

Resolution No. RS2008-142

Supplemental Resolution defining the terms of, and authorizing the execution, issuance, sale and payment of, two series of water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed One Hundred Seventy-Six Million Dollars (\$176,000,000) of The Metropolitan Government of Nashville and Davidson County (Tennessee), and amending Substitute Resolution No. R85-762.

WHEREAS, The Metropolitan County Council (the “Metropolitan Council”) of The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) on November 5, 1985, adopted Substitute Resolution No. R85-762, entitled “Water and Sewer Revenue Bond Resolution” (the “Master Resolution”); on October 7, 1986, adopted Resolution No. R86-1121 entitled “Supplemental Resolution Authorizing the Issuance of the Water and Sewer Revenue Refunding Bonds of 1986 In An Amount Not to Exceed \$350,000,000, And Amending Substitute Resolution No. R85-762” (the “First Amending Resolution”); on October 3, 1989, adopted Resolution No. R89-919 entitled “Fourth Supplemental Resolution With Respect to the Metropolitan Government of Nashville and Davidson County Water and Sewer Variable Rate Demand Revenue Bonds 1985 Series C Ratifying Certain Actions of the Director of Finance, Approving a Remarketing Agreement, Electing to Convert to a Fixed Interest Rate, Approving a Supplemental Remarketing Agreement, Appointing a Paying Agent and Registrar, Approving a Remarketing Circular, Amending Substitute Resolution No. R85-804 and Amending Substitute Resolution No. R85-762” (the “Second Amending Resolution”); on August 4, 1992, adopted Substitute Resolution No. R92-341 entitled “Supplemental Resolution Authorizing the Issuance of Water and Sewer Revenue Bonds, Series 1992 In An Amount Not to Exceed \$175,000,000 and Amending Substitute Resolution No. R85-762” (the “Third Amending Resolution”); and on July 20, 1993, adopted Substitute Resolution No. R93-770 entitled “Supplemental Resolution Authorizing the Issuance of Water and Sewer Revenue Refunding Bonds, Series 1993 in an Amount Not to Exceed \$175,000,000 and Amending Substitute Resolution No. R85-762” (the “Fourth Amending Resolution”) (the Master Resolution, as amended by the First Amending Resolution, the Second Amending Resolution, the Third Amending Resolution, and the Fourth Amending Resolution, is hereafter referred to as the “General Bond Resolution”); and

WHEREAS, the Metropolitan Government currently has outstanding under the General Bond Resolution its Water and Sewer Revenue Refunding Bonds of 1986, authorized by the First Amending Resolution; its Water and Sewer Revenue Refunding Bonds, Series 1993, authorized by the Fourth Amending Resolution; its Water and Sewer Revenue Refunding Bonds, Series 1998A, authorized by Substitute Resolution No. R98-1004, adopted by the Metropolitan Council on January 20, 1998; its Water and Sewer Revenue Bonds, Series 1998B, authorized by Substitute Resolution No. R98-1018, adopted by the Metropolitan Council on February 3, 1998; its Water and Sewer Revenue Refunding Bonds, Series 2002, authorized by Resolution No. RS2002-1211 adopted by the Metropolitan Council on October 15, 2002 and its Water and Sewer Revenue Refunding Bonds, Series 2007, authorized by Substitute Resolution No. R2007-2066 adopted by the Metropolitan Council on June 19, 2007 (collectively, the “Outstanding Water and Sewer Bonds”); and

WHEREAS, the Metropolitan Council desires to authorize the issuance, sale and delivery of water and sewer revenue refunding bonds under the General Bond Resolution, on a parity of lien with the Outstanding Water and Sewer Revenue Bonds, for the purpose of providing funds to refund a portion of the Outstanding Water and Sewer Bonds as more fully set forth herein; and

WHEREAS, it is the Metropolitan Council's judgment that refunding a portion of the Outstanding Water and Sewer Bonds as more fully set forth herein will result in reduction in debt service payable by the Metropolitan Government over the term of the Refunded Bonds (as such term is defined herein) thereby effecting a cost savings to the public; and

