payments to be made by the Metropolitan Government shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Metropolitan Government hereunder shall be made to the Bank, at the Bank's Office in Dollars and in immediately available funds not later than 3:00 P.M. (New York City time) on the date specified herein. All payments received by the Bank after 3:00 P.M. (New York City time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Metropolitan Government shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) *Funding Source.* Nothing herein shall be deemed to obligate the Bank to obtain the funds for the making of any Drawing in any particular place or manner or to constitute a representation by the Bank that it has obtained or will obtain the funds for the making of any Drawing in any particular place or manner.

Section 2.09. Security. The Resolution creates, for the benefit of the Commercial Paper Notes and the Bank Note, a legally valid and binding Lien on and irrevocable pledge of the Revenues. There are no liens on all or any portion of the Revenues other than the Liens on Revenues securing the Prior Lien Bonds, the Commercial Paper Notes, the Bank Note and any

Commercial Paper Indebtedness (and related bank notes); *provided* that no Additional Prior Lien Bonds or Commercial Paper Indebtedness may be issued after the Effective Date except as permitted to be issued under Section 6.02(e) hereof. The Lien on Revenues securing the Commercial Paper Notes and the Bank Note is subordinate only to the Lien on Revenues securing the Prior Lien Bonds; *provided* that no Additional Prior Lien Bonds or Commercial Paper Indebtedness may be issued after the Effective Date except as permitted to be issued under Section 6.02(e) hereof, and such Lien is not subordinate to any other payment obligation of the Metropolitan Government secured by a Lien on the Revenues or any other claim as set forth in the Resolution. The Lien on Revenues securing the Commercial Paper Notes and the Bank Note is on parity with the Lien securing any Commercial Paper Indebtedness (and any related bank notes). No filing, registering, recording of this Agreement or the Resolution or any other instrument is required to establish the pledge or to maintain the Lien created thereby on the Revenues. The Bank Note constitutes Subordinated Indebtedness (as defined in the Second Senior Lien Bond Resolution). Pursuant to the Resolution, all other Obligations owed to the Bank (other than the payment of principal and interest on the Bank Note) are payable from the Revenues of the System, subject to the provisions of the Prior Resolutions and, if and to the extent permitted by the Enabling Act, secured by a pledge of Revenues of the System on parity with the Commercial Paper Notes and the Bank Note. Neither the Commercial Paper Notes, the Bank Note or any other Obligation hereunder constitutes a general debt nor is a liability of the Metropolitan Government for which there is a right to compel the exercise of the taxing power of the Metropolitan Government.

Unless the payment of the Commercial Paper Notes, the Bank Note and all amounts owed to the Bank under this Agreement (including, without limitation, amounts owed to the Bank under the Fee Letter) otherwise shall be provided for by or on behalf of the Metropolitan Government from proceeds of other Commercial Paper Notes or other available moneys, on or before the respective due dates thereof, the Metropolitan Government shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of bonds or other obligations of the Metropolitan Government (or otherwise obtain governmental financing) in an amount sufficient to provide for the payment of and interest on the outstanding Commercial Paper Notes at maturity, the Bank Note and all amounts owed to the Bank under this Agreement (including, without limitation, amounts owed to the Bank under the Fee Letter).

Section 2.10. Extension of Stated Expiration Date. (a) Not earlier than one hundred eighty (180) days and not later than ninety (90) days prior to the Stated Expiration Date (the “Deadline”), the Metropolitan Government may request in writing to the Bank an extension of the Stated Expiration Date. If the Metropolitan Government shall make such a request prior to the Deadline, the Bank shall, within sixty (60) days of such request, notify the Metropolitan Government in writing whether or not the Bank consents to such request and the terms and conditions upon which the Bank will consent to such request (including conditions relating to pricing and legal documentation). The Bank shall have no obligation whatsoever to consent to any request for an extension of the Stated Expiration Date, and any such extension shall be subject to approval by the Bank. If the Bank shall fail to notify the Metropolitan Government of its consent to such extension, the Bank shall be deemed to have rejected the Metropolitan Government’s request for an extension. If the Bank (in its sole and absolute discretion) shall agree to extend the Stated Expiration Date, the Bank and the Metropolitan Government shall

enter into an amendment to this Agreement and deliver a copy of any such amendment, executed by the parties thereto, to the Issuing and Paying Agent, each Dealer and each Rating Agency then rating the Commercial Paper Notes.

(b) Any such extension of the Stated Expiration Date shall be subject to such additional terms, including payment of extension fees to the Bank, as shall be agreed to by the Metropolitan Government and the Bank.

Section 2.11. Obligations Absolute. Subject to the provisions of Section 2.09 hereof, the obligations of the Metropolitan Government under this Agreement shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances: (i) any lack of validity, legality or enforceability of this Agreement, the Letter of Credit, the Bank Note or any other Related Document, or any other instrument, agreement or other document executed and delivered by the Metropolitan Government in connection with any of the foregoing; (ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents, or any other instrument, agreement or other document executed and delivered by the Metropolitan Government in connection with any of the foregoing; (iii) any statement or other document pursuant hereto or pursuant to the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; (iv) the honoring of any Drawing that does not comply with the terms of the Letter of Credit; (v) the existence of any claim, set-off, defense or other rights which the Metropolitan Government may have at any time against the Issuing and Paying Agent (or any Person for whom the Issuing and Paying Agent may be acting), any Holder, any Dealer, the Bank or any other Person, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents or any unrelated transaction; (vi) the use to which amounts disbursed by the Bank pursuant to a Drawing or the proceeds of any Commercial Paper Notes or Bank Note may be put; (vii) payment by the Bank of a Drawing or an Advance against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement or the Letter of Credit; (viii) the Bank or any of its branches or affiliates being the beneficiary of the Letter of Credit; (ix) the Bank or any correspondent honoring a drawing up to the Stated Amount of the Letter of Credit even if such drawing claims an amount in excess of the Stated Amount of the Letter of Credit; (x) the Bank or any correspondent having previously paid against fraudulently signed or presented documents under the Letter of Credit (whether or not the Metropolitan Government shall have reimbursed the Bank for such Drawing); or (xi) any other circumstance which might constitute a legal or equitable discharge of any obligations hereunder (whether or not similar to any of the foregoing), it being agreed that the obligations hereunder shall not be discharged except by the performance thereof strictly in accordance with the terms of this Agreement including, without limitation, the payment in full as herein provided of all amounts owing hereunder.

Section 2.12. Interest and L/C Charges. Notwithstanding anything in this Agreement, the Bank Note or any of the other Related Documents to the contrary, in no event whatsoever (including, without limitation, the acceleration of any obligations due and owing hereunder) shall the interest and L/C Charges agreed to be paid to the Bank by the Metropolitan Government

hereunder exceed the maximum amounts collectible under applicable laws in effect from time to time. It is understood and agreed by the parties hereto that, if for any reason whatsoever, the interest or L/C Charges paid or contracted to be paid by the Metropolitan Government in respect of Advances or any other Obligation hereunder shall exceed the maximum amounts collectible under applicable Laws in effect from time to time, then the obligation to pay such interest and/or L/C Charges shall be reduced to the maximum amounts collectible under applicable Laws in effect from time to time and any amounts collected by the Bank hereunder in respect of Advances or other Obligations due and owing hereunder and under the Fee Letter and Advances that exceed such maximum amounts shall be applied to the reduction of the principal amount of any Outstanding Advances and, to the extent that no Advances are outstanding, refunded to the Metropolitan Government so that at no time shall the interest or L/C Charges paid or payable in respect of the Bank Note exceed the maximum amounts permitted from time to time by applicable law.

Section 2.13. Rights of the Bank. At any time any Obligation is outstanding hereunder, the Bank shall be entitled to and shall be deemed to have all rights, privileges and security accorded owners of Commercial Paper Notes as provided in the Commercial Paper Notes and the Resolution.

Section 2.14. Applicability of ISP. The rules of ISP shall apply to the Letter of Credit.

Section 2.15. Issuance Generally. The Metropolitan Government may issue Commercial Paper Notes only in accordance with the terms of and subject to the conditions set forth in the Resolution and the Issuing and Paying Agency Agreement.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.01. Net of Taxes, Etc.

(a) *Taxes.* Any and all payments to the Bank by the Metropolitan Government hereunder and the Fee Letter shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection (other than the mere entering into this Agreement or the Related Documents, the receipt of payments thereunder or in respect thereof, or the enforcement of rights under the foregoing documents) between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “*Taxes*”). If the Metropolitan Government shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof (or any other jurisdiction from which or through which payments are made) from or in respect of any sum payable hereunder or under the Fee Letter or the Bank Note to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.01), the Bank receives an amount

equal to the sum it would have received had no such deductions been made, (ii) the Metropolitan Government shall make such deductions and (iii) the Metropolitan Government shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Metropolitan Government shall make any payment under this Section 3.01 to or for the benefit of the Bank with respect to Taxes and if the Bank in its sole discretion determines that it shall receive a refund or claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Metropolitan Government an amount equal to the amount by which such other taxes are actually reduced to the extent attributable, as determined by the Bank in its sole discretion, to such payment by the Metropolitan Government; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Metropolitan Government to the applicable party with respect to such Taxes. In addition, the Metropolitan Government agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, any state of the United States or any other taxing jurisdiction from any payment made hereunder or under the Fee Letter or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the Metropolitan Government within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Metropolitan Government to the Bank hereunder; *provided* that the Bank’s failure to send such notice shall not relieve the Metropolitan Government of its obligation to pay such amounts hereunder.

(b) *Reimbursement.* The Metropolitan Government shall, to the fullest extent permitted by law and subject to the provisions hereof, reimburse the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.01 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the Metropolitan Government shall not be obligated to reimburse the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank’s gross negligence or willful misconduct. The Bank agrees to give notice to the Metropolitan Government of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank’s failure to notify the Metropolitan Government promptly of such assertion shall not relieve the Metropolitan Government of its obligation under this Section 3.01. Payments by the Metropolitan Government pursuant to this Section 3.01(b) shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the Metropolitan Government any refund actually received by the Bank (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Metropolitan Government pursuant to this Section 3.01 received by the Bank for Taxes or Other Taxes that were paid by the Metropolitan Government pursuant to this Section 3.01 and to contest, with the cooperation and at the expense of the Metropolitan Government, any such Taxes or Other Taxes which the Bank or the Metropolitan Government reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes (as defined in Section 3.01(a) hereof) by the Metropolitan Government, the Metropolitan Government shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

Section 3.02. Increased Costs. (a) If the Bank shall have determined that any Change in Law shall (A) change the basis of taxation of payments to the Bank of any amounts payable under the Letter of Credit or this Agreement (except for taxes on the overall net income of the Bank), (B) impose, modify or deem applicable any reserve, special deposit, capital or liquidity ratio, compulsory loan, insurance charge or similar requirement against making or maintaining its obligations under the Letter of Credit or assets held by, or deposit with or for the account of, the Bank or (C) impose on the Bank any other condition regarding the Letter of Credit or this Agreement or the obligations of the Bank hereunder, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank of making or maintaining its obligations under the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder or under the Fee Letter, then, the Metropolitan Government shall pay to the Bank at such time and in such amount as is set forth in paragraph (c) of this Section 3.02, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If the Bank shall have determined that any Change in Law either (A) affects or would affect the amount of capital to be maintained by the Bank or any corporation controlling the Bank or (B) reduces or would reduce the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity to a level below that which the Bank or the Bank's controlling corporation could have achieved but for such circumstances (taking into consideration the Bank's or a the Bank's controlling corporation's policies with respect to capital adequacy or liquidity) then, the Metropolitan Government shall pay to the Bank at such time and in such amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate the Bank or the Bank's controlling corporation for such cost of maintaining such increased capital or liquidity or such reduction in the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the Metropolitan Government's receipt of written notice thereof and shall be payable, in full, on the next succeeding Quarterly Payment Date that the Facility Fee is due and payable. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date which is thirty (30) days following the Metropolitan Government's receipt of notice thereof and shall otherwise be payable in accordance with Section 2.04 hereof; *provided* that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraph (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Metropolitan Government and shall be deemed conclusive absent manifest error. In making the determinations contemplated by the above referenced certificate, the Bank may make such

reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate.

Notwithstanding the foregoing, for purposes of this Section 3.02, (i) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

Section 3.03. Survival. All of the Metropolitan Government's obligations under this Article III shall survive termination of the Letter of Credit, repayment of all other Obligations hereunder, and termination of this Agreement.

ARTICLE IV

CONDITIONS

Section 4.01. Conditions to Issuance of the Letter of Credit. The Bank's obligation to issue the Letter of Credit in accordance with Section 2.01 hereof shall become effective on the Effective Date subject to the satisfaction of conditions in this Section 4.01.

(a) The Bank shall have received on or before the Effective Date (except with respect to paragraph (ii) of this Section 4.01(a), which such evidence shall be provided by the close of business on the Effective Date), the following, each in form and substance satisfactory to it and its counsel and, unless otherwise indicated, dated the Effective Date:

(i) a certified copy of (A) the Prior Resolutions and the Initial Resolutions, each as supplemented, amended and in full force and effect on the Effective Date and (B) the Resolution authorizing the Metropolitan Government's commercial paper program, the terms and conditions of the Commercial Paper Notes and the Bank Note, authorizing the issuance of the Commercial Paper Notes and the Bank Note and approving the Metropolitan Government's execution, delivery and performance of this Agreement and the Related Documents, which certificate shall state that the Prior Resolutions and Initial Resolutions have not been further amended, repealed or rescinded and the Resolution has not been amended, repealed or rescinded, and that all of the Prior Resolutions and the Resolution are in full force and effect on the Effective Date;

(ii) evidence of the termination or cancellation of the Facility (as defined in the Resolution) in effect immediately prior to the issuance of the Letter of Credit, and payment by the Metropolitan Government of all amounts owing thereunder;

(iii) a fully executed copy of (A) this Agreement, (B) the Fee Letter and (C) the Bank Note;

(iv) executed copies of each of the Related Documents and a final form of the Offering Memorandum;

(v) a certificate of the Metropolitan Government, certifying that all conditions precedent set forth in the Resolution with respect to issuance of the Commercial Paper Notes and the Bank Note shall have been satisfied;

(vi) a certificate of the Metropolitan Government, which shall certify, among other things, (A) as to the matters described in paragraph (b) below and (B) that all conditions in this Section 4.01 have been satisfied;

(vii) (A) opinions of Bond Counsel (or reliance letters thereto), addressed to the Bank in form and substance satisfactory to the Bank and its counsel, including, without limitation, (x) that all necessary action on the part of the Metropolitan Government shall have been taken to assign and pledge the Revenues for the benefit of the Bank and the holders of interests in the Bank Note and such pledge is valid, binding and enforceable against the Metropolitan Government and (y) this Agreement, the Fee Letter and the other Related Documents are valid and binding agreements of the Metropolitan Government enforceable in accordance with their respective terms, subject to standard exceptions; and (B) opinion of Director of Law or Acting Director of Law for the Metropolitan Government addressed to the Bank or stating that the Bank is entitled to rely thereon and in form and substance satisfactory to the Bank;

(viii) certified copies of all approvals or authorizations by, or consents of, or notices to or registrations with, any Governmental Authority required for the Metropolitan Government to enter into this Agreement, the Fee Letter and the other Related Documents to which it is a party and of all such approvals, authorizations, consents, notices, or registrations required to be obtained or made prior to the Effective Date in connection with the transactions contemplated hereby and by the Related Documents;

(ix) a certificate of the Metropolitan Government, certifying the names and true signatures of the officers of the Metropolitan Government authorized to sign this Agreement, the Bank Note, the Fee Letter and the other Related Documents;

(x) such financial information, budgets, projections, investment policies and guidelines for permitted investments of the Metropolitan Government as the Bank may reasonably request;

(xi) such other documents, opinions, or certificates reasonably requested by the Bank;

(xii) payment to the Bank of the fees referred to in the Fee Letter and in Section 8.18 hereof;

(xiii) written confirmation that the Commercial Paper Notes have been rated “P-1” by Moody’s and “A-1” by S&P; and

(xiv) written evidence satisfactory to the Bank that (i) a CUSIP number has been obtained and reserved from Standard & Poor’s CUSIP Service for the Bank Note and (ii) the Bank Note has been assigned a long-term unenhanced rating of at least Investment Grade from one of Moody’s, Fitch or S&P. The Metropolitan Government will (at its expense) ensure that the CUSIP Number and the Bank Note rating is available on an electronic registry acceptable to the Bank.

(b) (i) The representations and warranties of the Metropolitan Government contained in Article V of this Agreement and in each other Related Document to which it is a party on or prior to the Effective Date shall be true and correct on and as of the Effective Date as though made on and as of such date; (ii) no Default or Event of Default shall have occurred and be continuing on the Effective Date or would result from the execution, delivery or performance of this Agreement or the Fee Letter; (iii) since June 30, 2017, there has been no material adverse change in (A) the laws, rules, regulations or guidelines (or the interpretation or administration thereof) applicable to the System’s ability to satisfy its obligations under this Agreement and the other Related Documents or (B) the business, properties, condition (financial or otherwise), or operations, present or prospective, of the System; and (iv) the Metropolitan Government is in compliance with the covenants set forth in Article VI hereof.

(c) The effectiveness of this Agreement, the issuance of the Bank Note, the making of any Advance and the consummation of the other transactions contemplated by this Agreement and the Resolution shall not contravene any law, rule or regulation applicable to the Metropolitan Government or the Bank or any request, guideline or directive (or the interpretation or administration of any of the foregoing) of any Governmental Authority with jurisdiction over either the Metropolitan Government or the Bank.

(d) All proceedings in connection with this Agreement and the Fee Letter, and all documents incidental thereto, shall be satisfactory to the Bank and its counsel.

(e) The Issuing and Paying Agent and Dealer have been appointed, which appointment shall be satisfactory to the Bank. The Bank shall have received copies of the Dealer Agreement and Issuing and Paying Agency Agreement, duly executed by the parties thereto, which agreements shall be in full force and effect.

Section 4.02. Conditions to Making Advances. Following any payment by the Bank under the Letter of Credit pursuant to a Drawing, an Advance shall be made available to the Metropolitan Government *only if* on the date of payment of such Drawing (i) the representations and warranties contained in Article V hereof and in each other Related Document shall be true and correct on and as of the date of such Drawing as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date); (ii) no Default or Event of Default shall have occurred and be continuing on the date of such Drawing.

Unless the Metropolitan Government shall have previously advised the Bank in writing that (i) any or all of the representations and warranties contained in Article V of this Agreement are not true and correct on and as of the date the Bank honors such Drawing as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date) or (ii) any event has occurred and is continuing, or would result from the Bank honoring such Drawing or making such Advance, which constitutes a Default or Event of Default, then the Metropolitan Government shall be deemed to have represented and warranted on the date the Bank honors such Drawing and/or makes such Advance that (i) the representations and warranties contained in Article V hereof and in each other Related Document shall be true and correct on and as of the date of such Drawing as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date), and (ii) no event has occurred and is continuing, or would result from the Bank honoring such Drawing and/or making such Advance, which constitutes a Default or Event of Default.

In addition, the Bank shall have no obligation to honor any Drawing under the Letter of Credit the proceeds of which shall be used to pay the principal of and interest on maturing Commercial Paper Notes that were issued by the Metropolitan Government after receipt by the Issuing and Paying Agent of a Stop Order or Final Drawing Notice.

Section 4.03. Conditions Precedent to Each Commercial Paper Note Issuance. No Commercial Paper Note shall be issued unless on the date of such issuance, each of the following conditions precedent shall have been fulfilled in a manner satisfactory to the Bank (or waived by the Bank in writing):

(a) *Representations and Warranties, No Event of Default.* The representations and warranties contained herein, each other Related Document and each certificate or other writing delivered to the Bank pursuant hereto or thereto on or prior to the date of such issuance shall be correct on and as of such date as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date), and no Event of Default or Default shall have occurred and be continuing on such date or would result from such issuance.

(b) *Commercial Paper Notes.* All conditions precedent for the issuance of the Commercial Paper Notes hereunder and under the Resolution and the Issuing and Paying Agency Agreement shall have been satisfied.

(c) *Resolution.* The Resolution shall be in full force and effect.

(d) *Governmental Approvals.* No registration, notice, qualification or other filing is required to be made with any Governmental Authority in connection with the issuance of the Commercial Paper Notes or, if required to be made, has been or will be made prior to the date of such issuance.

(e) *Certain Notices.* The Bank shall not have given a Stop Order or Final Drawing Notice.

(f) *Stated Amount.* After the issuance of the Commercial Paper Notes, the aggregate principal amount of all Reimbursement Obligations and Commercial Paper Notes that will be outstanding immediately after such issuance (and after giving effect to the application of proceeds of such issuance and the Reimbursement Obligations) will not exceed the amount of the Stated Amount.