WHEREAS, the Metropolitan Council is authorized by the provisions of Title 9, Chapter 21 and Title 7, Chapter 34, Tennessee Code Annotated, as amended, and by the Charter of the Metropolitan Government, as amended, to issue bonds for this purpose; and

WHEREAS, the Metropolitan Council has determined that it is in the best interest of the Metropolitan Government to adopt certain amendments to the General Bond Resolution as more fully set forth herein; and

WHEREAS, it is now, therefore, necessary and desirable to define the terms of, and authorize the execution, issuance, sale and payment of, these water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed \$176,000,000;

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

ARTICLE I
AUTHORITY AND DEFINITIONS

1.01 Supplemental Resolution. This Resolution is supplemental to the General Bond Resolution.

1.02 Authority for this Resolution. This Resolution is adopted and the Series 2008 Bonds are issued pursuant to and in accordance with (i) Section 7.07 of the Charter of the Metropolitan Government, (ii) the Constitution and laws of the State of Tennessee, including particularly, Title 7, Chapter 34 and Title 9, Chapter 21, Tennessee Code Annotated, as amended (collectively, the "Act"), (iii) the General Bond Resolution, and (iv) this Resolution.

1.03 Definitions. Except as provided by this Resolution, all terms which are defined in Section 1.1 of the General Bond Resolution shall have the same meanings, respectively, in this Resolution as such terms are given in said Section 1.1 of the General Bond Resolution. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Bond Purchase Agreement" means a bond purchase agreement dated as of the sale date of the Series 2008 Bonds, entered into by and between the Metropolitan Government and the Underwriter in the form of Exhibit B attached hereto;

“Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as registered owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Metropolitan Government or the Registrar, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds;

“Code” means the Internal Revenue Code of 1986, as amended;

“Depository” means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

“Director of Finance” means the Director of Finance appointed pursuant to the provisions of the Charter or, in the absence of such appointment, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Finance, or his designee;

“DTC” means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

“DTC Participant(s)” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;

“Escrow Agent” means Deutsche Bank National Trust Company, as Escrow Agent under the Escrow Agreement, or its successor or successors under the terms of the Escrow Agreement;

“Escrow Agreement” means the document described in Section 6.01 hereof, the form of which is attached hereto as Exhibit C;

“Financial Advisor” means Public Financial Management, Inc.;

“General Bond Resolution” shall mean Substitute Resolution No. R85-762 adopted by the Metropolitan Council on November 5, 1985, as amended by Resolution No. R86-1121 adopted on October 7, 1986, by Resolution No. R89-919 adopted on October 3, 1989, by Substitute Resolution No. R92-341 adopted on August 4, 1992, and by Substitute Resolution No. R93-770 adopted on July 20, 1993;

“Metropolitan Treasurer” means the Metropolitan Treasurer appointed pursuant to the provisions of the Charter or, in the absence of such appointment, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Metropolitan Treasurer, or his designee;

“Official Statement” and “Preliminary Official Statement” mean the Official Statement and Preliminary Official Statement described in Section 5.02 hereof pertaining to the sale of the Series 2008 Bonds;

“Person” means an individual, partnership, corporation, limited liability company, trust, unincorporated organization, or a governmental entity or agency or political subdivision thereof;

“Resolution” means this “Supplemental Resolution defining the terms of, and authorizing the execution, issuance, sale and payment of, two series of water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed One Hundred Seventy-Six Million Dollars \$176,000,000 of The Metropolitan Government of Nashville and Davidson County (Tennessee), and amending Substitute Resolution No. R85-762”;

“Refunded Bonds” means the Series 1986 Bonds, the Series 1998A Bonds and the Series 1998B Bonds;

“Series 1986 Bonds” means the Metropolitan Government’s outstanding Water and Sewer Revenue Refunding Bonds, Series 1986, dated October 1, 1986 and maturing January 1, 2016, or such portion thereof, as shall be designated by the Metropolitan Mayor, in consultation with the Director of Finance and the Financial Advisor, that, alone or with other refunded bonds, achieve the cost savings objectives of the Metropolitan Government;

“Series 1998A Bonds” means the Metropolitan Government’s outstanding Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022, or such other maturities, or portions thereof, as shall be designated by the Metropolitan Mayor, in consultation with the Director of Finance and the Financial Advisor, that, alone or with other refunded bonds, achieve the cost savings objectives of the Metropolitan Government;

“Series 1998B Bonds” means the Metropolitan Government’s outstanding Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing January 1, 2009 through January 1, 2012, inclusive, or such other maturities, or portions thereof, as shall be designated by the Metropolitan Mayor, in consultation with the Director of Finance and the Financial Advisor, that, alone or with other refunded bonds, achieve the costs savings objectives of the Metropolitan Government;

“Series 2008A Bonds” means not to exceed \$147,000,000 in aggregate principal amount of Water and Sewer Revenue Refunding Bonds authorized to be issued hereunder for the purpose of refunding the Series 1998A Bonds and the Series 1998B Bonds;

“Series 2008B Bonds” means not to exceed \$29,000,000 in aggregate principal amount of Water and Sewer Revenue Refunding Bonds authorized to be issued hereunder for the purpose of refunding the Series 1986 Bonds;

“Series 2008 Bonds” means the Series 2008A Bonds and the Series 2008B Bonds;

“Underwriter” means Morgan Keegan & Company, Inc., acting on behalf of itself and one or more underwriters including, but not limited to, Lehman Brothers, Merrill Lynch & Co., Inc., and Wiley Bros.-Aintree Capital, LLC; and

“Trustee” means the Trustee for the Series 2008 Bonds as designated pursuant to Section 5.06 below.

ARTICLE II FINDINGS

The Metropolitan Council hereby finds and determines that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series 2008 Bonds will result in reduction in debt service payable by the Metropolitan Government over the term of the Refunded Bonds thereby effecting a cost savings to the public. The Metropolitan Council hereby further finds and determines that it is advantageous to the Metropolitan Government to deposit a portion of the proceeds from the sale of the Series 2008 Bonds and other funds of the Metropolitan Government, if any, with the Escrow Agent pursuant to the Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds.

ARTICLE III AUTHORIZATION OF SERIES 2008 BONDS

3.01 Principal Amount, Designation and Series. Pursuant to the provisions of the General Bond Resolution, two Series of Bonds entitled to the benefit, protection and security of such provisions are hereby authorized, the first, the Series 2008A Bonds, in an aggregate principal amount not exceeding \$147,000,000, and the second, the Series 2008B Bonds, in an aggregate principal amount not exceeding \$29,000,000.

3.02 Purpose. The Series 2008A Bonds shall be issued for the purpose of providing funds, together with other legally available funds of the Metropolitan Government needed for such purpose, to pay principal of and premium, if any, and interest on the Refunded Bonds (Series 1998A and 1998B) to the earliest optional redemption date thereof and to pay the costs of issuance and sale of the Series 2008A Bonds. The Series 2008B Bonds shall be issued for the purpose of providing funds, together with other legally available funds of the Metropolitan Government needed for such purpose, to pay principal of and premium, if any, and interest on the Refunded Bonds (Series 1986) to the earliest optional redemption date thereof and to pay the costs of issuance and sale of the Series 2008B Bonds.

3.03 Form of Series 2008 Bonds; Execution.

(a) The Series 2008 Bonds are issuable only as fully registered, book-entry bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof (but no single Bond shall represent installments of principal maturing on more than one date). All Series 2008A Bonds issued under the Resolution shall be substantially in the form set forth in Exhibit A-1 attached hereto and all Series 2008B Bonds issued under the Resolution shall be substantially in the form set forth in Exhibit A-2 attached hereto, and by this reference incorporated herein as fully as though copied, with such appropriate variations, omissions, and insertions as are permitted or required by the Resolution, the blanks therein to be appropriately completed when the Series 2008 Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Metropolitan Government.

(b) The Series 2008 Bonds shall be executed in such manner as may be prescribed by applicable law in the name, and on behalf of, the Metropolitan Government with the manual or facsimile signature of the Metropolitan Mayor, attested by the manual or facsimile signature of the Metropolitan Clerk, and approved as to form and legality by the Director of Law by her manual or facsimile signature.