(g) *Maturity.* The maturity date of any such Commercial Paper Notes will not occur later than the Business Day immediately preceding the Stated Expiration Date.

Unless the Metropolitan Government shall have previously advised the Bank in writing that one or more conditions set forth in subsections (a), (b), (c), (d), (f) and (g) of this Section 4.03 have not been satisfied, the Metropolitan Government shall be deemed to have represented and warranted that on the date of such issuance or authentication of any Commercial Paper Note the above conditions have been satisfied. The Bank may deliver a notice to the Issuing and Paying Agent in the form of Exhibit C hereto and to the Metropolitan Government, directing the Metropolitan Government not to issue and the Issuing and Paying Agent not to authenticate any Commercial Paper Note (a “*Stop Order*”), at any time that the Bank shall have determined that any condition to the issuance of any Commercial Paper Note has not been satisfied. The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. The Stop Order and Final Drawing Notice may be delivered by telecopy, by mail or by messenger, and may also be given by telephone if promptly confirmed in writing, *provided* that the failure to confirm such Stop Order and/or Final Drawing Notice promptly in writing shall not render any telephonic notice ineffective or invalid in any respect. Upon receipt of such Stop Order and/or Final Drawing Notice, the Metropolitan Government shall not issue and the Issuing and Paying Agent shall not authenticate any Commercial Paper Note, in each case, unless and until, in the case of a Stop Order, such Stop Order is rescinded by the Bank. A Stop Order or the Final Drawing Notice shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a Stop Order or the Final Drawing Notice received by the Issuing and Paying Agent after 12:00 noon New York City time, on any day on which Commercial Paper Notes are being issued shall be effective on the next succeeding day. The Metropolitan Government shall use its best efforts to cause the Issuing and Paying Agent to comply immediately with any such Stop Order and/or Final Drawing Notice. The Bank shall not incur any liability as a result of the Bank’s giving any Stop Order that, in its good faith judgment, the Bank determines to be in accordance with this Section 4.03. The Bank agrees that if, after the delivery of a Stop Order, the Bank determines that the conditions to the issuance of any Commercial Paper Note have been satisfied and the Bank has received a notice from the Metropolitan Government to such effect, then the Bank shall promptly deliver a notice (a copy of which shall be delivered by the Bank to the Metropolitan Government and each Dealer) to the Issuing and Paying Agent, rescinding such Stop Order. The Bank will furnish a copy of any Stop Order or the Final Drawing Notice to the Metropolitan Government and the Dealers promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such Stop Order or the Final Drawing Notice.

Section 4.04. Conditions to Term Loan. The obligation of the Bank to convert any Advance to a Term Loan pursuant to Section 2.03(a)(iii) hereof is subject to satisfaction of the following conditions: (i) the representations and warranties contained in Article V hereof and in each other Related Document shall be true and correct on and as of the Conversion Date as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation or warranty shall be true and correct as of such date); (ii) no Default or Event of Default shall have occurred and be continuing on the Conversion Date; and (iii) the Bank shall have received a certificate, signed by the Metropolitan Government and dated the applicable Conversion Date, confirming that all of the foregoing conditions have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01. Representations and Warranties. The Metropolitan Government represents and warrants to the Bank as follows:

(a) *Legal Existence.* The Metropolitan Government is a Tennessee local governmental entity, duly organized and validly existing under the laws of the State of Tennessee, and has the full legal right, power, and authority to (i) execute and deliver this Agreement and the other Related Documents to which it is a party, (ii) perform all its obligations and liabilities under this Agreement and the other Related Documents to which it is a party, and (iii) receive the proceeds of any Drawing under the Letter of Credit, and otherwise incur Debt in accordance with this Agreement, the Resolution and the Prior Resolutions and (subject to the terms of the Prior Resolutions) and collect and apply the Revenues for the purposes described herein, including, without limitation, to pay the principal of and interest on the Commercial Paper Notes and all of the Metropolitan Government's Obligations hereunder and under the Fee Letter (including, without limitation, the obligation to repay all Advances and amounts owing under the Bank Note, to pay all interest thereon, and to pay all fees and other amounts payable hereunder).

(b) *Authorization; Compliance with Law and Contracts.* The issuance of the Commercial Paper Notes and the Bank Note, the making of Advances hereunder, honoring of Drawings under the Letter of Credit and the execution, delivery and performance by the Metropolitan Government of this Agreement and the other Related Documents to which it is a party in accordance with their respective terms and conditions have been duly authorized by all necessary action on the part of the Metropolitan Government, and do not and will not (i) conflict with, violate, or contravene, in any material respect, any provision of existing law or regulation (including, without limitation, ERISA (if and to the extent applicable), the Metropolitan Government's investment policy and the Enabling Act) or any order or decree of any Governmental Authority or (ii) conflict with, or violate, in any material respect, or cause a default, or with the passage of time or the giving of notice or both would cause a default, under any bond, note or other evidence of indebtedness or mortgage, indenture, contract or other

agreement to which the Metropolitan Government is a party or that is binding upon it or any of its properties; and no consent of any Person and no license, approval, or authorization of, or notice to or registration, filing, or declaration with, any Governmental Authority is required in connection with the execution, delivery, performance, validity, or enforceability of this Agreement or any of the Related Documents or for the Metropolitan Government to beneficially receive the proceeds of a Drawing under the Letter of Credit or otherwise incur indebtedness in accordance with this Agreement or, if required, the same has been obtained and is in full force and effect and true and complete copies thereof have been delivered to the Bank.

(c) *Validity.* Each of this Agreement and the Related Documents (other than the Letter of Credit) constitutes a legal, valid, and binding agreement or obligation, as the case may be, of the Metropolitan Government, enforceable in accordance with its respective terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability. The Letter of Credit, this Agreement, the Bank Note and the Fee Letter, collectively, constitute a "Facility," as such term is defined in the Resolution.

(d) *Litigation.* There is no action or investigation pending or, to the best knowledge of the Metropolitan Government, threatened against the Metropolitan Government or the System before any court or administrative agency which questions the existence or powers of the Metropolitan Government, in any material respect, or which, if adversely determined, could reasonably be expected to result in any material adverse change in the financial condition, operations or prospects of the System, or which questions the validity of any proceeding held or action taken by the Metropolitan Government in connection with the execution and delivery of this Agreement or any of the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way materially adversely affect the transactions contemplated by this Agreement or any of the other Related Documents or which in any way would adversely affect the validity or enforceability of the Agreement or any of the other Related Documents (or of any other instrument required or anticipated for use in consummating the transactions contemplated hereby).

(e) *No Defaults.* Neither the Metropolitan Government nor the System is in default under (i) any order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to it, or (ii) any law or regulation applicable to it, or (iii) any of its Debt, or (iv) any contract, agreement or instrument to which it is a party or by which it or its property is bound, in each case, which default could have a material adverse effect on the properties, business, revenues, condition (financial or other), results of operations or prospects of the System or an adverse effect on the validity or enforceability of, or the authority or ability of the Metropolitan Government to perform its obligations under, this Agreement and the other Related Documents; and no event has occurred which with the giving of notice or the passage of time or both, would constitute such a default. No Default or Event of Default has occurred or is continuing hereunder.

(f) *Related Documents.* The representations and warranties of the Metropolitan Government contained in the other Related Documents to which the Metropolitan Government is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Metropolitan Government in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein unless amended in accordance with the terms of this Agreement.

(g) *Regulation U.* The Metropolitan Government is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and will not use the proceeds of any Commercial Paper Notes, any Drawing under the Letter of Credit or any Advance so as to violate Regulation U as it may be amended or interpreted from time to time by the Board of Governors of the Federal Reserve System.

(h) *Information.* No representation, warranty or other statement made by the Metropolitan Government in or pursuant to this Agreement or any other Related Document, in the Offering Memorandum or in any document or financial statement provided by the Metropolitan Government to the Bank in connection with this Agreement or any other Related Document contains any untrue statement of a material fact or omits (as of the date made or furnished) any material fact necessary to make the statements herein or therein not misleading in light of the circumstances under which they are made. There is no fact known to the Metropolitan Government which the Metropolitan Government has not disclosed to the Bank (in writing) and which adversely affects or, so far as the Metropolitan Government can now reasonably foresee, is likely to adversely affect, the validity or enforceability of, or the authority or ability of the Metropolitan Government to perform its obligations under, this Agreement and the other Related Documents to which it is a party, or which materially adversely affects, or so far as the Metropolitan Government can now reasonably foresee, is likely to materially adversely affect, the properties, business, revenues, condition (financial or otherwise), results of operations or prospects of the System. The Metropolitan Government has delivered to the Bank that certain Official Statement dated October 26, 2017, relating to the Metropolitan Government's Water and Sewer Revenue Bonds, Series 2017B (the "2017 Official Statement").]

(i) *Revenues.* The Resolution creates, for the benefit of the Commercial Paper Notes and the Bank Note, a legally valid and binding Lien on and irrevocable pledge of the Revenues. As of the Effective Date, there are no Liens on all or any portion of the Revenues other than the Liens on Revenues securing the Commercial Paper Notes, Bank Note, Prior Lien Bonds and Commercial Paper Indebtedness. As of the Effective Date, the Lien on Revenues securing the Commercial Paper Notes and the Bank Note are

subordinate only to the Lien on Revenues securing the Prior Lien Bonds and is not subordinate to any other payment obligation of the Metropolitan Government secured by a Lien on all or any portion of the Revenues or any other claim as set forth in the Resolution. The Lien on Revenues securing the Commercial Paper Notes and the Bank Note is on parity with the Lien securing any Commercial Paper Indebtedness (and any related bank notes). No filing, registering, recording of this Agreement or the Resolution or any other instrument is required to establish the pledge or to maintain the Lien created thereby on the Revenues. The Bank Note constitutes Subordinated Indebtedness (as defined in the Second Senior Lien Bond Resolution). Pursuant to the Resolution, all other Obligations owed to the Bank (other than the payment of principal and interest on the Bank Note) are payable from the Revenues of the System, subject to the provisions of the Prior Resolutions and, if and to the extent permitted by the Enabling Act, secured by a pledge of Revenues of the System on parity with the Commercial Paper Notes and the Bank Note.

(j) *Legislation.* No legislation has been enacted which in any way materially adversely affects or which prohibits (i) the issuance or delivery of the Commercial Paper Notes or the Bank Note, a Drawing under the Letter of Credit or the making of any Advance hereunder, (ii) the adoption of the Resolution, (iii) the execution and delivery of this Agreement or any of the other Related Documents to which the Metropolitan Government is a party, (iv) the creation, organization or existence of the Metropolitan Government or the System or the titles to office of any officers thereof, (v) the power of the Metropolitan Government to perform its obligations under the Enabling Act, or under this Agreement or any of the other Related Documents to which the Metropolitan Government is a party, or (vi) the Lien on Revenues securing the Commercial Paper Notes and the Bank Note.

(k) *Accuracy of Financial Reports.* The most recent financial statements of the System for the Fiscal Year ended June 30, 2017, copies of which have been furnished to the Bank, fairly present the financial position and results of operations of the System, as of the dates and for the periods set forth therein. Since June 30, 2017, there has been no material adverse change in the business, properties, condition (financial or otherwise), or operations, present or prospective, of the System.

(l) *No Tax or Fee.* None of the execution or delivery of this Agreement or the other Related Documents, the issuance of the Bank Note, the honoring of any Drawing under the Letter of Credit or the making any Advance as contemplated hereunder will give rise to any tax or fee imposed by any local or state agency or governmental body, except for those which have been paid.

(m) *Issuance of Commercial Paper Notes.* Each issuance of Commercial Paper Notes and Drawing under the Letter of Credit shall be deemed a representation by the Metropolitan Government that (i) the Metropolitan Government has complied in all material respects with all of the terms and provisions of this Agreement, (ii) on such date, and after giving effect to the issuance of the Commercial Paper Notes, no Default or Event of Default has occurred or is continuing, (iii) the representations and warranties of

the Metropolitan Government contained in this Agreement and the other Related Documents to which it is a party are true and correct on and as of the date of issuance of the Commercial Paper Notes or the date of such Drawing, as applicable, in question as though made on and as of such date, and (iv) after the issuance of such Commercial Paper Notes, the principal amount of all Commercial Paper Notes that will be outstanding immediately after such issuance (and after giving effect to the application of proceeds of such issuance and the Reimbursement Obligations) and the interest thereon will not exceed the Stated Amount.

(n) *Tax-Exempt Status.* The Metropolitan Government has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Commercial Paper Notes from gross income for Federal income tax purposes.

(o) *Environmental Matters.* Except as otherwise disclosed in the Offering Memorandum or in the 2017 Official Statement, the Metropolitan Government has not received notice to the effect that the operations of the System are not in compliance with any of the requirements of applicable Environmental Laws or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the assets, financial condition, or operations of the Metropolitan Government or the System or its ability to perform its obligations hereunder and under the other Related Documents or have become subject to any Environmental Liability.

(p) *Commercial Paper Notes.* Each Commercial Paper Note and the Bank Note has been and will be duly and validly issued under the Resolution and entitled to the benefits thereof.

(q) *Usury.* The terms of this Agreement and the Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

(r) *ERISA; Pension Obligations.* The Metropolitan Government does not maintain or contribute to, and has not maintained or contributed to, any Employee Plan that is subject to Title IV of ERISA.

(s) *Governmental Consent or Approval.* The execution, delivery and performance of this Agreement and the other Related Documents to which the Metropolitan Government is a party, and the validity and enforceability of this Agreement and the other Related Documents to which the Metropolitan Government is a party, to the extent not obtained prior to the Effective Date, do not and will not require registration with, or the consent or approval of, or any other action by, any Governmental Authority or regulatory body; *provided, however*, that the Metropolitan Government has

taken no action with respect to any filings or registration required by any state securities or “blue sky” laws and makes no representations with respect thereto.

(t) *Immunity from Jurisdiction.* The Metropolitan Government is not entitled to claim the defense of sovereign immunity or statutory immunity in any action appropriately asserted by the Bank in a state or Federal court located in Davidson County, Tennessee and arising out of its contractual obligations as set forth in this Agreement and the other Related Documents to which it is a party.

(u) *Offering Memorandum.* The information contained in the Offering Memorandum is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, *provided* that the Metropolitan Government makes no representation as to information in the Offering Memorandum relating to the Bank and provided by the Bank for inclusion therein or the Book-Entry Only System.

(v) *Investment Company Act.* The Metropolitan Government is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

(w) *Issuing and Paying Agent and Dealer.* As of the Effective Date, U.S. Bank National Association is the duly appointed and acting Issuing and Paying Agent and Morgan Stanley & Co. LLC (or a successor meeting the requirements of the Prior Resolutions and Section 6.01(p) hereof) is the duly appointed and acting Dealer for the Commercial Paper Notes.

(x) *Bank Note Issuance.* The Bank Note has been validly issued as a “bond anticipation note” under the Enabling Act and the Metropolitan Government has complied with all statutory requirements of the Enabling Act and any other applicable Laws necessary to cause the Bank Note to constitute a “bond anticipation note.”

(y) *Regarding the Resolution.* The Letter of Credit together with the Reimbursement Agreement and the Fee Letter constitute(s) a Facility as defined in the Resolution, and all conditions precedent to substituting the Letter of Credit for the Facility in effect under the Resolution immediately prior to the Effective Date, including, without limitation, the conditions set forth in Section 4.06(d) of the Resolution, were satisfied.

(z) *Anti-Terrorism and Sanctions.* (i) Neither the Metropolitan Government nor any of its affiliates is in violation of any laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(ii) Neither the Metropolitan Government nor any of its affiliates is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person engaging in any transaction prohibited by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

Neither the Metropolitan Government nor any of its affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(iii) The Metropolitan Government and its elected officials, officers and employees and to the knowledge of the Metropolitan Government, its agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. No use of proceeds of the Loans or any other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE VI

COVENANTS OF THE METROPOLITAN GOVERNMENT

Section 6.01. Affirmative Covenants. The Metropolitan Government covenants and agrees, from the date hereof and until the Termination Date and the payment in full of all Obligations, unless the Bank shall otherwise consent in writing:

(a) *Performance of This and Other Agreements.* The Metropolitan Government shall punctually pay or cause to be paid all amounts payable under this Agreement, the Bank Note and the other Related Documents and observe and perform all of the conditions, covenants and requirements set forth in this Agreement, the Bank Note and the other Related Documents.

(b) *Further Assurances.* The Metropolitan Government shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Bank all such instruments and documents as in the reasonable judgment of the Bank are necessary or advisable to carry out the intent and purpose of this Agreement, the Bank Note and the other Related Documents. The Metropolitan Government shall take all necessary action to maintain and preserve the lien on and security interest in the Revenues securing the Commercial Paper Notes and the Bank Note.

(c) *Books and Records; Inspection Rights.* The Metropolitan Government shall keep adequate records and books of account, in which complete entries will be made, reflecting all financial transactions of the System; and shall at any reasonable time and from time to time, permit the Bank or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the System and to discuss the affairs, finances and accounts of the System with any of the System's officers, trustees and independent auditors (and by this provision, the System authorizes said auditors to discuss with the Bank or its agents or representatives or any Participant hereto, the affairs, finances and accounts of the System).

(d) *Maintenance of Approvals; Filings, Etc.* The Metropolitan Government shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the other Related Documents.

(e) *Compliance with Laws, Etc.* The Metropolitan Government shall comply with all applicable Laws, rules, regulations and orders of any Governmental Authority, except that this Section 6.01(e) shall not apply to noncompliance that, singly or in the aggregate, would not have a materially adverse effect on (i) the financial condition or operations of the System or (ii) the ability of the System to perform its obligations hereunder including, but not limited to the timely payments of the Commercial Paper Notes, the Advances, the Bank Note or other Obligations.

(f) *Revenues.* The Metropolitan Government shall at all times keep the Revenues and every part thereof free and clear of all pledges and security interests except the pledges granted in or permitted by the Resolution, the Prior Resolutions or permitted under (A) the Related Documents, and (B) other documents authorizing Bonds (as defined in the Resolution) so long as either (i) such Bonds are issued in compliance with Section 6.02(e) hereof, or (ii) the proceeds of such Bonds are immediately applied to repay all Outstanding Commercial Paper Notes, the Reimbursement Obligations and the Bank Note, and shall maintain the pledge of, lien on and security interest in the Revenues securing the Commercial Paper Notes and the Bank Note as a pledge of all right, title and interest of the Metropolitan Government in the Revenues and all rights of the Metropolitan Government to receive any amount of the Revenues, subject only to the

rights of the owners of the Commercial Paper Notes, the Prior Lien Bonds, and the rights of holders of any Commercial Paper Indebtedness.

(g) *Accuracy of Information.* All data, certificates, reports, opinions of counsel, documents and other information furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof, and (ii) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Bank shall constitute a representation and warranty by the Metropolitan Government to that effect. Each financial statement furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement, shall, at the time the same is so furnished, fairly present the financial condition and results of operations of the System.

(h) *Additional Documents.* The Metropolitan Government shall furnish to the Bank from time to time at the Metropolitan Government's expense, all further instruments and documents, duly executed and delivered by the Metropolitan Government, and take all further action that may be reasonably necessary, or that the Bank may reasonably request, in order to (i) protect any security interest or other right or interest assigned, or purported to be assigned, to the Bank under or in connection with this Agreement, the Prior Resolutions, the Resolution or any other Related Document, or (ii) enable the Bank to exercise or enforce their rights or remedies under or in connection with this Agreement, the Prior Resolutions, the Resolution, or any other Related Document.

(i) *Financial and Other Reports.* The Metropolitan Government shall furnish the following reports to the Bank:

(i) As soon as available and in any event within two hundred seventy (270) days after the end of each Fiscal Year of the Metropolitan Government, the Bank shall have received audited financial statements of the System, consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances and a cash flow statement of the System setting forth in comparative form to the budget for such Fiscal Year and the corresponding figures (if any) for the preceding Fiscal Year, all in reasonable detail and prepared in accordance with generally accepted accounting principles for state and local governments consistently applied;

(ii) As soon as available and in any event within 45 days after the end of each fiscal quarter of each Fiscal Year, the Metropolitan Government shall provide to the Bank the unaudited financial statements of the System, consisting of a statement of revenues, expenditures, transfers and changes in fund balances and a cash flow statement of the System setting forth in comparative form to the

then current fiscal year budget, all in reasonable detail and prepared in accordance with generally accepted accounting principles consistently applied;

(iii) A copy of the current investment policy of the Metropolitan Government applicable to the System as well as any amendment thereto;

(iv) From time to time such additional information regarding the financial position or business of the System as the Bank may reasonably request;

(v) Promptly following approval thereof and in any event within thirty (30) days after the end of the Fiscal Year, a copy of the annual budget of the System; and

(vi) Concurrently with the delivery of the financial statements referred to in paragraph (i) and (ii) of this Section, a duly completed certificate signed by a responsible officer of the Metropolitan Government stating that there exists on the date of such certificate no Default or Event of Default or if any Default or Event of Default then exists, setting forth the details thereof and the action which the Metropolitan Government is taking or proposes to take with respect thereto.

provided, however, that delivery of any such financial information set forth in clauses (i) and (iv) of this Section 6.01(i) shall be deemed satisfied upon the Bank's receipt of written notice that the same are available on EMMA.