(c) In the event any officer whose manual or facsimile signature shall appear on any Series 2008 Bond shall cease to be such officer before the delivery of such Series 2008 Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Series 2008 Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Series 2008 Bond, were the proper officers of the Metropolitan Government to sign such Series 2008 Bond, although on the date of the adoption by the Metropolitan Government of this Resolution, such individuals may not have been such officers.

3.04 Maturities, Interest Rates, and Certain Other Provisions of Series 2008 Bonds.

(a) The Series 2008A Bonds shall be designated “Water and Sewer Revenue Refunding Bonds, Series 2008A”, or such other designation as shall be determined pursuant to Section 5.01 hereof. Each Series 2008A Bond shall be dated its delivery date, or other date as shall be established pursuant to Section 5.01 hereof. The Series 2008A Bonds shall bear interest from the date thereof at a rate or rates not exceeding 6.0% per annum, such interest being payable semi-annually on the first day of January and July of each year, commencing on July 1, 2008. Subject to adjustments permitted in Section 5.01 hereof, the Series 2008A Bonds shall mature either serially or through mandatory redemption, commencing not earlier than the first day of January, 2009, and continuing on the first day of January of each year thereafter through and including January 1, 2022, the final maturity date, in such amounts as shall be established in the Bond Purchase Agreement.

(b) The Series 2008B Bonds shall be designated “Water and Sewer Revenue Refunding Bonds, Series 2008B (Taxable)”, or such other designation as shall be determined pursuant to Section 5.01 hereof. Each Series 2008B Bond shall be dated its delivery date, or other date as shall be established pursuant to Section 5.01 hereof. The Series 2008B Bonds shall bear interest from the date thereof at a rate or rates not exceeding 7.0% per annum, such interest being payable semi-annually on the first day of January and July of each year, commencing on July 1, 2008. Subject to adjustments permitted in Section 5.01 hereof, the Series 2008B Bonds shall mature either serially or through mandatory redemption, commencing not earlier than the first day of January, 2009, and continuing on the first day of January of each year thereafter through and including January 1, 2016, the final maturity date, in such amounts as shall be established in the Bond Purchase Agreement.

(c) The Series 2008 Bonds shall be payable, principal, premium, if any, and interest, in lawful money of the United States of America at the principal corporate trust office of the Paying Agent. The Paying Agent shall make all interest payments with respect to the Series 2008 Bonds on each interest payment date directly to the registered owners as shown on the bond registration records maintained by the Registrar as of the close of business on the day which is fifteen days preceding an interest payment date (the “Regular Record Date”) by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Series 2008 Bonds, and all such payments shall discharge the obligations of the Metropolitan Government in respect of such Series 2008 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2008 Bonds shall be made upon presentation and surrender of such Series 2008 Bonds to the Registrar as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series 2008 Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the owner of at least \$1,000,000 in aggregate principal amount of the Series 2008 Bonds, payment of interest on such Series 2008 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with Paying Agent and written notice of any such election and designated account is given to the Paying Agent prior to the record date.

(d) Any interest on any Series 2008 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Metropolitan Government to the persons in whose names the Series 2008 Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Metropolitan Government shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2008 Bond and the date of the proposed payment, and at the same time the Metropolitan Government shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Paying

Agent of the notice of the proposed payment, the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Paying Agent shall promptly notify the Metropolitan Government of such Special Record Date and, in the name and at the expense of the Metropolitan Government, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the bond registration records maintained by the Registrar as of the date of such notice. Nothing contained in this Section or in the Series 2007 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Metropolitan Government to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2008 Bonds when due.

3.05 Negotiability of Series 2008 Bonds. All Series 2008 Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Series 2008 Bonds.