(j) *Notices.* The Metropolitan Government will promptly (and in any event within ten (10) Business Days) notify the Bank of (i) the occurrence of any Default or Event of Default known to the Metropolitan Government or which, with the exercise of reasonable diligence by the Metropolitan Government, should have become known to the Metropolitan Government, specifying the details of such Default or Event of Default and the action that the Metropolitan Government proposes to take with respect thereto; (ii) to the knowledge of the Metropolitan Government, the failure by the Issuing and Paying Agent or by the Dealer to perform in any material respect any of their respective obligations under the Issuing and Paying Agency Agreement or the Dealer Agreement; (iii) the (x) existence and status of any litigation or environmental proceeding which individually or in the aggregate could, in the event of any unfavorable outcome, have a material adverse effect on or (y) passage of any state or local ordinance, law or rule not of general applicability to all Persons, either of which could reasonably be expected to have a material adverse effect on (A) the financial condition or operations of the System, (B) the Commercial Paper Notes or (C) the enforceability or validity of any of this Agreement or the other Related Documents; (iv) any change in any material fact or circumstance represented or warranted in this Agreement or in any of the other Related Documents; (v) any communications, reports or financial statements delivered or received by it from any taxing authority, securities commission or department or Rating Agency or the Dealer or the Issuing and Paying Agent with respect to the transactions contemplated hereby (together with a copy of such communication, report, or statement); and (vi) notice of any proposed substitution of this Agreement; *provided, however,* that

delivery of any such information set forth in this Section 6.01(j) shall be deemed satisfied upon the Bank's receipt of written notice that the same are available on EMMA.

(k) *Other Obligations.* The Metropolitan Government will comply with and observe all other obligations and requirements set forth in the Resolution, the Prior Resolutions and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank), in all statutes and regulations binding upon it relating to the Commercial Paper Notes, this Agreement or any of the other Related Documents, and in the Metropolitan Government's investment policy as approved by the Metropolitan Government and as amended from time to time.

(l) *Documents Related to Other Securities.* Prior to the issuance thereof, the Metropolitan Government shall notify the Bank of the sale or placement of any securities of which the Metropolitan Government is the issuer, or which are issued for its direct benefit, and which are payable from or secured by all or any portion of the Revenues, and as soon as practicable but in any event within five (5) days after the issuance thereof, furnish to the Bank copies of any prospectus, official statement, offering circular or placement memorandum, and any supplements thereto, that the Metropolitan Government makes available in connection with the offering for sale of any securities of which it is the issuer, or which are issued for its direct benefit, and which are payable from or secured by all or any portion of the Revenues; *provided, however,* that delivery of any such information set forth in this Section 6.01(l) shall be deemed satisfied upon the Bank's receipt of written notice that the same are available on EMMA.

(m) *Obligations under Related Documents.* The Metropolitan Government shall take all actions as may be reasonably requested by the Bank to enforce the material obligations under the Related Documents of each of the other parties thereto.

(n) *Incorporation of Covenants by Reference.* The Metropolitan Government agrees that it will perform and comply in all material respects with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to the Related Documents, which provisions, as well as the related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent any such incorporated provision permits the owners of one or more Commercial Paper Notes or any other Person or Persons to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the owners of one or more Commercial Paper Notes or any other Person or Persons, for purposes of this Agreement, such provision shall be complied with only if it is waived by the Bank and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank. Except as provided in Section 6.02(a) hereof, no amendment to such obligations, covenants and agreements or defined terms made pursuant to any of the Related Documents shall be effective to amend such obligations, covenants and agreements and defined terms as incorporated by reference herein without the prior written consent of the Bank; *provided,* that any modification, amendment or waiver of any provision or term of

this Agreement or the Bank Note shall be made pursuant to Section 8.01 hereof and any modification, amendment or waiver of any provision or term of the Fee Letter shall be made pursuant to the terms thereof. The Metropolitan Government shall give prior written notice to the Bank or any action referred to in this Section.

(o) *Sale of Commercial Paper Notes to Repay Bank Note.* The Metropolitan Government will issue and sell Commercial Paper Notes as promptly as practicable after the Bank makes any unreimbursed Drawing and use the proceeds of such sale solely for the repayment of such unreimbursed Drawing (and such proceeds of sale shall be deemed to be proceeds of Commercial Paper Notes for all the purposes of the Resolution, this Agreement and the Bank Note).

(p) *Commercial Paper Dealer.* The Metropolitan Government will appoint, or cause to be appointed, at all times, a Dealer which is acceptable to the Bank. The Metropolitan Government agrees to cause the Dealer to use its best efforts to sell Commercial Paper Notes up to the maximum rate applicable to Commercial Paper Notes in order to repay maturing Commercial Paper Notes. If the Dealer fails to perform its material duties and obligations under the Dealer Agreement (including, without limitation, an inability or failure to sell Commercial Paper Notes to pay maturing Commercial Paper Notes), then the Metropolitan Government agrees, at the written request of the Bank, to cause the Dealer to be replaced with a Dealer satisfactory to the Bank. The Metropolitan Government agrees to obtain the written consent of the Bank prior to the appointment of a successor Dealer, which consent shall not be unreasonably withheld. If any Advance remains outstanding for a period of thirty (30) consecutive calendar days, at the written direction of the Bank, the Metropolitan Government shall cause the related Dealer (that has been unable to sell rollover Commercial Paper Notes) to be replaced with a Dealer reasonably satisfactory to the Bank. The Metropolitan Government shall at all times cause each Dealer Agreement entered into after the date hereof, to contain satisfactory third-party beneficiary provisions in favor of the Bank. Each Dealer Agreement shall provide that the related Dealer may not resign until the earlier of (i) the appointment of a Dealer which is acceptable to the Bank and such Dealer's acceptance of such appointment and (ii) the date which is at least sixty (60) days following the receipt by the Metropolitan Government, the Issuing and Paying Agent and the Bank of prior written notice of such resignation.

(q) *Replacement of Certain Entities.* The Metropolitan Government shall obtain the prior written consent of the Bank prior to the replacement of the Issuing and Paying Agent or Dealer.

(r) *Alternate Facility.* (i) In the event that (A) the long-term unenhanced rating by Moody's, Fitch or S&P on any Prior Lien Bonds is reduced below "A3" (or its equivalent), "A-" (or its equivalent) or "A-" (or its equivalent), respectively, (B) a Stop Order has been delivered and has not been rescinded within 5 days of its delivery or (C) the Bank shall decide not to extend the Stated Expiration Date, the Metropolitan Government shall use its best efforts to obtain a substitute credit or liquidity facility to

replace this Agreement or shall take such other action as will result in the payment of all amounts owed to the Bank upon termination of this Agreement.

(ii) The Metropolitan Government agrees that any alternate facility will require, as a condition to the effectiveness of the substitute credit or liquidity facility, that the provider of the substitute credit or liquidity facility will provide funds, on the Substitution Date, for the payment of all principal and accrued interest (at the applicable rate pursuant to Article II hereof) on all Advances then outstanding. On such Substitution Date, any and all amounts due hereunder and under the Fee Letter, the Bank Note, the Resolution, the Prior Resolutions and the Commercial Paper Notes due to the Bank shall be payable in full to the Bank.

(s) *Waiver of Immunity.* To the extent permitted by law (as to which no representation is made by the Metropolitan Government), the Metropolitan Government hereby agrees not to assert the defense of any right of immunity (sovereign or otherwise) in any action or proceeding to enforce or collect upon the contractual obligations of the Metropolitan Government under this Agreement or any other Related Document.

(t) *Maintenance of Ratings on Commercial Paper Notes and Bank Note.* The Metropolitan Government shall at all times (i) maintain, or cause to be maintained, a short-term credit rating on the Commercial Paper Notes by any one of Fitch, Moody's or S&P, (ii) maintain, or cause to be maintained, long-term credit ratings on unenhanced Second Senior Lien Bonds and Senior Lien Bonds (to the extent that such Senior Lien Bonds are outstanding) from any two of Moody's, Fitch or S&P, (iii) maintain, or cause to be maintained, a long-term credit rating by any one of Moody's, Fitch or S&P applicable to the Bank Note and (iv) ensure (at its expense) that the CUSIP Number and the Bank Note rating (described in sub-clause (iii) of this Section 6.01(t)) are available on an electronic registry acceptable to the Bank).

(u) *Reserved Capacity.* At all times, the Metropolitan Government shall have the capacity to issue bonds or other indebtedness to enable it to repay an amount at least equal to the sum of (i) the aggregate principal amount of the Commercial Paper Notes authorized under the Resolution and any other Commercial Paper Indebtedness, plus (ii) the Obligations hereunder and under the Fee Letter, plus (iii) any other obligations (other than with respect to principal and interest on Commercial Paper Notes) owing to any credit enhancer or liquidity provider on the other Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues.

(v) *Budget.* The Metropolitan Government shall include in each annual budget of the Metropolitan Government all amounts reasonably anticipated to be necessary to pay all principal of and interest on the Commercial Paper Notes and all amounts necessary to pay all Obligations due to the Bank hereunder and under the Fee Letter (including, without limitation, the Bank Note). If the amounts so budgeted are not adequate for the payment of the Obligations due hereunder and under the Fee Letter and in connection with the Bank Note, the Metropolitan Government will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so

as to include therein the amounts required to be paid to the Bank during the course of the Fiscal Year to which such annual budget applies.

(w) *Commercial Paper Notes.* If the long-term unenhanced rating by Moody's, Fitch or S&P on any Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues is reduced below "A3" (or its equivalent), "A-" (or its equivalent) or "A-" (or its equivalent), respectively, then at any time the Metropolitan Government issues or causes to be issued Commercial Paper Notes (other than Rollover Commercial Paper Notes) that are supported by this Agreement, it shall also issue or cause to be issued an corresponding equal principal amount of Commercial Paper Indebtedness that is to be supported by a related Bank Facility (to the extent of any available capacity thereunder); *provided, however*, that if at any time the short-term ratings assigned to any unenhanced short-term obligations of such Bank Facility provider, as determined by any two of S&P, Fitch and Moody's, shall be below "A-1" (or its equivalent), "F-1" (or its equivalent) and "P-1" (or its equivalent), respectively, the Metropolitan Government shall not be required to comply with this clause (w).

(x) *Additional Debt.* If (i) (A) the long-term unenhanced rating by Moody's, Fitch or S&P on any Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues is reduced below "A3" (or its equivalent), "A-" (or its equivalent) or "A-" (or its equivalent), respectively, or (B) an Event of Default has occurred and is continuing and (ii) the Metropolitan Government issues any long-term Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues (each a "*Debt Issuance*"), the Metropolitan Government shall (x) use the proceeds of each such Debt Issuance to pay, on a *pro rata* basis, the principal amount of all Commercial Paper Indebtedness outstanding, and (y) reduce, to the extent such *pro rata* payments are made on such Commercial Paper Indebtedness and the Commercial Paper Notes, *pro tanto* the Stated Amount of the Letter of Credit and the commitments under each agreement or other banking arrangement entered into by the Metropolitan Government in support of such other Commercial Paper Indebtedness (in each case, without regard to any temporary reductions thereof and in proportion to the maximum amount available to be drawn or issued hereunder and thereunder, without regard to any temporary reductions thereof). Notwithstanding the foregoing, so long as (i) the long-term unenhanced rating by Moody's, Fitch or S&P on any Debt payable from all or any portion of the Revenues or secured by all or any portion of the Revenues is equal to or above "A3" (or its equivalent), "A-" (or its equivalent) or "A-" (or its equivalent), respectively, and (ii) no Event of Default has occurred and is continuing, the Metropolitan Government may issue Debt payable from Revenues or secured by the Revenues from time to time without regard to the provisions of this Section 6.01(x).

(y) *Maintenance of System.* The Metropolitan Government shall, in all material respects, maintain, preserve and keep the System in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could not reasonably be expected to result in a material adverse change in the business, properties, condition (financial or otherwise), or operations, present or prospective, of the System. The Metropolitan Government shall operate and maintain the System in an

efficient and economical manner and in accordance with applicable law and the Related Documents.

(z) *Maintenance of Commercial Paper Notes and Bank Note.* The Metropolitan Government shall cause the Commercial Paper Notes and the Bank Note to be extended or renewed for not more than two additional periods not exceeding two years each with the approval of the Director of State and Local Finance, in each such instance in accordance with Section 9-21-505 of the Enabling Act.

(aa) *Rates, Fees and Charges.* (i) The Metropolitan Government shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to produce Net Revenues in each Fiscal Year which, when added to the amount of Net Revenues collected in prior Fiscal Years that are on the balance sheet of the System, and are legally and contractually available within such Fiscal Year to timely provide for each of the payments set forth below, shall equal at least 100% of the sum of:

(A) the Debt Service Requirement on the Prior Bonds, the Outstanding Bonds and Subordinated Indebtedness in such Fiscal Year;

(B) the amounts required to be paid during such Fiscal Year into the Debt Service Reserve Fund and the Operating Reserve Fund established by the Prior Resolution and to the Debt Service Reserve Fund pursuant to the Resolution, and

(C) the amount of all other charges and liens whatsoever payable out of Revenues during such Fiscal Year, including payments in lieu of taxes and any payments required during such Fiscal Year under Contracts to the extent not otherwise provided for in this Section 6.01(aa)(i).

(ii) For purposes of this Section 6.01(aa), the Metropolitan Government may, when calculating the Debt Service Requirement on Subordinated Indebtedness, make the adjustments and assumptions set forth in subsection (b) of the definition of “Debt Service Requirement”, as if such provisions were applicable to Subordinated Indebtedness; *provided, however*, that there shall be disregarded any scheduled principal amount of Subordinated Indebtedness which are notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds, the payment of which is to be paid from the proceeds of such Bonds (but excluding from this proviso, for the avoidance of doubt, principal relating to any Advance and principal relating to any other term loan or similar amortization of credit extended under any Bank Facility).

(iii) All terms used in this Section 6.01(aa) and not otherwise defined herein have the meanings ascribed to such terms in the Second Senior Lien Bond Resolution as the Second Senior Lien Bond Resolution is in effect on the Effective Date, and without regard to any amendment, supplement, waiver, or modification thereto entered into after the Effective Date, unless otherwise consented in writing by the Bank.

(bb) *Notice of Proposed Termination.* The Metropolitan Government shall provide each Rating Agency, the Dealer, the Issuing and Paying Agent and the Bank with ten (10) Business Days prior written notice of any proposed termination of the Commercial Paper Program (as defined in the Resolution).

(cc) *Access to Commercial Paper Reporting System.* The Metropolitan Government shall cause the Issuing and Paying Agent to provide the Bank read-only access to the online commercial paper trade reporting system of the Issuing and Paying Agent with respect to the Commercial Paper Notes and to any other electronic platform as may be required by the Bank to fulfill the Bank's regulatory reporting needs with respect to the Commercial Paper Notes.

Section 6.02. Negative Covenants. The Metropolitan Government covenants and agrees, from the date hereof and until the Termination Date and the payment in full of all Obligations, unless the Bank shall otherwise consent in writing:

(a) *Amendments to Related Documents.* Except to cure an ambiguity or inconsistency, to cure any defective provisions contained in a Related Document for the purpose of more clearly expressing the intent of such Related Document or to enter into an amendment which would not have a material adverse effect on the rights, interests, security, remedies or obligations of the Bank or the holders of the Commercial Paper Notes or the holder of any interest in the Bank Note, the Metropolitan Government shall not enter into or consent to any amendments of or supplements to any Related Document or any waiver of the requirements thereof without the prior written consent of the Bank; *provided*, that any modification, amendment or waiver of any provision or term of this Agreement or the Bank Note shall be made pursuant to Section 8.01 hereof and any modification, amendment or waiver of any provision or term of the Fee Letter shall be made pursuant to the terms thereof. In connection with any such amendment, modification or waiver, the Metropolitan Government agrees to deliver to the Bank copies of all such amendments, modifications or waivers at least twenty (20) calendar days prior to the effective date thereof. The Bank shall, within ten (10) calendar days after receiving such copies, inform the Metropolitan Government in writing if, in the Bank's reasonable discretion, such amendment, modification or waiver requires the prior written consent of the Bank in accordance with this Section 6.02(a).

(b) *Voluntary Liens.* The Metropolitan Government shall not create or assume any Lien on all or any portion of the Revenues, except the Liens created for the benefit of the owners of the Commercial Paper Notes and the holders of interests in the Bank Note and pursuant to the terms of the Prior Resolutions. Notwithstanding the foregoing, the Metropolitan Government may (i) issue long term bonds secured by a Lien on Revenues for the purpose of retiring the Commercial Paper Notes or the Bank Note, (ii) issue Commercial Paper Indebtedness and create Liens in connection therewith and (iii) grant Liens to secure indebtedness issued after the Effective Date that is permitted to be issued under Section 6.02(e) hereof.

(c) *Total Outstanding.* At no time shall the Metropolitan Government permit the aggregate amount of the principal of and interest on Commercial Paper Notes Outstanding to exceed the Stated Amount.

(d) *Exempt Status.* The Metropolitan Government shall not take any action or omit to take any action that, if taken or omitted, would adversely affect the excludability of interest on the Commercial Paper Notes from the gross income of the owners thereof for purposes of federal income taxation.

(e) *Additional Bonds/Notes Test.* (i) The Metropolitan Government shall not issue any additional Debt that is secured by a Lien on all or any portion of the Revenues that ranks senior to the Commercial Paper Notes and the Bank Note until there shall first be delivered to the Bank a certificate (an “*Additional Debt Certificate*”) prepared by the Metropolitan Government showing in reasonable detail that the Revenues collected for any 12 consecutive months out of the 24 calendar months immediately preceding the issuance of the proposed Debt that is secured by a Lien on all or any portion of the Revenues that ranks senior to the Commercial Paper Notes and the Bank Note was at least equal to (i) the Operation and Maintenance Expenses for such 12 month period, plus (ii) 110% of the maximum annual debt service for all Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues which will be outstanding, in each case, immediately after the issuance of the proposed Debt (the “*Coverage Level*”).

(ii) In addition to the requirements set forth in the Prior Resolutions, the Metropolitan Government shall not issue any additional Debt that is secured by a Lien on all or any portion of the Revenues that ranks on parity with the Commercial Paper Notes and the Bank Note until there shall first be delivered to the Bank an Additional Debt Certificate evidencing in reasonable detail a Coverage Level of at least 105%. The Metropolitan Government may issue Debt without regard to clauses (i) and (ii) so long as the proceeds of such Debt are immediately used to pay off all Outstanding Commercial Paper Notes, all Reimbursement Obligations and the Bank Note; *provided, however*, that the Metropolitan Government is not required to comply with this subsection (e) in order to issue Extendable Commercial Paper Notes but the Metropolitan Government shall issue the Extendable Commercial Paper Notes in accordance with the Prior Resolutions and the Extendable Commercial Paper Resolution.

For purposes of this subsection (e), (A) the Revenues collected during the relevant 12 month period may be calculated on a pro forma basis giving effect to any rate increase imposed by the Metropolitan Government with respect to the System that is in effect on the date of the related Additional Debt Certificate as if such rate increase was in effect during the relevant 12 month period; (B) the interest on any Debt issued as tax-credit bonds (e.g., Build America Bonds and Recovery Zone Economic Development Bonds) will be calculated by deducting scheduled federal subsidy payments with respect thereto and (C) the debt service on any Commercial Paper Notes and any other Commercial Paper Indebtedness will be calculated by (1) disqualifying the principal amount thereof, but only if the payment of principal of such Commercial Paper Notes and any other

Commercial Paper Indebtedness is supported by an irrevocable Bank Facility of a Bank Facility provider that has short-term ratings assigned to its unenhanced short-term obligations, as determined by any two of S&P, Fitch and Moody's, of at least "A-1" (or its equivalent), "F-1" (or its equivalent) and "P-1" (or its equivalent), respectively, and (2) calculating interest on such Commercial Paper Notes and any other Commercial Paper Indebtedness at a rate equal to the sum of (w) the average daily yield on 30-day tax-exempt commercial paper rated A-1/P-1 during the preceding twelve-month period ending on the last day of July of such year (as calculated by a Dealer and set forth in a written notice to the Metropolitan Government and the Bank on or before August 31 of each year), plus (x) two percent (2%). Additionally, the Metropolitan Government may issue Debt without regard to the requirement of an Additional Debt Certificate so long as either (y) all or any portion of the proceeds of such Debt are immediately used to pay off all Outstanding Commercial Paper Notes, all Reimbursement Obligations and the Bank Note; or (z) the additional Debt is a refunding issue which results in debt service savings for the System, and the Metropolitan Government provides the Bank with written confirmation of such debt service savings.

(f) *Use of Proceeds.* The Metropolitan Government shall not use the proceeds of any credit extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. The Metropolitan Government shall not use the proceeds of the Commercial Paper Notes, any Drawing or the Bank Note for any purpose other than as provided for in the Resolution or in contravention of applicable law.

(g) *Offering Memorandum and Other Documents.* Other than the information contained in the Offering Memorandum under the caption "**DESCRIPTION OF THE INITIAL BANK**" include, or permit to be included, any material or reference relating to the Bank in any offering memorandum or any other document or any tombstone, unless such material or reference is approved in writing by the Bank prior to its inclusion therein.

(h) *Other Documents.* The Metropolitan Government shall not enter into any agreement containing any provision which would be violated or breached by the performance by the Metropolitan Government of its obligations hereunder or under the other Related Documents. In the event that the Metropolitan Government shall enter into, or otherwise consent to any amendment, supplement or other modification of, any credit agreement, standby bond purchase agreement, reimbursement agreement, bond purchase agreement, continuing covenant agreement, supplemental bondholder agreement or other contract agreement or instrument (each of the foregoing being referred to herein as a "*Bank Agreement*") under which, directly or indirectly, any Person or Persons undertake to make or provide funds to make payment of, or to purchase or

provide credit enhancement for any Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues and which includes (i) financial covenants not included in this Agreement, (ii) any other more favorable terms (including, without limitation, events of default and remedies, but subject to any applicable cure periods related thereto) granted to any such Person or Persons, (iii) covenants that are more restrictive as to the Metropolitan Government (excluding any additional or more restrictive (1) events of default under any agreement the remedy for which is an immediate termination or suspension of the obligations of the related liquidity provider and (2) conditions to funding thereunder) than those contained in this Agreement or (iv) a more favorable bank bond amortization period or more accelerated schedule of bank bond amortization payments or any other rights to otherwise accelerate, in each case, than those contained in this Agreement (the provisions in clauses (i), (ii), (iii) and (iv) being referred to herein as “*More Favorable Provisions*”), this Agreement shall be deemed to be amended to include such More Favorable Provision or Provisions so long as such More Favorable Provision or Provisions remain in effect under the other Bank Agreement.

(i) *Swap Termination Payments.* The Metropolitan Government shall not permit any Lien on all or any portion of the Revenues securing any termination payments with respect to any Swap Contract to be payable senior in terms of priority of payment to the payment of the principal of and interest on the Commercial Paper Notes and the Bank Note and the other Obligations hereunder and under the Fee Letter.

(j) *Accounting Methods and Fiscal Year.* The Metropolitan Government will not adopt, permit or consent to any change in accounting practices other than as required by generally accepted accounting principles and will not adopt, permit or consent to any change in its Fiscal Year without the prior written consent of the Bank.

(k) *Defeasance.* Notwithstanding anything in the Resolution to the contrary, the Metropolitan Government shall not affect a defeasance of the Commercial Paper Notes and shall not permit the Issuing and Paying Agent to process any request for defeasance.

(l) *Anti-Corruption Laws and Sanctions.* The Metropolitan Government shall not request, nor cause any other Person to request, any Drawing under the Letter of Credit or Advance, and the Metropolitan Government shall not use, and shall not permit its elected officials, officers, employees and agents to use, the proceeds of any such Drawing under the Letter of Credit or Advance (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, or (ii) in any manner that would result in the violation of any Sanctions applicable to the Metropolitan Government.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. The occurrence of any of the following events (including the expiration of any specified time) shall constitute an “Event of Default,” unless waived by the Bank in writing:

(a) the Metropolitan Government shall fail to pay (i) any principal of or interest on any Reimbursement Obligations or the Bank Note when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) (other than payments on the Bank Note due solely as a result of acceleration caused by the Bank pursuant to this Section 7.01); (ii) any Facility Fee or any other amount payable hereunder or under the Fee Letter and, in the case of such Facility Fee or other amount, such failure shall continue for a period of three (3) Business Days from the date such obligation was due; (iii) interest on any Commercial Paper Notes when due; or (iv) the principal of any Commercial Paper Indebtedness (other than the Commercial Paper Notes) when due;

(b) any representation, warranty, certification, or statement made by the Metropolitan Government in this Agreement, any other Related Document or in any certificate, financial statement, or other document delivered pursuant to this Agreement or any Related Documents shall have been incorrect or untrue in any material respect when made or deemed to have been made;

(c) the Metropolitan Government shall fail to perform or observe any covenant, agreement or condition contained in Section 6.01(a), (b), (c), (f), (j), (o), (p), (q), (r), (s), (t), (u), (w), (x), (aa) or 6.02 (excluding Section 6.02(j) hereof) hereof;

(d) the Metropolitan Government shall fail to perform or observe any other covenant, agreement, or condition contained in this Agreement, the Bank Note or any other Related Document (other than as addressed by any other Event of Default under this Section 7.01) and such failure, if capable of being remedied, shall remain unremedied for thirty (30) days after the earlier to occur of (i) the date on which the Metropolitan Government has actual knowledge thereof or (ii) written notice thereof shall have been given to the Metropolitan Government by the Bank; *provided, however*, such breach shall not constitute an Event of Default after such thirty (30) day period for such period of time as, in the judgment of the Bank, the Metropolitan Government is diligently pursuing a cure or correction of such failure and has provided the Bank with a written plan for curing or correcting such failure, but in no event shall such period extend more than ninety (90) days after the occurrence of such default;

(e) one or more final unappealable judgments or orders, issued or rendered by a Government Authority of competent jurisdiction, for the payment of money in excess of \$10,000,000, individually or in the aggregate, shall be issued or rendered against the Metropolitan Government or the System and payable from all or any portion of the

Revenues, and such judgment or order shall continue unsatisfied, unbonded, undismissed and unstayed for a period of sixty (60) days;

(f) the Metropolitan Government shall fail to pay when due and payable (i) any principal of or interest on any Special Revenue Debt (including, in each case, without limitation, any principal or sinking fund installments), and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning the Special Revenue Debt; or any failure to pay the principal of or interest on any Special Revenue Debt under any indenture, contract or instrument providing for the creation of or concerning such Special Revenue Debt shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to pay the principal of or interest on any Special Revenue Debt is to accelerate, or to permit the acceleration of, the maturity of such Special Revenue Debt or (ii) any principal of or interest on any other Debt (other than as referred to in Section 7.01(f)(i) hereof) of the Metropolitan Government having a principal amount in excess of \$1,000,000 and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation thereof or any other default under any indenture, contract or instrument providing for the creation of or concerning such other Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such other Debt;

(g) (i) the Metropolitan Government shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Metropolitan Government shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Metropolitan Government any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Metropolitan Government, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Metropolitan Government shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Metropolitan Government shall admit in writing its inability to pay its debts generally as they become due, or shall become insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code;

(h) (i) any material provision of this Agreement or any of the other Related Documents shall at any time for any reason cease to be valid and binding or fully enforceable against the Metropolitan Government or shall be declared to be null and void as determined by any Governmental Authority of competent jurisdiction in a final nonappealable judgment, or (ii) the validity or enforceability of any material provision of this Agreement or any of the other Related Documents shall be contested or repudiated in writing by the Metropolitan Government or the Metropolitan Government shall deny that it has any or further liability or obligation under this Agreement or any of the other Related Documents or (iii) any Governmental Authority having appropriate jurisdiction over the Metropolitan Government shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which contests the validity or enforceability of any material provision of this Agreement or any of the other Related Documents;

(i) (i) (A) the Metropolitan Government shall impose or the Metropolitan Government shall declare a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Special Revenue Debt or (B) any Governmental Authority with jurisdiction over the Metropolitan Government shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on all Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues that ranks senior to or on a parity with the Commercial Paper Notes and the Bank Note; or (ii) any Governmental Authority having appropriate jurisdiction over the Metropolitan Government shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Commercial Paper Notes or the Bank Note or on all indebtedness of the Metropolitan Government secured by or payable from all or any portion of the Revenues.

(j) the long-term unenhanced rating by Moody's, Fitch or S&P (in each case to the extent such Rating Agency is then providing a rating) on any Debt of the Metropolitan Government secured by or payable from all or any portion of the Revenues that ranks senior to or on a parity with the Commercial Paper Notes and the Bank Note is (i) reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent), respectively or (ii) withdrawn or suspended or otherwise unavailable;

(k) an "*event of default*" as defined in any Related Document (other than this Agreement, the Bank Note or the Fee Letter) shall occur and be continuing or the Metropolitan Government shall default in the due performance or observance of any material term, covenant or agreement contained in the Resolution, the Issuing and Paying Agency Agreement or any other Related Document (other than this Agreement, the Bank Note or the Fee Letter) and the same shall not have been cured within any applicable cure period;

(l) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Commercial Paper Notes is includable in the gross income of the holder(s) or owner(s) of such Notes and either (i) the Metropolitan Government, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Metropolitan Government shall challenge such ruling, assessment, notice or advice and a court of law make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(m) the Metropolitan Government shall cease to exist, dissolve or terminate; or

(n) the Internal Revenue Service declares the interest on any Commercial Paper Notes is not excludable from gross income for federal income tax purposes.

Section 7.02. Rights and Remedies. Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare the Bank Note, all accrued interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Bank Note and such interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Metropolitan Government. If any Event of Default specified in paragraph (g) above shall occur, without any notice to the Metropolitan Government or any other act by the Bank, the Bank Note, together with accrued interest thereon, and all other amounts payable under this Agreement, shall become forthwith due and payable, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the Metropolitan Government;

(b) may deliver a Stop Order to the Issuing and Paying Agent which shall (i) prohibit, until such time, if any, as the Bank shall withdraw (in writing) such notice, the issuance of additional Commercial Paper Notes and (ii) reduce the Stated Amount of the Letter of Credit to the amount of the then Outstanding Commercial Paper Notes supported by the Letter of Credit and interest payable thereon at maturity of such Commercial Paper Notes and/or terminate and/or permanently reduce such Stated Amount as the then Outstanding Commercial Paper Notes are paid;

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 10th day after the date of receipt thereof by the Issuing and Paying Agent);

(d) pursue any rights and remedies it may have under the Related Documents;
or

(e) pursue any other action available at law or in equity.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of, or the right to take action in the future in regard to, such or subsequent Events of Default.

Section 7.03. Suits at Law or in Equity and Mandamus. If any Event of Default shall occur, then and in every such case the Bank shall be entitled to proceed to protect and enforce its rights by such appropriate judicial proceeding as it may deem most effectual to protect and enforce any such right, either by suit, in equity, or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the Bank by this Agreement, the Bank Note or by law. The provisions of this Agreement shall be a contract with each and every Holder and the duties of the Metropolitan Government shall be enforceable by any Holder by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

Section 7.05. Application of Funds. After the exercise of remedies provided for in Section 7.01 hereof (or after the Bank Note has automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied by the Bank in the following order:

FIRST, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Bank and amounts payable under Article II and Article III hereof) payable to the Bank in its capacity as such;

SECOND, to payment of that portion of the Obligations constituting accrued and unpaid Facility Fees and interest on the Bank Note and other Obligations;

THIRD, to payment of that portion of the Obligations constituting unpaid principal of the Bank Note; and

LAST, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Metropolitan Government or as otherwise required by Law.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Amendments, Etc. No amendment, modification or waiver of any provision or term of this Agreement, and no consent to any departure by the Metropolitan Government or

any other party therefrom, shall be effective unless in writing signed by the Bank (unless otherwise specifically provided herein) and the Metropolitan Government and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment to or waiver of any term or provision of any Related Document incorporated herein by reference shall have the effect of amending or otherwise modifying any corresponding term or provision incorporated into this Agreement unless the Bank has consented to such amendment or waiver, as applicable, in writing.

Section 8.02. Notices; Effectiveness; Electronic Communication.

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule I hereto, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, for such Person on Schedule I hereto. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given by 5:00 P.M. (New York City time), shall be deemed to have been given at the opening of business on the next Business Day). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Bank, *provided* that the foregoing shall not apply to Drawings or other notices under the Letter of Credit. The Bank or the Metropolitan Government may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent by 5:00 P.M. (New York City time), such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc.* The Metropolitan Government or the Bank may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other party hereto.

(d) *Reliance by Bank.* The Bank shall be entitled to rely and act upon any notices (including telephonic notices) purportedly given by or on behalf of the Metropolitan Government even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Metropolitan Government shall, to the extent permitted by applicable law, reimburse the Bank and the Related Parties of the Bank from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Metropolitan Government except to the extent caused by the gross negligence or willful misconduct of the Bank. All telephonic notices to and other telephonic communications with the Bank may be recorded by the Bank, and the Metropolitan Government hereby consents to such recording.

Section 8.03. No Waiver; Cumulative Remedies; Enforcement. No failure by the Bank to exercise, and no delay by the Bank in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Related Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 8.04. Liability of the Bank; Indemnification.

(a) *Liability of Bank.* The Metropolitan Government assumes all risks of the acts or omissions of the Issuing and Paying Agent, any Dealer or any agent of the Issuing and Paying Agent and the Dealer, as applicable, with respect to the use of this Agreement and the use of proceeds hereunder; *provided* that this assumption with respect to the Bank is not intended to and shall not preclude the Metropolitan Government from pursuing such rights and remedies as it may have against the Issuing and Paying Agent or any Dealer under any other agreements. No Indemnitee (as hereinafter defined) shall be liable or responsible for (i) the use of this Agreement or the Drawings made under the Letter of Credit, the proceeds of the Commercial Paper Notes, the Drawings or the Bank Note or the transactions contemplated hereby and by the Related Documents or for any acts or omissions of the Issuing and Paying Agent or any Dealer, (ii) the validity, sufficiency, or genuineness of any documents determined in good faith by the Bank to be valid, sufficient or genuine, even if such documents shall, in fact, prove to be in any or all respects invalid, fraudulent, forged or insufficient, (iii) the honoring by the Bank of a Drawing under the Letter of Credit or requests for which the Bank in good faith has determined to be valid, sufficient or genuine and which subsequently are found not to comply with the terms of this Agreement, or (iv) any other circumstances whatsoever in making or failing to make payment hereunder; *provided* that the Metropolitan Government shall not be required to indemnify the Bank for any claims, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Bank.

(b) *Indemnification by the Metropolitan Government.* The Metropolitan Government shall indemnify the Bank and the Related Parties of the Bank (each such Person being called an “*Indemnatee*”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnatee), and shall indemnify and hold harmless each Indemnatee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any third party or by the Metropolitan Government or any other party arising out of, in connection with, or as a result of (i) the execution, delivery or performance of this Agreement, any other Related Document or any agreement or instrument contemplated hereby or thereby, the Letter of Credit, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, (ii) the use or proposed use of the proceeds from the honoring by the Bank of a Drawing under the Letter of Credit (including any refusal by the Bank to honor a demand for payment thereunder if the documents presented in connection with such demand do not strictly comply with the terms hereof), (iii) any action or proceeding arising out of or in connection with this Agreement or any Related Document (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under this Agreement, or for the wrongful dishonor of or honoring a presentation under this Agreement; (iv) any unauthorized communication or instruction (whether oral, telephonic, written, telegraphic, facsimile or electronic) (each an “*Instruction*”) regarding this Agreement or error in computer transmission related to this Agreement; (v) any third party seeking to enforce the rights of an applicant, beneficiary, nominated person, transferee, assignee of proceeds of this Agreement; (vi) the fraud, forgery or illegal action of parties other than the Indemnatee; (vii) the enforcement of this Agreement or any rights or remedies under or in connection with this Agreement, or a Related Document; (viii) the acts or omissions, whether rightful or wrongful, of any present or future *de jure* or *de facto* governmental or regulatory authority or cause or event beyond control of such Indemnified Person; or (ix) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Metropolitan Government or any other party, and regardless of whether any Indemnatee is a party thereto; *provided* that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined pursuant to a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee. The obligation of the Metropolitan Government to provided indemnification pursuant to this subsection (b) shall be effective only to the fullest extent permitted by applicable law, as to which no representation is made by the Metropolitan Government.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law (as to which no representation is made by the Metropolitan Government), the Metropolitan Government shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby or the use of the proceeds of Drawings made by the Bank hereunder. No Indemnatee referred to in subsection (b) above shall be liable for any

damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(d) *Payments.* All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(e) *Survival.* The agreements in this Section shall survive the termination of this Agreement and the repayment, satisfaction or discharge of all the other Obligations.

Section 8.05. Payments Set Aside. To the extent that any payment by or on behalf of the Metropolitan Government is made to the Bank, or the Bank exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 8.06. Successors and Assigns.

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither party may assign or otherwise transfer any of their respective rights or obligations hereunder without the prior written consent of the other party hereto; *provided, however,* that any assignment or transfer by the Bank of its obligations to purchase Commercial Paper Notes hereunder shall require prior written confirmation from each Rating Agency then rating the Commercial Paper Notes that the short-term rating thereon will not be withdrawn or reduced as a result of such assignment or transfer. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (b) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Bank) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Participations.* Notwithstanding anything set forth in Section 8.06(a) hereof to the contrary, the Bank shall have the right to grant participations in this Agreement, the Fee Letter and the Bank Note to one or more banking institutions (each a "*Participant*"), and such Participants shall be entitled to the benefits of this Agreement, the Fee Letter and the Bank Note, including, without limitation, Sections 3.01, 3.02 and Section 8.04 hereof, to the same extent as if they were a direct party hereto; *provided, however,* that (i) no such participation by any such Participant shall in any way affect the obligation of the Bank under this Agreement and (ii) that

the Metropolitan Government shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement, the Fee Letter and the Bank Note.

Section 8.07. Treatment of Certain Information; Confidentiality. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required by any regulatory authority having jurisdiction over it, (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Metropolitan Government and its obligations, (g) with the consent of the Metropolitan Government or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the Metropolitan Government.

For purposes of this Section, "Information" means all information received directly from the Metropolitan Government after the date hereof that is clearly identified at the time of delivery as confidential. As of the Effective Date, the Metropolitan Government has not provided any confidential information to the Bank. Any Person required to maintain the confidentiality of information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

The Bank acknowledges that (a) the Information may include material non-public information concerning the Metropolitan Government, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

This Section 8.07 shall only be effective for a period of three (3) years after receipt of Information, unless a longer period is required by applicable law.

Section 8.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Bank and its Affiliates are hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Bank or any such Affiliate to or for

the credit or the account of the Metropolitan Government or the System or any other party against any and all of the obligations of the Metropolitan Government or the System or such party now or hereafter existing under this Agreement or any other Related Document to the Bank, irrespective of whether or not the Bank shall have made any demand under this Agreement or any other Related Document and although such obligations of the Metropolitan Government or the System or such party may be contingent or unmatured or are owed to a branch or office of the Bank different from the branch or office holding such deposit or obligated on such indebtedness. The rights of the Bank and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Bank or its Affiliates may have. The Bank agrees to notify the Metropolitan Government promptly after any such setoff and application, *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

Section 8.09. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Related Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.10. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Bank, regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default or Event of Default at the time of any payment under this Agreement, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied.

Section 8.11. Severability. If any provision of this Agreement or any other Related Document is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and or such Related Document shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.12. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS 5-1401 AND 5-1402); *PROVIDED, HOWEVER, THAT THE OBLIGATIONS OF THE METROPOLITAN GOVERNMENT*

SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE.

Section 8.13. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW (AS TO WHICH NO REPRESENTATION IS MADE BY THE METROPOLITAN GOVERNMENT), ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 8.14. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Metropolitan Government acknowledges and agrees, that: (i) the Metropolitan Government has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (ii) the Metropolitan Government is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents.

Section 8.15. Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 8.16. Government Regulations. The Bank hereby notifies the Metropolitan Government that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Metropolitan Government, which information includes the name and address of the Metropolitan Government and other information that will allow the Bank to identify the Metropolitan Government in accordance with the Act. The Metropolitan Government shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, “know your

customer” and anti-money laundering rules and regulations, including the Act, and shall comply, and cause any of its Affiliates, if any, to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

The Metropolitan Government shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Metropolitan Government is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the Metropolitan Government or from otherwise conducting business with the Metropolitan Government and (b) ensure that the proceeds of the Commercial Paper Notes, the proceeds of Drawings and the Bank Note shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.17. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned Obligations made by the Metropolitan Government to the Bank in accordance with the terms of this Agreement shall satisfy the Metropolitan Government’s Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.18. Expenses and Taxes. The Metropolitan Government will promptly pay (i) the reasonable fees, expenses and disbursements of domestic and foreign counsel to the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Related Documents in the amount set forth in the Fee Letter, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Related Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and enforcement of its rights hereunder and with respect to the Bank Note, and (iv) all reasonable costs and expenses, if any, in connection with any amendment, modifications or waivers of the provisions hereof or the enforcement of this Agreement and the other Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Bank. In addition, the Metropolitan Government shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the Metropolitan Government agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys’ fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the Metropolitan Government hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a “workout” or of any

insolvency or bankruptcy proceedings. The obligations of the Metropolitan Government under this Section 8.18 shall survive the termination of this Agreement.

Section 8.19. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Metropolitan Government acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement provided by the Bank and any of its affiliates are arm's length commercial transactions between the Metropolitan Government and its affiliates, on the one hand, and the Bank and its affiliates, on the other hand, (ii) the Metropolitan Government has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Metropolitan Government is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b)(i) the Bank and each of its affiliates is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Metropolitan Government or any of its Affiliates, or any other Person and (ii) neither the Bank nor any of its affiliates has any obligation to the Metropolitan Government or any of its affiliates with respect to the transactions contemplated hereby, except those obligations expressly set forth herein; and (c) the Bank and each of its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Metropolitan Government and its affiliates, and neither the Bank nor any of its affiliates has any obligation to disclose any of such interests to the Metropolitan Government or its affiliates. To the fullest extent permitted by applicable law, the Metropolitan Government hereby waives and releases any claims that it may have against the Bank and each of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 8.20. Dealing with the Metropolitan Government, the Issuing and Paying Agent, and/or the Dealers. The Bank and its Affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Metropolitan Government, the Issuing and Paying Agent, and/or the Dealers regardless of the capacity of the Bank hereunder.

Section 8.21. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 8.22. Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction between the Metropolitan Government and the Bank in which: (i) the Bank is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the Metropolitan Government; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Metropolitan Government with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Metropolitan Government on other matters); (iv) the only obligations the Bank has to the Metropolitan Government with respect to this transaction are set forth in this Agreement; and (v)

the Bank is not recommending that the Metropolitan Government take an action with respect to the transaction described in this Agreement and the other Related Documents, and before taking any action with respect to the this transaction, the Metropolitan Government should discuss the information contained herein with the Metropolitan Government's own legal, accounting, tax, financial and other advisors, as the Metropolitan Government deems appropriate.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

By: _____

Name: David Briley

Title: Metropolitan Mayor

By: _____

Name: Elizabeth Waites

Title: Metropolitan Clerk

Approved As to Form and Legality:

By: _____

Name: Jon Cooper

Title: Director of Law

STATE STREET BANK AND TRUST
COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF LETTER OF CREDIT

IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

NO. ILC-___/___

July 10, 2018

BENEFICIARY:

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, 16th floor
New York, NY 10005
Attention: Corporate Trust Administration
Facsimile No.: (212) 951-6993
Telephone No.: (212) 361-2893

FOR THE ACCOUNT OF:

The Metropolitan Government of Nashville
and Davidson County
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210
Attention: Treasurer
Telephone No.: (615) 880-2818
Facsimile No.: (615) 880-2810

Ladies and Gentlemen:

1. At the request of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), State Street Bank and Trust Company (the "Bank"), hereby establishes in favor of U.S. Bank National Association, as issuing and paying agent (together with its successors and assigns, the "Issuing and Paying Agent") under the Issuing and Paying Agent Agreement, dated as of July 1, 2018 (together with any amendments or supplements thereto, the "Issuing and Paying Agent Agreement"), between the Metropolitan Government and the Issuing and Paying Agent, its Irrevocable Transferable Letter of Credit No. ILC-_/BSN (the "Letter of Credit") issued pursuant to the Reimbursement Agreement dated as of July 1, 2018 (together with any amendments or supplements thereto, the "Reimbursement Agreement"), between the Metropolitan Government and the Bank, in the initial stated amount of \$200,000,000 (said initial stated amount, as reduced or reinstated from time to time as herein provided, herein referred to as the "Stated Amount"), which may be drawn upon by the Issuing and Paying Agent to pay the principal of the Metropolitan Government's Water and Sewer Revenue Commercial Paper Notes, Series A (the "Notes") on the stated maturities thereof together with accrued and unpaid interest thereon. On the date hereof, the Stated Amount consists of \$_____183,000,000, which represents the maximum aggregate principal amount of the Notes authorized to be issued by the Metropolitan Government pursuant to the Resolution (as defined in the Reimbursement Agreement), and \$_____17,000,000, which represents interest thereon for a period of 270 days at the rate of 12% per annum on a 360-day year.

2. This Letter of Credit shall expire at 5:00 p.m., New York City time, on the date (the "Termination Date") which is the earliest of: (i) July 10, 2021 (the "Stated Expiration Date"), as such date may be extended in a Notice of Extension from the Bank to the Issuing and

Paying Agent with a copy to the Metropolitan Government) in the form attached hereto as Annex E (the “Notice of Extension”), (ii) the date of payment of a Drawing (as defined herein), not subject to reinstatement, which when added to all other Drawings honored hereunder which were not subject to reinstatement as provided herein, in the aggregate equals the Stated Amount on the date of issuance hereof as adjusted pursuant to the terms and conditions of this Letter of Credit, (iii) the date of payment of a Drawing (substantially in the form of Annex C attached hereto) for the outstanding amount of Commercial Paper Notes, plus interest accrued and to be accrued therein, following receipt by the Issuing and Paying Agent of written notice from the Bank that an Event of Default under the Reimbursement Agreement has occurred and is continuing (the “Final Drawing Notice”), and stating that this Letter of Credit will terminate on the tenth (10th) day following the date of receipt by the Issuing and Paying Agent of such notice, (iv) the Bank's receipt of a certificate signed by your duly authorized officer in the form of Annex B attached hereto (the “No Outstanding Notes Certificate”) appropriately completed, or (v) the date when you surrender this Letter of Credit to the Bank for cancellation. You agree to surrender this Letter of Credit and any amendments thereto to the Bank and not to make any Drawings, after the Stated Expiration Date, as such date may be extended pursuant to a Notice of Extension as provided herein.

3. Funds under this Letter of Credit are available to you against your presentation of a drawing certificate in the form of Annex A attached hereto (a “Drawing”) to the Bank, at State Street Bank and Trust Company, Loan Operations Department, Attention: Standby Letter of Credit Unit, Mailstop: CPH0427, 100 Huntington Ave., Tower 2, 4th Floor, Boston, MA 02116, Attention: Peter J. Connolly, Facsimile Transmission No. (617) 988-6674 (with transmission confirmed by call to Telephone No. (617) 662-8588), without further need of documentation, it being understood that each Drawing so submitted is to be the sole operative instrument of drawing. Each drawing shall be immediately confirmed by telephone (telephone number: (617) 662-8588) on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so).

4. The Bank hereby agrees that all demands for payment made under and in strict compliance with the terms of this Letter of Credit will be duly honored upon receipt of each Drawing request as specified in paragraph 3 hereof and if presented at the aforesaid office on or before the Expiration Date. If a Drawing is received by the Bank at or prior to 11:30 a.m., New York City time, on a business day, and provided that the documents presented in connection therewith strictly conform to the terms and conditions hereof, payment shall be made of the amount specified in immediately available funds, no later than 2:30 p.m., New York City time, on the same business day. If a Drawing is received by the Bank hereunder after 11:30 a.m., New York City time, on a business day, such Drawing shall be deemed to have been made at the opening of business on the next succeeding business day. The Bank will pay all Drawings under this Letter of Credit with its own funds. Payment under this Letter of Credit shall be made by the Bank by wire transfer of immediately available funds to the Issuing and Paying Agent in accordance with the instructions specified by the Issuing and Paying Agent in the drawing certificate relating to a particular drawing hereunder. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Issuing and Paying Agent and executed by the Issuing and Paying Agent. As used in this Letter of Credit, “business day” shall mean any day other than a Saturday, Sunday or day on which the New York Stock Exchange or banking institutions are authorized or required by law or

executive order to be closed for commercial banking purposes in New York or Massachusetts, or in any city in which is located the designated corporate trust office of the Issuing and Paying Agent, the applicable Dealer, or the Bank, as applicable.

5. Multiple drawings may be made hereunder, provided that subject to paragraph 6 hereof, each Drawing honored by the Bank hereunder shall pro tanto reduce the Stated Amount of this Letter of Credit and the Bank's liability in respect thereof. Such reduction shall be effective whether or not the Drawing complied with the terms of this Letter of Credit and notwithstanding any acts or omissions, whether authorized or unauthorized, of the Issuing and Paying Agent or any officer, director, employee or agent of the Issuing and Paying Agent in connection with any drawing hereunder or the proceeds thereof or otherwise in connection with this Letter of Credit.

6. Upon receipt by the Bank of reimbursement of all or any portion of the amount of any drawing, pursuant to the terms of the Reimbursement Agreement, the Stated Amount shall be automatically reinstated by the amount reimbursed; provided, however, that no reinstatement of the Stated Amount of the Letter of Credit shall occur if the Issuing and Paying Agent shall have received notice (a "Stop Order") from the Bank in the form of Exhibit C to the Reimbursement Agreement, stating that the Issuing and Paying Agent shall permanently reduce the Stated Amount of the Letter of Credit to the principal amount of Notes Outstanding plus interest thereon and further permanently reduce the Stated Amount following each maturity of such Notes by the amount of the Drawing related thereto and instructing the Issuing and Paying Agent to refrain from issuing any additional Notes.

7. The Stated Amount available to be drawn under this Letter of Credit (and the portions thereof constituting the principal component and the interest component of the Letter of Credit) may be decreased from time to time by (i) your receipt of a written notice from us setting forth the amount of such decrease in substantially the form of Annex F attached hereto (any such notice being a "Notice of Adjustment of Stated Amount") and (ii) your written acknowledgment of such notice. In the event of any decrease in the Stated Amount available to be drawn under this Letter of Credit (and the portions thereof constituting the principal component and the interest component) pursuant to this paragraph 7, the Stated Amount available to be drawn under this Letter of Credit (and the portions thereof constituting the principal component and the interest component) shall be equal to (a) the Stated Amount (and the portions thereof constituting the principal component and the interest component) set forth in paragraph (1) of the related Notice of Adjustment of Stated Amount, minus (b) the amount of any previous and/or concurrent reductions of the Stated Amount (and the portions thereof constituting the principal component and the interest component) pursuant to paragraph 5 of this Letter of Credit that have not been reinstated pursuant to paragraph 6 of this Letter of Credit.

8. Only the Issuing and Paying Agent may make drawings under this Letter of Credit. Upon payment as provided in paragraph 4 of the amount specified in a Drawing drawn hereunder, the Bank shall be fully discharged of their obligation under this Letter of Credit with respect to such Drawing.

9. This Letter of Credit is intended to apply only to the payment of the principal amount of the Notes and/or interest thereon upon maturity.

10. To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce-Publication No. 590 (“ISP98”). Except as to matters governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code of the State of New York.

11. Other than the provisions for communication by facsimile copy, communications with respect to this Letter of Credit shall be addressed to us at State Street Bank and Trust Company, Loan Operations Department, Attention: Standby Letter of Credit Unit, Mailstop: CPH0427, 100 Huntington Ave., Tower 2, 4th Floor, Boston, MA 02116, Attention: Peter J. Connolly, with a copy to State Street Bank and Trust Company, State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111, Attention: Robert F. Woods, specifically referring to the number of this Letter of Credit.

12. This Letter of Credit is transferable in whole only to your successor as Issuing and Paying Agent. Any such transfer (including any successive transfer) shall be effected by the presentation to us of this original Letter of Credit accompanied by a request designating your successor in the form of Annex D (the “Transfer”) attached hereto. Transfers to designated foreign nationals specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsement of such transfer, the transferee instead of the transferor shall, without necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor’s place.

13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Notes), except only the certificates and letters referred to herein; and no such reference shall be deemed to incorporate herein by reference any document, instrument or agreement.

Very truly yours,

**STATE STREET BANK AND TRUST
COMPANY**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ANNEX A TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. ILC-____/BSN**

State Street Bank and Trust Company
Loan Operations Department
Mailstop: CPH0427
100 Huntington Ave., Tower 2
4th Floor
Boston, MA 02116

Attention: Standby Letter of Credit Section

Re: Drawing Certificate for Irrevocable Transferable
Letter of Credit No. ILC-____/BSN

Ladies and Gentlemen:

US. Bank National Association (together with its successors and assigns, the “Issuing and Paying Agent”) hereby certifies to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Transferable Letter of Credit No. ILC-_/BSN (the “Letter of Credit”) issued by the Bank on July —10, 2018 (capitalized terms contained herein are used as defined in the Letter of Credit), that:

1. The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement, and is acting as the agent for the owners of the Notes.

2. The Issuing and Paying Agent hereby makes a demand on the Bank for payment under the Letter of Credit in the amount of \$_____ of which \$_____ is to be used for the payment of principal of, and \$_____ is to be used for the payment of interest on, the Notes upon the stated maturity thereof.

3. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.

4. The amount hereby demanded will not be applied to any payment in respect of Notes registered in the name of the Metropolitan Government or, to the best knowledge of the Issuing and Paying Agent, any nominee for or any Person who owns such Notes for the sole benefit of the Metropolitan Government.

5. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will apply the same directly to the payment when due of the appropriate amount owing on account of principal of and interest on the Notes pursuant to the Issuing and Paying Agent Agreement and Notes, (b) no portion of said amount shall be applied by the Issuing and Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Issuing

and Paying Agent, except amounts received pursuant to any contemporaneous Demand hereunder.

6 Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____ the Issuing and Paying Agent in accordance with the terms of the Letter of Credit.

7. The Issuing and Paying Agent acknowledges that pursuant to the terms of the Letter of Credit, upon the Bank honoring the drawing made by this certificate, the Stated Amount of the Letter of Credit which is available for subsequent drawings is \$_____ which amount shall be reinstated in accordance with the terms of this Letter of Credit.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the _____ day of _____, _____.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as
Issuing and Paying Agent

By: Name: _____
Title: _____

**ANNEX B TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. ILC-____/BSN**

State Street Bank and Trust Company
Loan Operations Department
Mailstop: CPH0427
100 Huntington Ave., Tower 2
4th Floor
Boston, MA 02116

Attention: Standby Letter of Credit Unit

Re: No Outstanding Notes Certificate for
Irrevocable Letter of Credit No. ILC-____/BSN

Ladies and Gentlemen:

The undersigned a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (together with its successors and assigns, the “Issuing and Paying Agent”) under the Issuing and Paying Agent Agreement dated as of July 1, 2018 (together with any amendments or supplements thereto, the “Issuing and Paying Agent Agreement”), The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) and the Issuing and Paying Agent, hereby certifies to State Street Bank and Trust Company (the “Bank”) with respect to the above-referenced Irrevocable Transferable Letter of Credit No. ILC-____/BSN (the “Letter of Credit”) issued by the Bank in favor of the Issuing and Paying Agent that prior to the date hereof, all of the outstanding Notes, as defined in the Letter of Credit, were paid in accordance with their terms.

Pursuant to said Issuing and Paying Agent Agreement, we are delivering herewith to the Bank the Letter of Credit and any amendments thereto for cancellation.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the ____ day of _____.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as
Issuing and Paying Agent

By: Name: _____
Title: _____

**ANNEX C TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. ILC-____/BSN**

State Street Bank and Trust Company
Loan Operations Department
Mailstop: CPH0427
100 Huntington Ave., Tower 2
4th Floor
Boston, MA 02116

Attention: Standby Letter of Credit Section

Re: Final Drawing Certificate for Irrevocable Transferable
Letter of Credit No. ILC-____/BSN

Ladies and Gentlemen:

US Bank National Association (together with its successors and assigns, the “Issuing and Paying Agent”) hereby certifies to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Transferable Letter of Credit No. ILC-_/BSN (the “Letter of Credit”) issued by the Bank on July —10, 2018 (capitalized terms contained herein are used as defined in the Letter of Credit), that:

1. The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement, and is acting as the agent for the owners of the Notes.

2. The Issuing and Paying Agent has received written notice from the Bank that an Event of Default under the Reimbursement Agreement has occurred and is continuing (the “Final Drawing Notice”), and stating that the Letter of Credit will terminate on the tenth (10th) day following the date of receipt by the Issuing and Paying Agent of such notice.

3. The Issuing and Paying Agent hereby makes a demand on the Bank for payment under the Letter of Credit in the amount of \$_____ of which \$_____ is to be used for the payment of principal of, and \$_____ is to be used for the payment of interest on, the Notes upon the stated maturity thereof.

4. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.

5. The amount hereby demanded will not be applied to any payment in respect of Notes registered in the name of the Metropolitan Government or, to the best knowledge of the Issuing and Paying Agent, any nominee for or any Person who owns such Notes for the sole benefit of the Metropolitan Government.

6 Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will apply the same directly to the payment when due of the appropriate amount owing on account of principal of and interest on the Notes pursuant to the Issuing and Paying Agent Agreement and Notes, (b) no portion of said amount shall be applied by the Issuing and Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Issuing and Paying Agent, except amounts received pursuant to any contemporaneous Demand hereunder.

7. Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____ the Issuing and Paying Agent in accordance with the terms of the Letter of Credit.

8 The Issuing and Paying Agent acknowledges that pursuant to the terms of the Letter of Credit, upon the Bank honoring the drawing made by this certificate, the Stated Amount of the Letter of Credit which is available for subsequent drawings is \$0 and that the Stated Amount of the Letter of Credit shall not be subject to reinstatement.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the _____ day of _____, _____.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as
Issuing and Paying Agent

By: Name: _____
Title: _____

**ANNEX D TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
No. ILC-____/BSN**

TRANSFER

[Letterhead of Issuing and Paying Agent]

[Date]

State Street Bank and Trust Company
Loan Operations Department
Mailstop: CPH0427
100 Huntington Ave., Tower 2
4th Floor
Boston, MA 02116

Attention: Standby Letter of Credit Section

Re: Irrevocable Transferable Letter of Credit
Credit No. ILC-____/BSN

We, the undersigned (the "Transferor"), hereby irrevocably transfer all of our rights to draw under the above-referenced Letter of Credit (the "Letter of Credit") in its entirety to:

NAME OF TRANSFEREE

(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

CITY, STATE/COUNTRY ZIP

(Address)

In accordance with ISP98, Rule 6 (regarding transfer of drawing rights), all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original of the Letter of Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the

reverse thereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate, and the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Said Transferee has succeeded the Transferor as Issuing and Paying Agent under that certain Series Resolution (as defined in the Letter of Credit and Reimbursement Agreement) with respect to the Metropolitan Government. The enclosed Letter of Credit is original and complete, and there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred.

By its signature below, the Transferee acknowledges that it has duly succeeded the Transferor as Issuing and Paying Agent under the Resolution, and agrees to be bound by the terms of the Resolution as if it were the original Issuing and Paying Agent thereunder.

The Effective Date of this Transfer shall be the date hereafter on which the undersigned Transferor affects such transfer by giving notice thereof to the Transferee.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to the Transferee with your customary notice of transfer.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

(Signature Page Follows)

This Transfer is made subject to ISP98 and is subject to and shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

(Print Name of Transferor)

(Transferor's Authorized Signature)

(Print Authorized Signers Name and Title)

(Telephone Number/Fax Number)

SIGNATURE GUARANTEED Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

Acknowledged:

(Print Name of Transferee)

(Transferee's Authorized Signature)

(Print Authorized Signers Name and Title)

(Telephone Number/Fax Number)

SIGNATURE GUARANTEED Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

**ANNEX E TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. ILC-____/BSN**

[Date]

U.S. Bank National Association, as
Issuing and Paying Agent
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Services

Re: Notice of Extension

Ladies and Gentlemen:

1. Pursuant to Section 2.10 of the Reimbursement Agreement dated as of July 1, 2018 (the “Reimbursement Agreement”), between The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) and State Street Bank and Trust Company (the “Bank”), the Bank has approved an extension of the Stated Expiration Date for Irrevocable Transferable Letter of Credit No. ILC-__ /BSN (the “Letter of Credit”), dated July —10, 2018. The new Stated Expiration Date is _____. You are hereby authorized to attach this Notice of Extension to the Letter of Credit and to treat this Notice of Extension as extending the Stated Expiration Date of the Letter of Credit.

The Metropolitan Government's acknowledgment hereof shall be deemed to be the Metropolitan Government's certification that all its representations and warranties contained in Section 5.01 of the Reimbursement Agreement are true and correct and will be true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

Very truly yours,

STATE STREET BANK AND TRUST
COMPANY

By: Name: _____
Title: _____

By: Name: _____
Title: _____

Acknowledged as of _____,
by U.S. Bank National Association,
as Issuing and Paying Agent

By_ Title _____

ACKNOWLEDGED AND AGREED:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

By: _____

Name:

Title:

**ANNEX E TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. ILC-___/BSN**

[Date]

U.S. Bank National Association, as
Issuing and Paying Agent
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Services

Re: NOTICE OF ADJUSTMENT OF STATED AMOUNT

Ladies and Gentlemen:

(1) Effective on the date hereof, the Stated Amount of the Letter of Credit determined without reference to reductions and reinstatements pursuant to paragraphs 5 and 6 of the Letter of Credit, shall be decreased to \$ _____ of which \$ _____ shall constitute the principal component and shall be available in respect of the payment of the principal of the Notes, and \$ _____ (being equal to 270 days of accrued interest on the amount of the principal component computed at the rate of 12% per annum on a 360-day year) shall constitute the interest component and shall be available in respect of the payment of interest on the Notes.

(2) By acknowledging this Notice of Adjustment of Stated Amount, you will be deemed to have confirmed that, immediately following such decrease, the Stated Amount of the Letter of Credit (determined on the basis of the Stated Amount of the Letter of Credit set forth in paragraph (1) above and giving effect to previous and concurrent reductions (if any) of the Stated Amount pursuant to paragraph 5 of the Letter of Credit that have not been reinstated pursuant to paragraph 6 of the Letter of Credit) will not be less than the aggregate principal amount of and interest to maturity on all Notes issued under the Resolution.

Please acknowledge receipt of this Notice of Adjustment of Stated Amount by signing in the space provided below (returning a copy of such acknowledgement to us by facsimile transmission) and attaching this Notice of Adjustment of Stated Amount to the Letter of Credit.

Very truly yours,

STATE STREET BANK AND TRUST
COMPANY

By: Name: _____
Title: _____

ACKNOWLEDGMENT OF THE ISSUING AND PAYING AGENT

The undersigned, acting in its capacity as Issuing and Paying Agent by its duly authorized officer (the "Issuing and Paying Agent"), hereby acknowledges to State Street Bank and Trust Company (the "Bank"), with reference to Irrevocable Transferable Letter of Credit No. ILC-__/BSN (the "Letter of Credit"; terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank and in favor of the Issuing and Paying Agent, that: (1) the Issuing and Paying Agent has received the foregoing Notice of Adjustment of Stated Amount; (2) the statement contained in paragraph (2) of the foregoing Notice of Adjustment of Stated Amount is true and correct; and (3) the Issuing and Paying Agent will attach a copy of the foregoing Notice of Adjustment of Stated Amount to the Letter of Credit.

IN WITNESS WHEREOF, the Issuing and Paying Agent has signed this Acknowledgement of the Issuing and Paying Agent as of this __ day of _____.

U.S. Bank National Association, as Issuing
and Paying Agent

By _____
Name: _____
Title: _____

EXHIBIT B

FORM OF BANK NOTE

\$200,000,000 Maximum Principal Amount

Dated: July 10, 2018

FOR VALUE RECEIVED, the undersigned, THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE) (the “*Metropolitan Government*”), hereby promises to pay to the order of STATE STREET BANK AND TRUST COMPANY (the “*Bank*”), (i) the principal sum of TWO HUNDRED MILLION DOLLARS (\$200,000,000) or, if less, the aggregate unpaid principal amount of all Reimbursement Obligations (as such term is defined in the Reimbursement Agreement hereinafter defined) made by the Bank to the Metropolitan Government, payable at such times as are specified in the Reimbursement Agreement, and (ii) interest on the unpaid principal amount of all Reimbursement Obligations, from the date of each Drawing was honored until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Reimbursement Agreement; *provided, however*, all principal of, and all earned interest then accrued on, this Bank Note shall be fully and finally due and payable on the Termination Date (as defined in the Reimbursement Agreement).

Both principal and interest are payable in lawful money of the United States of America and in immediately available funds as specified in the Reimbursement Agreement. All payments made by the Metropolitan Government on account of principal hereof and interest hereon shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the schedule attached hereto (which is a part of this Bank Note); *provided*, that the failure of the Bank to make any recordation or endorsement shall not affect the obligations of the Metropolitan Government hereunder or under the Reimbursement Agreement. Notwithstanding any other provision of this Bank Note, interest paid or becoming due hereunder shall, subject to the terms of the Reimbursement Agreement, in no event exceed the maximum rate permitted by applicable law.

This note is the Bank Note referred to in, and is entitled to the benefits of, the Reimbursement Agreement, dated as of July 1, 2018 (as amended or otherwise modified from time to time, the “*Reimbursement Agreement*”), between the Metropolitan Government and the Bank. The Reimbursement Agreement, among other things, provides for the extension of credit by the Bank to the Metropolitan Government from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Metropolitan Government to the Bank resulting from each such extension being evidenced by this Bank Note.

This Bank Note is a special obligation of the Metropolitan Government, to which the funds described in Section 2.05 of the Resolution (as defined in the Reimbursement Agreement) are pledged.

This Bank Note shall constitute a “bond anticipation note” for purposes of the Enabling Act (as defined in the Reimbursement Agreement).

This Bank Note shall be governed by, and construed in accordance with, the laws of the State of New York.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

By: _____

Name: David Briley

Title: Metropolitan Mayor

By: _____

Name: Elizabeth Waites

Title: Metropolitan Clerk

Approved As to Form and Legality:

By: _____

Name: Jon Cooper

Title: Director of Law

**SCHEDULE FOR BANK NOTE
DATED JULY -10, 2018
BY THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY (TENNESSEE)
PAYABLE TO STATE STREET BANK AND TRUST COMPANY**

<u>Amount of Credit</u>	<u>Dates of Payment</u>	<u>Amount of Payment</u>	Name and Signature of Bank <u>Officer</u>
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EXHIBIT C

FORM OF STOP ORDER

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY (TENNESSEE)
WATER AND SEWER REVENUE COMMERCIAL PAPER NOTES, SERIES A

[Date]

U.S. Bank National Association, as Issuing and Paying Agent
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Corporate Trust Services

The Metropolitan Government of Nashville and
Davidson County (Tennessee)
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210
Attention: Office of the Treasurer

Dear Sir or Madam:

Reference is made to (i) the Reimbursement Agreement, dated as of July 1, 2018 (the “*Agreement*”), between The Metropolitan Government of Nashville and Davidson County (Tennessee) (the “*Metropolitan Government*”), and State Street Bank and Trust Company (the “*Bank*”); and (ii) the Issuing and Paying Agency Agreement, dated as of July 1, 2018 (the “*Issuing and Paying Agency Agreement*”), among the Metropolitan Government and U.S. Bank National Association, as Issuing and Paying Agent (the “*Issuing and Paying Agent*”). All capitalized terms herein having the meanings ascribed thereto in the Agreement.

You are hereby notified that (a) either (1) an “Event of Default” under Section 7.01() of the Agreement has occurred and is now continuing or (2) one or more of the representations and warranties of the Metropolitan Government set forth in the Agreement, is/are in the reasonable opinion of the Bank, no longer true and correct in all material respects and; (b) upon receipt of this notice, (i) no new Commercial Paper Notes, as defined in the Agreement, shall be issued or authenticated (ii) the Stated Amount of the Letter of Credit shall be permanently reduced to \$_____, representing the principal amount of Commercial Paper Notes currently outstanding on the date hereof and interest thereon, and shall be further permanently

reduced following the maturity of any such Commercial Paper Notes, and (iii) the Stated Amount shall no longer be reinstated following payment by the Bank of any Drawings.

You are hereby instructed to cease issuing Commercial Paper Notes under the Issuing and Paying Agency Agreement and the Resolution until such time, if any, as we have notified you in writing that (i) no Event of Default is continuing; and (ii) you may resume issuing Commercial Paper Notes.

IN WITNESS WHEREOF, the Bank has executed and delivered this Stop Order as of the
____ day of _____, _____.

Sincerely,

STATE STREET BANK AND TRUST
COMPANY

By _____
Name: _____
Title: _____

cc: [DEALERS]
[RATING AGENCIES]

SCHEDULE I
CERTAIN ADDRESSES FOR NOTICES

METROPOLITAN GOVERNMENT:

The Metropolitan Government of Nashville and Davidson County (Tennessee)
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210

Attention: Office of the Treasurer
Telephone: (615) 880-2818
Telecopier: (615) 880-2810

BANK:

For all notices:

(regarding credit matters):

State Street Bank and Trust Company
c/o State Street Public Lending Corporation
State Street Financial Center SFC/5
One Lincoln St.
Boston, Massachusetts 02111-2900
Attention: Robert Woods
Telephone: (617) 664-8512
Telecopier: (617) 946-0538

(regarding operational matters):

State Street Bank and Trust Company
State Street Financial Center SFC/5
One Lincoln Street
Boston, Massachusetts 02111-2900
Attention: Thomas Marra
Telephone: (617) 664-5862
Telecopier: (617) 350-4020
Email: MuniFinanceAdministration@
statestreet.com

For draws under the Letter of Credit:

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0427

100 Huntington Ave., Tower 2, 4th Floor
Boston, MA 02116
Attention: Peter J. Connolly
Facsimile Transmission No. (617) 988-6674
Telephone No. (617) 662-8588

Any notices required to be given to the Rating Agencies hereunder shall be emailed as set forth below:

Moody's Investors Service
7 World Trade Center
Public Finance Dept.
250 Greenwich St., 23rd Floor
New York, New York 10007
Attn: Municipal Supported Products Group
Email: MSPGSurveillance@moody.com

And to Standard & Poor's at:

Standard & Poor's
55 Water St., 41st Floor
New York, NY 10041
Attn: Structured Finance LOC Surveillance Group
Email: pubfin_structured@standardandpoors.com

24908461.3

July 10, 2018

The Metropolitan Government of Nashville and Davidson County (Tennessee)
700 2nd Avenue South, Suite 205
Nashville, Tennessee 37210
Attention: Office of the Treasurer

RE: The Metropolitan Government of Nashville and Davidson County (Tennessee) Water and Sewer Revenue Commercial Paper Notes, Series A – Fee Letter

Ladies and Gentlemen:

This letter constitutes the Fee Letter referred to in that certain Reimbursement Agreement, dated as of July 1, 2018 (as amended from time to time, the “*Agreement*”), by and between THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE) (the “*Metropolitan Government*”) and STATE STREET BANK AND TRUST COMPANY (the “*Bank*”), in connection with the issuance by the Bank of its letter of credit in support of the above-referenced commercial paper notes (the “*CP Notes*”). Terms used herein and not otherwise defined shall be given such meanings as are set forth in the Agreement.

The fees due and payable to the Bank are set forth herein.

1. From the Effective Date and thereafter, the Metropolitan Government hereby agrees to pay to the Bank a nonrefundable facility fee (the “*Facility Fee*”) with respect to the Stated Amount of the Letter of Credit at the rate per annum set forth below (the “*Facility Fee Rate*”) to but excluding the Termination Date on the average daily amount of the Stated Amount of the Letter of Credit during each period in respect of which payment is made. The applicable Facility Fee Rate for any period shall be determined on the basis of the publicly announced long-term credit rating assigned to any Subordinate Lien Bonds by any of S&P, Fitch or Moody’s (the “*Credit Ratings*”), without giving effect to any bond insurance policy or other credit enhancement securing such Subordinate Lien Bonds:

<u>Credit Rating</u> (S&P/Fitch/Moody’s)	<u>Facility Fee Rate</u>
A+/A+/A1	0.44%
A/A/A2	0.59%
A-/A-/A3	0.94%
BBB+/BBB+/Baa1	1.44%

If the Credit Ratings assigned by S&P, Fitch and Moody's, respectively, appear in more than one rating category (i.e., a split rating), the Facility Fee Rate will be based on the category that includes the lowest Credit Rating. References to ratings above are references to rating categories as presently determined by S&P, Fitch and Moody's, respectively, and in the event of adoption of any new or changed rating system by any such rating agency, each of the ratings from the rating agency in question referred to above shall be deemed to refer to the rating

category under the new rating system which most closely approximates the applicable rating category as currently in effect. Each change in the Facility Fee Rate resulting from a change in the Credit Rating shall become effective on the date of announcement or publication by S&P, Fitch or Moody's of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed rating. In the event that the Credit Rating assigned by any of S&P, Fitch or Moody's falls below "BBB+" or "Baa1", respectively, or has been suspended, withdrawn or otherwise is unavailable for any reason, the Facility Fee then in effect will increase automatically, without notice, to 1.00% per annum and such increased Facility Fee Rate shall be payable until no such Credit Rating remains below "BBB+" or "Baa1", respectively, or is so suspended, withdrawn or unavailable, or the Letter of Credit otherwise terminates. Upon the occurrence and during the continuance of an Event of Default under the Agreement, the Facility Fee Rate then in effect will increase by an additional 1.00% per annum automatically and without notice to the Metropolitan Government, commencing on the date such Event of Default occurs and such increased Facility Fee Rate shall be payable until such Event of Default is cured (but solely to the extent curable under the Agreement) or is otherwise waived in writing by the Bank, or the Letter of Credit otherwise terminates.

Such Facility Fee shall be payable in immediately available funds quarterly in arrears, at or prior to 1:00 P.M. (New York City time), on each Quarterly Payment Date prior to the Termination Date (each such payment to be computed on the basis of a year of 365 or 366 days, in each case, and the actual number of days elapsed), in respect of the Stated Amount of the Letter of Credit from time to time in effect, and on the Termination Date. If the Stated Amount of the Letter of Credit is terminated in its entirety, all accrued Facility Fees shall be payable on the effective date of such termination.

3. The Metropolitan Government hereby agrees to pay, per Drawing, to the Bank, a draw fee equal to \$250 with respect to each drawing on the Letter of Credit, payable monthly in arrears.

4. The Metropolitan Government also hereby agrees to pay to the Bank, (i) in connection with the written request by the Metropolitan Government of any amendment, supplement, modification, consent or waiver to, or transfer of, the Agreement, the Letter of Credit or any other Related Documents which require the consent, waiver or other action of the Bank, and (ii) in connection with any extension of the Stated Expiration Date of the Letter of Credit, a non-refundable amendment fee of \$2,500.00, plus the reasonable fees of any legal counsel, together with reasonable expenses, retained by the Bank in connection therewith.

5. In the event that the Letter of Credit is terminated or the Stated Amount of the Letter of Credit is otherwise permanently reduced by or on behalf of the Metropolitan Government prior to July 10, 2020, the Metropolitan Government agrees to pay to the Bank on such termination date or reduction date, as applicable, in addition to all other obligations of the Metropolitan Government that may be due and payable at such time, a termination fee equal to the Facility Fee which would have been payable to the Bank from (and including) such termination date or reduction date through July 10, 2020, calculated at the time of such termination or reduction on the basis of the then applicable Stated Amount of the Letter of Credit in effect (or, if as a result of a reduction of less than 100% of the Bank's Stated Amount of the

Letter of Credit, the reduced amount of such Stated Amount) and the then applicable Facility Fee Rate.

6. The Metropolitan Government hereby agrees to pay to McGuireWoods LLP, as special counsel to the Bank, legal fees not to exceed \$40,000 plus disbursements. Such fees and disbursements shall be paid promptly by the Metropolitan Government following presentation of an invoice by McGuireWoods LLP.

7. All fees described in paragraphs 1-5 shall be paid on the dates due, in immediately available funds, to the Bank. Fees paid shall not be refundable under any circumstances.

THIS LETTER SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; *PROVIDED, HOWEVER*, THAT THE OBLIGATIONS OF THE METROPOLITAN GOVERNMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE. This letter may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This letter shall become effective when each party hereto shall have received a counterpart hereof duly executed by the other party hereto. This letter may be amended only upon the written agreement of the Metropolitan Government and the Bank.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

Very truly yours,

STATE STREET BANK AND TRUST
COMPANY, as the Bank

By _____
Name:
Title:

Agreed:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

By: _____
Name: David Briley
Title: Metropolitan Mayor

By: _____
Name: Elizabeth Waites
Title: Metropolitan Clerk

Approved As to Form and Legality:

By: _____
Name: Jon Cooper
Title: Director of Law

24908424.2

SUBSTITUTE ORDINANCE NO. BL2018-1189

An Ordinance amending Chapter 4.46 of the Metropolitan Code pertaining to the Procurement Non-Discrimination Program.

WHEREAS, since 1999, the Metropolitan Government of Nashville and Davidson County has conducted two (2) disparity studies which concluded that Minority and Women Owned Businesses (MWBE's) were "significantly underutilized" within the Metropolitan Government's procurement practices; and

WHEREAS upon reviewing the results of these Disparity Studies, the Metropolitan Government has concluded that it has remained a passive participant in unlawful discrimination against minorities and women in some of its procurements in spite of the enactment of the Procurement Nondiscrimination Program; and

WHEREAS, despite the recommendations from these studies, procurement non-discrimination legislation was enacted in 2008 that relied upon "good faith effort." To date, that legislation has resulted in only 2.18% of all sub-contractor awards, and 1.88% of all prime awards, over the last 5 years being awarded to African-American businesses; and

WHEREAS, because of these results, amendments that adhere more closely to the recommendations from previous studies should be made to the Procurement Non-Discrimination Program.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Section 4.46.080 of the Metropolitan Code of Laws is hereby amended by deleting this Section in its entirety and substituting in lieu thereof the following:

~~4.46.080 – Good Faith Efforts~~

~~In its bid or proposal, and subsequently in performing under its resulting contract, a Bidder shall provide evidence of good faith, including a detailed description showing the techniques that it has used and will use to encourage and obtain the maximum practical participation of minority and women owned businesses. Such techniques shall include, but not be limited to:~~

- ~~1. Segmenting the totality of the work into two or more smaller portions where feasible and can be accomplished in accordance with common and accepted industry practices relating to the utilization of sub-contractors;~~
- ~~2. Attending pre-solicitation, pre-bid and other conferences and forums that allow interested minority and women owned firms to market their goods and services;~~
- ~~3. Sending letters/emails and other direct communication to minority and women owned firms;~~
- ~~4. Advertising in publications in general circulation, as well as those directed to specific trades or marketed to small businesses, and those owned by racial minorities and women;~~
- ~~5. Providing reasonable assistance with bonding, insurance and technical matters;~~
- ~~6. Cooperating with Metro Government in administration and monitoring of compliance with its non-discrimination policies;~~
- ~~7. Allowing minority sub-contractors to participate in any upgrade, change order or contract extension associated with the original sub-contracting agreement;~~
- ~~8. Reaching out only to firms that have expertise in the business segment that is required for the bid;~~
- ~~9. Paying sub-contractors within net 15-30 days of work completed; and~~
- ~~10. Good Faith effort contacts shall be made at least 10 business days prior to the bid closing.~~

4.46.080 - Good faith efforts.

A. Good Faith Efforts. In addition to regular and customary solicitation processes for contacting potential subcontractors and/or vendors, all Bidders are required to:

- (1) Make efforts to include MWBEs in the procurement process by reaching out only to firms that have expertise in the business segment that is requiring the bid;
 - (2) Make efforts to ensure that businesses are not discriminated against on the basis of race, ethnicity or gender;
 - (3) Ensure that prospective subcontractors, vendors, suppliers and others are not denied opportunities to compete for work for the Metropolitan Government on the basis of their race, ethnicity, or gender;
 - (4) Afford all firms, including those owned by racial or ethnic minorities and women, opportunities to participate in the performance of the business of the Metropolitan Government to the extent of their availability, capacity and willingness to compete;
 - (5) Demonstrate compliance with these Program requirements with appropriate documentation submitted with their Bids;
 - (6) Provide a fair assessment of the work required under the contract based upon industry practices to make opportunities more accessible to minority and women owned businesses;
 - (7) Attend pre-solicitation, pre-bid and other conferences and forums that allow interested minority and women owned firms to market their goods and services;
 - (8) Send written correspondence to available minority and women owned businesses regarding the contract opportunity;
 - (9) Make all contacts to available MWBE's within at least 10 business days prior to the bid closing;
 - (10) Allow minority and women sub-contractors to participate in any upgrade, change order or contract extension associated with the original sub-contracting agreement;
 - (11) Pay sub-contractors within net 15 -30 days of work completed;
 - (12) Provide reasonable assistance with bonding, insurance and technical matters.
- B. Methods of Demonstrating Good Faith Efforts. Bidders shall demonstrate Good Faith Efforts by demonstrating efforts that shall include the following:
- (1) Attending informational meetings to update potential subcontractors or vendors of subcontracting or supply opportunities.
 - (2) Dividing the contract, in accordance with normal industry practice, into small, economically feasible segments that could be performed by a MWBE. Under no circumstances, however, shall a Bidder segment work solely for the purpose of utilizing MWBEs as subcontractors where such segmentation is not in accordance with common and accepted industry practices relating to the utilization of other firms as subcontractors.
 - (3) Providing a written explanation for rejection of any potential subcontractor or vendor to the Bidder, including the name of the firm awarded the subcontract or supply agreement. The BAO will maintain these records and make same available to any subcontractor or vendor rejected by the Bidder.
 - (4) Providing a non-discriminatory work site. Maintaining a work environment free of harassment, intimidation and coercion at all construction sites, offices and other facilities at which the Bidder's employees are assigned to work. The Bidder shall specifically ensure that all labor supervisors, superintendents, and other on-site supervisory personnel are aware of and carry out the Bidder's obligation to maintain a non-discriminatory work environment.
 - (5) Soliciting specific individual MWBEs whose availability as potential sources of goods or services can be reasonably ascertained. This measure includes sending letters or making other personal contacts with specific certified MWBEs including those that the Bidder has contracted with in the past as well as other MWBEs with which the Bidder may be unfamiliar, but whose identities can be ascertained from a directory of certified MWBEs maintained by the BAO.
 - (6) Sending letters or making other personal contacts with other programs as well as private trade associations in the MSA which are known to publicize

- contracting and procurement opportunities for the benefit of their respective associates and/or members.
- (7) Advertising in trade publications of general circulation in the MSA. The advertisement shall identify and describe the specific subcontracting or other opportunity in reasonable detail.
- (8) Following up initial solicitations by contacting potential subcontractors or vendors to determine, with certainty, whether these firms are interested in participating on the contract.
- (9) Thoroughly investigating the potential subcontractor or vendor's capabilities in good faith.
- (10) Providing reasonable assistance to a MWBE in need of equipment, supplies, bonding, letters of credit and/or insurance.
- (11) Providing reasonable technical assistance to MWBEs to ameliorate any deficiencies of technical knowledge or advance skill, where such assistance is undertaken by the Bidder to facilitate the MWBE's successful participation on a project or contract.
- C. The BAO shall maintain for a minimum of three years after completion of the contract and final payment detailed records of all correspondence and responses thereto, logs of all telephone calls made and received regarding Metropolitan Government solicitations, copies of advertisements in publications and other media, and other relevant papers required by the Program or Section 4.12.180.
- D. The BAO and/or designated Purchasing Agent must contact each MWBE contractor identified on the Bidder's submission to ensure that the minority or woman contractor has experience in the appropriate subject matter or industry segment and has indeed engaged in a "Good Faith" discussion with the Bidder. If any bid is submitted that does not have MWBE participation, with the exception of the Bidder being able to provide evidence of non-availability of a MWBE within the Nashville MSA that can perform any of the jobs required in the contract, the BAO may reject that bid.
- E. The BAO shall allow MWBE businesses and other entities to use third party financing.

~~Section 2. That Section 4.46.100 of the Metropolitan Code of Laws is hereby amended by deleting the section in its entirety and substituting in lieu thereof the following:~~

~~4.46.100 – Sanctions and penalties for non-compliance:~~

- ~~A. The Business Assistance Office shall have the authority and power to enforce these provisions and shall be provided with adequate staff resources to perform all of the functions necessary to create an environment that insures "Good Faith Efforts" on the part of a Bidder or Participant. Failure by a Bidder or Participant to comply with the requirements of these non-discrimination provisions shall subject the non-complying party to administrative sanctions that may include declaration of non-responsiveness, cancellation of contract, rejection of future bids, limited partial withholding of progress payments, partial withholding of payments commensurate with the portion of the contract not in compliance, total withholding of payments, limited suspension and debarment or permanent debarment.~~
- ~~B. The Business Assistance Office (BAO) shall have the authority to reject any bid that does not have MWBE participation, with the exception of the Bidder being able to provide evidence of non-availability of a MWBE within the Nashville MSA that can perform any of the jobs required in the contract.~~
- ~~C. The BAO and/or designated Purchasing Agent must contact each MWBE contractor identified on the Bidder's submission to ensure that the minority contractor has experience in the appropriate subject matter/industry segment and has indeed engaged in a "Good Faith" discussion with the Bidder.~~

~~D.—Purchasing shall allow MWBE businesses use of third party financing vehicles like joint/shared purchase orders for contract awarded or project undertaken.~~

Section 2. That Section 4.46.090 of the Metropolitan Code of Laws is hereby amended by deleting the section in its entirety and substituting in lieu thereof the following:

4.46.090 - Evaluation of bid for program compliance.

- A. If the Bid submitted by the First Ranked Bidder in response to a solicitation issued by the Purchasing Agent includes the documents required by Section 4.46.070 of this chapter, the Purchasing Agent shall forward the Bid to the BAO. The BAO shall then evaluate whether it believes the First Ranked Bidder has engaged in and adequately documented with its Bid efforts to ensure that its process of soliciting, evaluating and awarding subcontracts, placing orders, and partnering with other companies has met the criteria of the Program including the use of Good Faith Efforts. Upon a recommendation of compliance by the First Ranked Bidder, the BAO shall notify the Purchasing Agent. The Purchasing Agent shall proceed to award a contract upon concurrence with the BAO recommendation.

- B. If the BAO's preliminary analysis suggests that the First Ranked Bidder has failed to comply with the good faith or other requirements of the Program, the BAO shall send written notice to the Bidder. The notice shall set forth with particularity the reasons for the questioning of non-compliance and shall schedule a conference at which the issue may be reviewed with the Bidder. The Bidder shall be permitted to present any additional materials relevant to the question of non-compliance for consideration by the BAO. If, after the conference and upon consideration of all relevant materials, the BAO is convinced that the Bidder is in fact compliant with the requirements of this chapter, the BAO shall notify the Purchasing Agent, who shall proceed with an award of contract upon concurrence with the BAO recommendation. If the BAO concludes that the Bidder is not compliant with the requirements of this chapter, the BAO shall reject that Bidder's Bid and identify another Bidder as the First Ranked Bidder. The BAO shall then proceed to evaluate the Bid submitted by the new First Ranked Bidder. The Purchasing Agent shall decide whether a determination of nonresponsiveness shall be made pursuant to Section 4.12.110. Decisions of the Purchasing Agent under this section are subject to protest in accordance with Section 4.36.010, et seq., and the rules and regulations of the Purchasing Division.

Section 3. That this ordinance shall take effect from and after its passage, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

INTRODUCED BY:

Scott Davis

Sharon Hurt
Members of Council

AMENDMENT NO. ____

TO

ORDINANCE NO. BL2018-1190

Madam President –

I move to amend Ordinance No. BL2018-1190 by deleting Section 2 in its entirety and substituting in lieu thereof the following:

Section 2. That Chapter 12.44 of the Metropolitan Code is hereby further amended by deleting Section 12.44.080 in its entirety, ~~and substituting therefore the following:~~

~~12.44.080 – Free metered parking for vehicle owners that purchase carbon offsets.~~

- ~~A. – Notwithstanding the provisions of Section 12.44.040, no parking payment shall be required for a clean technology vehicle parked in a public parking metered space, for a duration not to exceed the posted time limit on the meter if the vehicle is displaying a valid sticker issued by the Davidson County Clerk evidencing that the vehicle has purchased the required carbon offsets as provided in this section. The county clerk shall determine the proper place on the vehicle to which the sticker is to be affixed so as to maximize visibility for the benefit of the parking patrol officers.~~
- ~~B. – The carbon offset vehicle stickers shall only be available for private passenger vehicles. In order to obtain the free parking sticker, the private passenger motor vehicle owner shall purchase carbon offsets from a qualified non-profit organization that uses the carbon offset funds for carbon counterbalance projects within the area of the metropolitan government. Such carbon offsets shall be purchased for the calendar year in which the free parking sticker is to be issued. For the purposes of this section, a "qualified non-profit organization" means an organization that has obtained its tax exempt status from the Internal Revenue Service and provides an acceptable protocol that will lead to the registration of its project with Gold Standard, the Verified Carbon Standard, the Climate Action Reserve, or another comparable third-party carbon offset registry or verification method approved by the department of public works. All offsets sold by a qualified nonprofit organization for use under this section must be registered with Gold Standard, the Verified Carbon Standard, or another comparable third-party carbon offset registry or verification method approved by the department of public works.~~
- ~~C. – The Davidson County Clerk shall have the authority and responsibility for issuing carbon offset vehicle stickers for qualifying motor vehicles. Each sticker shall be valid for a period of three years and shall be issued at the time the motor vehicle is registered. The private passenger motor vehicle owner shall present to the county clerk a certificate from the qualified non-profit organization evidencing that the dollar amount of the carbon credits purchased coincides with the carbon footprint of the motor vehicle for which the parking permit is sought, and that the carbon credits will be used for a carbon offset project that will be registered with Gold Standard, the Verified Carbon Standard, the Climate Action Reserve, or another comparable third-party carbon offset registry or verification method approved by the department of public works.~~
- ~~D. – The county clerk shall be entitled to collect a fee of ten dollars from the applicant for each carbon offset vehicle sticker issued. All fees collected for the carbon offset vehicle stickers shall be deposited in the general fund of the general services district to assist in offsetting the administrative costs incurred by the county clerk for issuance of the stickers and enforcement of the ordinance by the department of public works.~~
- ~~E. – The department of public works shall have the authority to promulgate the necessary regulations consistent with this section to further its implementation.~~

INTRODUCED BY:

Freddie O'Connell
Member of Council

SECOND SUBSTITUTE ORDINANCE NO. BL2018-1202

An ordinance amending Title 12 of the Metropolitan Code of Laws to regulate ~~dockless bicycle and scooter~~ operators of systems of shared urban mobility devices, such a bicycles and scooters, and to establish a permitting system for same.

WHEREAS, the Metropolitan Government has a fundamental responsibility to ensure safe passage on public rights-of-way, to protect public health, safety and welfare, and govern commerce in the public right-of-way; and,

WHEREAS, the Metropolitan Government has the authority under state law and the Metropolitan Charter to regulate commerce and commercial equipment that use the public rights-of-way; and,

WHEREAS, the Metropolitan Government has the authority under state law and the Metropolitan Charter to regulate the operation of vehicles on the public right-of-way, including streets, roads, bike lanes, sidewalks, and other thoroughfares; and,

WHEREAS, the Metropolitan Government endeavors to provide for the safety of all persons and equipment in the rights-of-way; and,

WHEREAS, it is necessary to ensure that ~~dockless systems of shared urban mobility devices (SUMDs), such as~~ bicycles and scooters, are operated in a manner that is safe for all riders, pedestrians, and drivers; and,

WHEREAS, it is necessary to incorporate ~~dockless bicycles and scooters~~ SUMDs into Nashville's transportation infrastructure; and,

WHEREAS, it is necessary to ensure that ~~dockless bicycles and scooters~~ SUMDs are parked in a manner that does not clutter the public right of way or obstruct access for pedestrians, cars, bicycles, transit, or other modes of transportation; and,

WHEREAS, it is the desire of the Metropolitan Council to encourage and provide for new transportation options for Nashville residents and visitors; and,

WHEREAS, ~~dockless bicycle and scooter~~ SUMD sharing programs can provide alternative transportation to relieve traffic congestion and provide "last mile" access to public transit; and,

WHEREAS, it is the desire of the Metropolitan Council to encourage and foster innovative transportation options in Nashville to ease the city's increasing traffic congestion; and,

WHEREAS, it is the desire of the Metropolitan Council for the Metropolitan Government to partner with private entities to make new and innovative transportation options widely available to Nashville residents and visitors; and,

WHEREAS, it is the desire of the Metropolitan Council for there to be equitable access to ~~dockless bicycles and scooters~~ SUMDs, and for them to be available in neighborhoods and communities that are underserved by mobility and transportation options; and,

WHEREAS, ~~dockless bicycles and scooters~~ SUMDs can serve as an alternative to automobiles, reduce pollution and carbon emissions, and improve air quality; and,

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Title 12 of the Metropolitan Code of Laws be amended to add a new chapter, "Chapter 12.62 – ~~Dockless Bicycles and Scooters~~ Shared Urban Mobility Devices" as follows:

Chapter 12.62 – ~~Dockless Bicycles and Scooters~~ Shared Urban Mobility Devices

Section 12.62.010 – Definitions

The following words and phrases shall have the meanings set forth below, unless the context clearly requires otherwise:

“Business District” means an area of at least one full block of retail shops or offices fronting a sidewalk that has steady pedestrian traffic.

~~“Dockless bicycle and/or scooter share~~ Shared Urban Mobility Device (SUMD) system” or “System” means a system which provides ~~bicycles, electric bicycles or electric scooters~~ urban mobility devices for short-term rentals for point-to-point trips ~~and which may be locked and unlocked without the requirement of a bicycle rack or other docking station.~~ Such a System can be a Lock-to SUMD System or a dockless SUMD system.

~~“Lock-to bicycle and/or scooter share~~ Shared Urban Mobility Device (SUMD) system” means a system which provides ~~bicycles, electric bicycles or electric scooters~~ SUMDs for short-term rentals for point-to-point trips which must be locked or secured to a stationary object. A SUMD that is not lock-to would be dockless.

“Operator” means a corporation, firm, joint venture, limited liability company, partnership, person, or other organized entity that operates a ~~dockless bicycle and/or scooter share system or a lock-to bicycle and/or scooter share~~ SUMD system, whether for profit or not for profit.

“Powered” means electric or motorized; in the case of a UMD, it also means any other technology that allows the UMD to be self-propelled.

“Urban Mobility Device (UMD)” means bicycles, tricycles, scooters, hoverboards, skateboards, pedal cars, segways, and other similar devices, whether they are powered or nonpowered. A UMD does not include devices used as assistive mobility devices by persons with disabilities.

“User” means a person who rents and uses a ~~bicycle, electric bicycle or electric scooter~~ UMD from an operator.

Section 12.62.020 – Application for Permit

- A. A Pilot Program is hereby created to allow for operators which desire to operate a ~~dockless bicycle and/or scooter share~~ SUMD system or business within the limits of the Metropolitan Government of Nashville and Davidson County. No person shall operate a SUMD System without first obtaining a certificate of public necessity and convenience to do so as provided in this Chapter. Any operator interested in applying for a ~~permit~~ certificate of public necessity and convenience shall submit an application to ~~Metro~~ the Metropolitan Transportation Licensing Commission (MTLC).
- B. The application must include these items:
1. A completed Certificate of Public Convenience and Necessity Application, in a form approved by the MTLC, which includes a the following information and is accompanied by a payment of the \$500 application fee and the following:
 - a. Images and description of ~~bicycle~~ SUMDs and mobile application;
 - b. Size of fleet at launch, including any planned fleet expansions during the pilot period;
 - c. Service area at launch, including any planned expansions during the pilot period;
 - d. Plan for educating users on proper ~~bicycle and/or scooter~~ SUMD operation and parking;
 - e. Plan for providing an equitable ~~bicycle and/or scooter share~~ SUMD service; and
 - f. Plan for complying with this ordinance and its requirements.
 2. Certificate of Insurance, pursuant to Sec. 12.62.030.D.
- C. ~~If the MTLC staff determines that the~~ application meets all the requirements, ~~operators will need to~~ above, the applicant/operator shall submit the items below prior to issuance of the permit.
1. Program Administrative Fee, pursuant to Sec. 12.62.070.A.;
 2. Performance Bond, pursuant to Sec. 12.62.050.D.; and
 3. Five (5) account logins to allow Metropolitan Government staff to login to the operator's

- system as if they were a User, for oversight.
- D. The number of permitted operators shall not be limited by the Metropolitan Government.
 - E. During this pilot program, a permit certificate of public necessity and convenience shall be issued for one (1) year and may be renewed by the MTLC only after re-application.
 - F. Operators are not entitled to and have no automatic right to renewal of their permit, and operators must comply with any and all ordinances, regulations or policies that are duly and lawfully adopted by the Metropolitan Government after a permit is approved.
 - G. Any operator determined to have operated within the limits of the Metropolitan Government of Nashville and Davidson County after June 15, 2018 ~~and before obtaining the appropriate permit mandated by this ordinance~~ shall be prohibited from obtaining a permit for one year from the effective date of this ordinance.
 - H. The MTLC is authorized to promulgate regulations to interpret and administer this chapter.

Section 12.62.030 – Safety Regulations

- A. To be eligible for a permit, the following standards must be met:
 - 1. All bicycles used by operators issued a permit under this chapter shall meet the standards set forth in the Code of Federal Regulations (CFR) under Title 16, Chapter II, Subchapter C, Part 1512 – Regulations for Bicycles and ISO 43.150 – Cycles, subsection 4210. All bicycles shall meet the requirements for lights during hours of darkness described in Tennessee Code Annotated § 55-8-177. This includes a front light that emits white light and a rear red reflector.
 - 2. All electric bicycles used by operators issued a permit under this chapter shall meet the standards set forth for bicycles and shall meet the National Highway Traffic Safety Administration definition of low-speed electric bicycle. Each electric bicycle must have fully operable pedals, an electric motor of less than 750 watts, and a top motor-powered speed of less than 20 miles per hour when operated by a rider weighing 170 pounds. An electric bicycle must meet the standards set forth in Tennessee Code Annotated ~~§§~~ Title 55, Chapter 8, Part 3. If the Metropolitan Government determines that any battery or motor on an electric bicycle is unsafe for public use, it reserves the right to terminate the permit issued under this pilot program.
 - 3. All electric scooters used by operators issued a permit under this chapter shall meet the standards set forth for electric bicycles, except an electric scooter need not have fully operable pedals. An electric scooter shall have a foot board for the user to stand upon and no seat. Each scooter shall have a top motor-powered speed of less than 20 miles per hour when operated by a rider weighing 170 pounds. If the Metropolitan Government determines that any battery or motor on a scooter is unsafe for public use, it reserves the right to terminate the permit issued under this pilot program.
 - 4. The MTLC is authorized to adopt safety standards to address other types of UMD's, including but not limited to (non-electric) types of powered UMD's, if it chooses to allow them.
- B. All operators permitted pursuant to this program shall provide a mechanism for users to notify the operator of any safety or maintenance issues with the ~~bicycle, electric bicycle or electric scooter~~ SUMDs.
- C. All operators shall affix to any ~~bicycle, electric bicycle or electric scooter~~ SUMD visible language that notifies the user ~~that~~:
 - 1. A ~~bicycle, electric bicycle or electric scooter~~ SUMD shall not be operated upon a sidewalk within a business district.
 - 2. Whenever operating a ~~bicycle, electric bicycle or electric scooter~~ SUMD upon a sidewalk, the user shall yield to any pedestrian and shall give an audible signal before overtaking and passing such pedestrian.
 - 3. Helmet use is encouraged while riding.
 - 4. When riding on a street, users must follow the rules of the road as one would in a motor vehicle.
 - 5. 24-hour customer service phone number for users and the general public to report safety concerns, complaints or ask questions.
 - 6. ~~Bicycle or scooter~~ SUMD unique identifier.
- D. All permitted operators shall have a minimum of one million dollars (\$1,000,000) in automobile insurance and two million dollars (\$2,000,000) in commercial general liability insurance.
- E. Prior to a permit certificate of public convenience and necessity being issued, all ~~permittees~~

certificate holders shall sign and record with Metro the MTLC an indemnification agreement (in a form approved by the Metropolitan Department of Law) in which the permittee certificate holder agrees to indemnify and hold harmless the Metropolitan Government of Nashville and Davidson County. The certificate holder shall further include in its agreements with its users a term that its users must agree to as prerequisite to the use of the SUMD: that the user fully releases and waives all liability of the Metropolitan Government for any injury or harm the user experiences arising from the user's use of the certificate holder's SUMD.

- F. Permitted operators shall agree that the Metropolitan Government is not responsible for educating users on how to ride or operate a ~~bicycle, electric bicycle or electric scooter~~ SUMDs.
- G. Permitted operators shall inform and regularly educate all users regarding all laws and regulations applicable to riding, operating and parking a ~~bicycle or scooter~~ SUMD and instruct users to comply with these laws and regulations.
- H. All ~~bicycles and scooters~~ SUMDs shall include on-board GPS to ensure an operator's ability to locate and retrieve them as needed.
- I. Operators shall ensure that on a regular basis all ~~bikes~~ SUMDs are inspected, maintained, and replaced as necessary.
- J. All certificate holders are required to submit monthly reports to the MTLC certifying under oath their compliance with all of the requirements of this ordinance. The MTLC staff, at their discretion, shall have the right to inspect all SUMDs and records of the operator in order to verify the accuracy of such certifications. Any false certifications shall result in the revocation of the certificate holder's certificate of public convenience and necessity, after notice and a hearing regarding same before the MTLC.

Section 12.62.040 – Parking and Use of ~~Bicycles and Scooters~~ Shared Urban Mobility Devices

- A. Operators shall inform users on how and where to properly use and park a ~~bicycle, electric bicycle or electric scooter~~ SUMD.
- B. Permits issued pursuant to this chapter are valid only for operations within the public right-of-way within the jurisdiction of Metro. Additional zones may be established for other locations upon coordination with the appropriate department, agency, and/or property owner.
- C. ~~Any bicycle, electric bicycle or electric scooter~~ Any SUMD parked in any one location for more than two (2) consecutive days without moving may be removed by the department of public works and taken to a facility designated by the department for storage at the expense of the operator. The Metropolitan Government shall invoice the violating operator.
- D. ~~Any bicycle, electric bicycle, or electric scooter~~ SUMD shall be upright when parked.
- E. ~~Bicycles and scooters~~ SUMDs shall not be parked in such a manner as to impede the right of way or impede access to the right of way, consistent with the following:
 - 1. SUMDs shall be parked in the frontage zone as defined in the Major and Collector Street Plan (MCSP), or furnishing zone as defined by the adopted standards of the Metropolitan Government, or at a bicycle rack owned or operated by the Metropolitan Government. Operators shall inform customers on how to park SUMDs properly, following the requirements for parking of bicycles outlined in section 12.60.140.
 - 2. Restrictions to eligible SUMD parking zones on sidewalks:
 - a) SUMDs shall not be parked on blocks where the frontage/furnishing zone is less than 3 feet wide, or where there is no frontage/furnishing zone.
 - b) On blocks without sidewalks, SUMDs may be parked if the travel lane(s) and 6-foot pedestrian clear zone are not impeded.
 - c) Metro, through its Traffic and Parking Commission, reserves the right to determine certain block faces where free-floating SUMD parking is prohibited. Geo-fenced areas may be used to designate where SUMD parking is or is not allowed.
 - d) SUMDs shall not be parked in the frontage/furnishing zone adjacent to or within:
 - i. Parklets;
 - ii. Transit zones, including bus stops, shelters, passenger waiting areas and bus layover and staging zones, except at existing bicycle racks;
 - iii. B-Cycle stations;
 - iv. Loading zones;
 - v. Disabled parking zone;
 - vi. Street furniture that requires pedestrian access (for example - benches, parking pay

stations, bus shelters, transit information signs, etc.):

- vii. Curb ramps;
 - viii. Entryways; and
 - ix. Driveways.
- F. All permitted operators shall provide contact information for relocation requests on each ~~bicycle, electric bicycle, or electric scooter~~ SUMD.
- G. ~~A bicycle, electric bicycle or electric scooter~~ SUMD shall not be operated upon a sidewalk within a business district. The Traffic and Parking Commission may also determine specific areas as business districts.
- H. Whenever operating a ~~bicycle, electric bicycle or electric scooter~~ SUMD upon a sidewalk, the user shall yield to any pedestrian and shall give an audible signal before overtaking and passing such pedestrian.
- I. All permitted operators shall comply with any restrictions developed by the Metropolitan Government regarding where ~~bicycles and scooters~~ SUMDs can be deployed, placed, parked, and operated.
- J. Only one person shall be on a ~~bicycle or scooter~~ SUMD, unless ~~the bicycle~~ it is equipped with seating for additional users.
- K. ~~A bicycle or scooter~~ An operator shall ~~only~~ not allow a powered SUMD to be operated by a person who is less than eighteen (18) years or older.
- L. An operator shall not allow an SUMD that meets the definition of a motorized vehicle to be operated by any person who does not have a driver's license.
- M. Any violation of this ordinance by a user in the operation or parking of a ~~bicycle or scooter~~ SUMD shall be a fine of twenty-five dollars (\$25) ~~that is. The fine shall be~~ assessed on the ~~bicycle or scooter~~ SUMD and paid by the owner of the SUMD.
- N. All Metropolitan Government departments and entities are encouraged but not required to find innovative ways to accommodate and incorporate the use and parking of ~~bicycles, electric bicycles or scooters~~ SUMDs.

Section 12.62.050 – Operations of ~~Dockless Bicycle and/or Scooter Share Operator~~ Shared Urban Mobility Device Systems

- A. All permitted operators shall have a staffed operations center within the boundaries of the Metropolitan Government of Nashville and Davidson County.
- B. All permitted operators shall have a 24-hour customer service phone number for users and ~~others~~ the general public to report safety concerns, complaints or ask questions. The phone number shall be visible on all of the operator's ~~bicycles, scooters~~ SUMD, signage and other equipment.
- C. All permitted operators shall create and maintain a Nashville-specific website and/or social media platform that includes information on Metropolitan Government regulation of ~~dockless bicycles and scooters~~ SUMDs and other relevant and appropriate information regarding their operation. The site shall also explain the terms of service, including user instructions, privacy policies, and all fees, costs, penalties, and unexpected charges.
- ~~D. All permitted operators shall provide Metro with a direct contact number of staff capable of rebalancing or relocating bicycles or scooters.~~
- D. All permitted operators shall provide the Metropolitan Government with contact information, such as name, phone number, and email, of a Nashville-based manager or operations staff available 24 hours a day, 7 days a week. The Nashville-based manager or operations staff shall be capable of re-balancing or relocating ~~bicycles or scooters~~ SUMDs and is be able to respond to ~~Metro~~ requests, emergencies, and other issues at any time.
- E. All permitted operators shall have a performance bond of eighty dollars (\$80) per ~~bicycle or scooter~~ SUMD, with a cap of one hundred thousand dollars (\$100,000). The form of the bond shall be approved by ~~Metro~~ the Metropolitan Department of Law. These funds shall be accessible to the Metropolitan Government for future public property repair and maintenance costs that may be incurred related to SUMD use, removing, and storing ~~bicycles/scooters~~ SUMDs improperly parked, or if a company is not present to remove ~~bicycles or scooters~~ SUMDs if its permit certificate of public convenience and necessity is terminated. If a permitted operator increases the size of their fleet, the performance bond shall be adjusted appropriately before deploying additional ~~bicycles or scooters~~ SUMDs.
- F. Permitted operators shall respond to requests for rebalancing, relocation, reports of incorrectly parked ~~bicycles and/or scooters~~ SUMDs, or reports of unsafe/inoperable ~~bicycles or scooters~~

~~SUMDs by relocating, re-parking, or removing the bicycles and/or scooters~~ SUMDs, as appropriate, within 24 2 hours or less of notification between 6am and 10pm on weekdays, not including holidays, and within 10 hours of notification all other times. Any inoperable or unsafe ~~bicycle or scooter~~ SUMD shall be removed within 2 hours of notification, and it must be repaired before placed back onto the right-of-way or into revenue service. The MTLC may designate specific areas with different time requirements.

- G. ~~Every bicycle and scooter~~ SUMD shall have a unique identifier, such as a unit number, that is visible to the user on the bicycle SUMD.
- H. ~~If the Metropolitan Government or any Metro department or office agency thereof~~ incurs any costs as a result of addressing or abating any a permittee operator's violation of these requirements, or incurs any costs of repair or maintenance of public property, upon receiving written notice of the costs, the permitted operator shall reimburse the Metropolitan Government for such costs within thirty (30) days.
- E. ~~After notice and a hearing, the Metro-MTLC may take disciplinary action, including revocation, suspension or probation, against any appropriate steps or assess any penalties or sanctions to compel operators~~ certificate holder who fails to comply with this ordinance, any other Metro ordinance, provision of the Metropolitan Code or any other applicable law. This shall include cancellation of an operator's permit as authorized in 12.62.050.K. MTLC staff is authorized to take any temporary action until a hearing is held.
- I. ~~Metro reserves the right to terminate permits. Upon revocation or surrender of a certificate of public necessity and convenience, decommissioning shall be completed within thirty (30) days unless a different time period is determined by Metro~~ MTLC or its staff.
- J. The Metropolitan Government shall establish, and all permitted operators shall comply with, procedures and protocol in the event of extreme weather, emergencies, and special events.
- K. ~~Permitted operators shall respond to requests for rebalancing, reports of incorrectly parked bicycles and/or scooters, or reports of Metro can require relocation or rebalance of vehicles on regular basis, and companies must do so within 48 hours or less of notification.~~
- L. Permitted operators shall respond to reports of incorrectly parked SUMDs, requests for rebalancing, or requests for relocation of SUMDs, and must take corrective action within forty-eight (48) hours of notification.
- M. ~~Metro~~ The MTLC and its staff has the power and is are authorized to do all acts and things necessary or convenient to implement this ordinance, compel compliance with this ordinance, to promote and protect public safety, and to ensure the right of way is not impeded.
- N. MTLC or its staff may limit the hours of operation of SUMDs or the streets within the metropolitan area in which they can operate. Any deviation from the approved hours or locations of operation must be approved by the MTLC or its staff. Any approved deviation must be reported to the MTLC or the MTLC director staff prior to beginning of operations.

Section 12.62.060 – Data Sharing

- A. ~~Permitted operators will report data to Metro for reporting and analysis purposes.~~
- B. ~~Permitted operators are required to report information regarding their Nashville fleet. Operators will work with Metro to provide the following information on their company's operations within Metro:~~
 - A. Permitted operators shall provide the Metropolitan Government and its departments with real-time information on the entire Nashville fleet through a documented application program interface (API). The permitted operator is directly responsible for obtaining an API key from the Metropolitan Government to which the operator will publish the data described below. The data to be published to the API will include the following information in real time for every SUMD parked in the Nashville operational area:
 - 1. Point location;
 - 2. ~~Location, duration and distance of trips;~~
 - 2. Bicycle or scooter SUMD identification number;
 - 3. Type of bicycle or scooter SUMD (standard or powered);
 - 4. ~~Demographics of the user of bicycles/scooters;~~
 - 4. Fuel level (if electric powered);
 - B. The Metropolitan Government is permitted to display real-time data provided via the API described in 12.62.060.A.

- C. The Metropolitan Government is able to publish real-time SUMD availability data to the public.
- D. All permitted operators shall provide the following anonymized data for each trip record to inform and support safe and effective management of the SUMD system, and for transportation planning efforts. Data will be submitted to the Metropolitan Government via an API to be distributed by the Metropolitan Government.

Field Name	Format	Description
<u>Company Name</u>	[company name]	n/a
<u>Type of SUMD</u>	"Standard" or "Powered"	3-letter company acronym + consecutive trip #
<u>Trip record number</u>	xxx0001, xxx002, xxx0003, ...	n/a
<u>SUMD ID number</u>	xxx1, xxx2, ...	Unique identifier for every SUMD, determined by company
<u>Trip duration</u>	MM:SS	n/a
<u>Trip distance</u>	Feet	n/a
<u>Start date</u>	MM, DD, YYYY	n/a
<u>Start time</u>	HH:MM:SS (00:00:00 – 23:59:59)	n/a
<u>End date</u>	MM, DD, YYYY	n/a
<u>End time</u>	HH:MM:SS (00:00:00 – 23:59:59)	n/a
<u>Start location</u>	Census block	n/a
<u>End location</u>	Census block	n/a
<u>Trip Route</u>	GPS Coordinates	GPS coordinates for entire trip duration and distance

- E. All permitted operators will provide the following SUMD availability data for oversight of parking compliance and SUMD distribution by minutes. Data may be submitted to the Metropolitan Government Open Data Portal.

Field Name	Format	Description
<u>GPS Coordinate</u>	X, Y	n/a
<u>Availability duration</u>	Minutes	n/a
<u>Availability start date</u>	MM, DD, YYYY	n/a
<u>Availability start time</u>	HH:MM:SS (00:00:00 – 23:59:59)	n/a
<u>Company website</u>	URL	Link to website with customer service capability
<u>Company phone</u>	615-xxx-xxxx	Local customer service number

- F. Permitted operators and their customers shall consent to the sharing of operator data by the Metropolitan Government with the Transit Hub Transportation Data Collaborative (TH-TDC). Permitted operators shall include in terms of use that customers also consent that trip data will be shared with the Metropolitan Government and become public record. (All data will be anonymized).
- G. All permitted operators shall consent to distribute to all users a customer survey, provided by the Metropolitan Government, under circumstances agreed to by the Metropolitan Government and the company regarding customer service and program evaluation.
- H. All permitted operators under this pilot permit program shall keep a record of maintenance activities, including but not limited to SUMD identification number, maintenance performed, and SUMDs retrieved due to unauthorized parking. These records shall be sent to the Metropolitan Government weekly.
- I. All permitted operators agree to participate with any evaluation of the program.
- J. All permitted operators will first clean data before providing or reporting data to Metro. Data processing and cleaning shall include:
 1. Removal of staff servicing and test trips
 2. Removal of trips below one minute
 3. Trip lengths are capped at 24 hours
- K. Permitted operators shall provide all data so that individual users can not be identified.

- A. Applicants shall pay a program administrative fee of thirty-five dollars (\$35) per ~~bicycle, electric bicycle or scooter to department of public works~~ SUMD to the MTLC for the administrative ~~time costs~~ during pilot permit program. Operators will be required to pay this administrative fee for any additional ~~bicycle or scooter~~ SUMD expansions. This fee must be renewed annually, and may change at any time by resolution of the metropolitan council. The MTLC may make recommendations to the metropolitan council about the amount of the fee at any time for any reason.
- ~~B. One dollar (\$1) of each program administrative fee and one percent (1%) of all other fee revenue shall be earmarked to creating and improving bike lanes, dividers, curbside parking stalls, and other biking and bike parking infrastructure to accommodate increased use of this infrastructure.~~
- B. If any stations or other structures are proposed, each site shall require additional review deposits and permitting, including obtaining a separate encroachment permit.

Section 12.62.080 – Number of ~~bicycles and/or scooters~~ Shared Urban Mobility Devices allowed

- ~~A. Permitted operators' fleets are limited to 400 bicycles or scooters during the first three months of the pilot, 800 bicycles or scooters beginning at the third month of the pilot, and 1,500 bicycles or scooters beginning at the sixth month of the pilot. After the sixth month, permitted operators can expand beyond 1,500, assuming they fulfill the other requirements contained in this chapter and in the permit.~~
- A. Permitted operators' fleets shall be limited in number with separate limitations for each type or category of SUMD, such as bicycles, powered bicycles, and powered scooters. The MTLC may establish other categories of SUMDs.
- B. Each type or category of SUMD shall be limited in number to 400 during the first two months of the pilot, 800 beginning at the third month of the pilot, and 1,200 beginning at the fifth month of the pilot. After the sixth month and approval by the MTLC, permitted operators can expand beyond 1,200, assuming they fulfill the other requirements contained in this chapter and in the permit.
- ~~C. Metro shall determine an average utilization threshold for dockless bicycles, electric bicycle and electric scooters for each type of dockless vehicle after gathering information and consulting with appropriate entities.~~
- D. Metro At any time the MTLC or its staff shall allow permitted operators to increase their fleet size on a monthly basis beyond these the above limitations if the permitted operators' provided data demonstrates their fleet is being used above the average utilization threshold.
- E. Each expansion or increase in fleet size shall require a determination by the MTLC or its staff that the permitted operator has fulfilled the requirements of this chapter and the number of violations associated with the SUMDs of that operator is below a threshold to be established by the MTLC.
- F. Metro The MTLC shall determine the average utilization threshold for dockless bicycles, electric bicycle and electric scooters SUMDs for each type of vehicle after gathering information and consulting with appropriate entities. Until the MTLC determines the average utilization threshold, the threshold for SUMDs shall be as follows:
 1. For scooters the average trip per scooter during the prior month shall exceed 3 trips per day;
 2. For electric bicycles, the average trip per bicycle during the prior month shall exceed 2 trips per day;
 3. For bicycles, the average trip per bicycle during the prior month shall exceed 1 trip per day;
- G. The MTLC may require permitted operators to reduce their fleet size on a monthly basis if permitted operators' provided data demonstrates their fleet is being used below the average utilization threshold. Reduction of a permitted user's fleet size according to this section shall only be implemented after notice and a hearing before the MTLC. The MTLC may adopt criteria for reducing fleet size.
- H. ~~Permitted operators~~ A permitted operator shall notify Metro the MTLC if they plan it plans to change their its fleet size, within the parameters permitted above, two weeks before deployment. This notice shall include the additional program administrative fee for the expanded fleet and documentation of their its updated performance bond.
- I. All permitted operators shall have systems with service areas that do not exceed 340 of each type of bicycles or scooters SUMDs per square mile. The MTLC shall designate the location of

the square mile locations in relation to service areas.

- J. Any permitted vendors operating systems with more than 1,000 ~~bicycles/scooters~~ SUMDs must include Nashville Promise Zones in 20% or more of their service area.

Section 12.62.090 – Equitable access

- A. Permitted operators shall have a plan to provide equitable access in neighborhoods and to communities and users that are underserved by mobility and transportation options.
- B. Permitted operators are encouraged to:
 - 1. Provide pricing options that address the needs of low-income residents;
 - 2. Provide discount programs to low income individuals;
 - 3. Develop options that do not require a smartphones;
 - 4. Provide cash-payment options; and
 - 5. Provide adaptive ~~bicycles and scooters~~ SUMDs that enable operation by people with disabilities.

Section 12.62.110 – Study by Metro

- A. ~~Metro~~ The MTLC shall conduct a study no later than ~~January 1~~ July 1, 2020 to:
 - 1. Determine if revenue generated by fees covers the cost of permitting, administration, compliance and enforcement;
 - 2. Determine the impact of ~~dockless bicycles and scooter~~ SUMDs; and
 - 3. Recommend changes to this ordinance or other Metropolitan Government ordinances, policies or practices.

Section 2. This ordinance shall take effect from and after its final passage, the welfare of the Metropolitan Government of Nashville and Davidson County, Tennessee, requiring it.

INTRODUCED BY:

Jeremy Elrod
Member of Council

AMENDMENT NO. A
TO
SECOND SUBSTITUTE ORDINANCE NO. BL2018-1202

Madam President –

I move to amend Second Substitute Ordinance No. BL2018-1202 as follows:

I. By amending Section 1 by deleting proposed subsection 12.62.070.A in its entirety and substituting therefore the following:

- A. Applicants shall pay a program administrative fee of ten dollars (\$10) per bicycle, fifteen dollars (\$15) per electric bicycle or thirty-five (\$35) per scooter to the MTLC for the administrative costs during pilot permit program. Operators will be required to pay this administrative fee for any additional SUMD expansions. This fee must be renewed annually, and may change at any time by resolution of the metropolitan council. The MTLC may make recommendations to the metropolitan council about the amount of the fee at any time for any reason.

INTRODUCED BY:

Jeremy Elrod
Member of Council

AMENDMENT NO. B

TO

SECOND SUBSTITUTE ORDINANCE NO. BL2018-1202

Madam President –

I move to amend Second Substitute Ordinance No. BL2018-1202 as follows:

I. By amending Section 1 by deleting proposed subsection 12.62.080.B in its entirety and substituting therefore the following:

- A. Each type or category of SUMP shall be limited in number to 400 during the pilot period. The MTLIC or its staff shall determine any increases in fleet size above 400, assuming they fulfill the other requirements contained in this chapter and in the permit. At any time the MTLIC or its staff shall allow permitted operators to increase their fleet size on a monthly basis beyond the above limitations if the permitted operators' provided data demonstrates their fleet is being used above the average utilization threshold.

II. By further amending Section 1 by deleting proposed subsection 12.62.080.C in its entirety and renumbering the remaining subsections as necessary.

INTRODUCED BY:

Jeremy Elrod
Member of Council

AMENDMENT NO. C

TO

SECOND SUBSTITUTE ORDINANCE NO. BL2018-1202

Madam President –

I move to amend Second Substitute Ordinance No. BL2018-1202 as follows:

I. By amending Section 1 by deleting proposed subsection 12.62.080.B in its entirety and

- B. Each type or category of SUMD shall be limited in number to 500 during the first month; 750 during the second month, 1,000 each beginning in the third month of the pilot. After the third month, permitted operators can expand beyond the 1,000 cap for each type of shared vehicle by adding up to 500 additional vehicles per month assuming they fulfill the other requirements contained in this chapter and in the permit. For each month that an operator satisfies the utilization requirements listed below, the operator can add up to 500 additional vehicles in each of the three types or categories.

II. By further amending Section 1 by deleting proposed subsection 12.62.080.C in its entirety and renumbering the remaining subsections as necessary.

INTRODUCED BY:

Jeremy Elrod
Member of Council

AMENDMENT NO. D

TO

SECOND SUBSTITUTE ORDINANCE NO. BL2018-1202

Madam President –

I move to amend Second Substitute Ordinance No. BL2018-1202 as follows:

I. By amending Section 1 by deleting proposed subsections 12.62.080.A and 12.62.080.B in their entirety and substituting therefore the following:

- A. Permitted operators' fleets shall be limited in number to 400 SUMD's during the first two months of the pilot, 800 beginning at the third month of the pilot, and 1,200 beginning at the fifth month of the pilot. After the sixth month and approval by the MTLC, permitted operators can expand beyond 1,200, assuming they fulfill the other requirements contained in this chapter and in the permit.

II. By further amending Section 1 by renumbering the remaining subsections of 12.62.080 as necessary.

INTRODUCED BY:

Burkley Allen
Member of Council

AMENDMENT NO. _____

TO

SUBSTITUTE ORDINANCE NO. BL2018-1203

Madam President –

I move to amend Substitute Ordinance No. BL2018-1203 as follows:

I. By amending Section 2 by deleting it in its entirety and substituting therefore the following:

Section 2. That Chapter 12.58 – Scooters, Roller Skates and In-Line Skates be renamed “Chapter 12.58 – Non-Motorized Scooters, Roller Skates, and In-Line Skates” and be further amended ~~be~~ by replacing all instances of “scooter” with “non-motorized scooter.”

INTRODUCED BY:

Dave Rosenberg
Member of Council