3.06 Registration, Transfer and Exchange of Series 2008 Bonds.

(a) The Series 2008 Bonds are transferable only by presentation to the Registrar by the registered owner, or his legal representative duly authorized in writing, of the registered Series 2008 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2008 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2008 Bond(s) in such form and with such documentation, if any, the Registrar shall issue a new Series 2008 Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registrar shall not be required to transfer or exchange any Series 2008 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2008 Bond, nor to transfer or exchange any Series 2008 Bond after the publication or giving of notice calling such Series 2008 Bond for redemption has been made, nor to transfer or exchange any Series 2008 Bond during the period following the receipt of instructions from the Metropolitan Government to call such Series 2008 Bond for redemption; provided, the Registrar, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2008 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2008 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Metropolitan Government nor the Registrar shall be affected by any notice to the contrary whether or not any payments due on the Series 2008 Bonds shall be overdue. Series 2008 Bonds, upon surrender to the Registrar, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2008 Bonds of the same maturity in any authorized denomination or denominations.

(b) Except as otherwise provided in this subsection, the Series 2008 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2008 Bonds. References in this Section to a Series 2008 Bond or the Series 2008 Bonds shall be construed to mean the Series 2008 Bond or the Series 2008 Bonds that are held under the Book-Entry System. One Series 2008 Bond for each maturity shall be issued to DTC and immobilized in its custody. Unless otherwise provided herein, a Book-Entry System shall be employed, evidencing ownership of the Series 2008 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2008 Bonds. Beneficial ownership interests in the Series 2008 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are herein referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2008 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2008 Bonds. Transfers of ownership interests in the Series 2008 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2008 BONDS, THE REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2008 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2008 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRAR TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS BOND RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2008 Bonds, so long as DTC is the only owner of the Series 2008 Bonds, shall be paid by the Registrar directly to DTC or its nominee, Cede & Co., as provided in the DTC Letter of Representation executed by the Metropolitan Government as of April 27, 1995. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the Metropolitan Government nor the Paying Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Series 2008 Bonds or (2) the Metropolitan Government determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2008 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2008 Bonds, the Metropolitan Government may discontinue the Book-Entry System with DTC. If the Metropolitan Government fails to identify another qualified securities depository to replace DTC, the Metropolitan Government shall cause the Registrar to authenticate and deliver replacement Series 2008 Bonds in the form of fully registered Series 2008 Bonds to each Beneficial Owner.

NEITHER THE METROPOLITAN GOVERNMENT NOR THE REGISTRAR NOR THE PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2008 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2008 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS BOND RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2008 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE SERIES 2008 BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS RESOLUTION RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM. IF THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL BE IN CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION AS SAID PROVISIONS RELATE TO DTC, THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL CONTROL.

3.07 Mutilated, Lost, Stolen, or Destroyed Series 2008 Bonds.

(a) In the event any Series 2008 Bond is mutilated, lost, stolen, or destroyed, the Metropolitan Government may execute, and upon the request of an Authorized Officer of the Metropolitan Government the Registrar shall authenticate and deliver, a new Series 2008 Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Series 2008 Bond is a replacement Series 2008 Bond) as the mutilated, destroyed, lost, or stolen Series 2008 Bond, in exchange for the mutilated Series 2008 Bond or in substitution for the Series 2008 Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Series 2008 Bondholder shall furnish to the Metropolitan Government and the Registrar: (1) such security or indemnity as may be required by them to save each of them harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Series 2008 Bond and the ownership thereof. Upon the issuance of any Series 2008 Bond upon such exchange or substitution, the Metropolitan Government and the Registrar may require the owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the Metropolitan Government and the Registrar. In the event any Series 2008 Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, the Metropolitan Government may, instead of issuing a Series 2008 Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Series 2008 Bond) if the owner thereof shall pay all costs and

expenses, including attorneys fees, incurred by the Metropolitan Government and the Registrar in connection herewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the Metropolitan Government and the Registrar such security or indemnity as they may require to save them harmless and evidence to the satisfaction of the Metropolitan Government and the Registrar the mutilation, destruction, loss, or theft of such Series 2008 Bond and of the ownership thereof.

(b) Every Series 2008 Bond issued pursuant to the provisions of this section shall constitute an additional contractual obligation of the Metropolitan Government (whether or not the destroyed, lost, or stolen Series 2008 Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of the General Bond Resolution and this Resolution equally and proportionately with any and all other bonds duly issued under the General Bond Resolution and this Resolution.

(c) All Series 2008 Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Series 2008 Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

3.08 Authentication. The Registrar is hereby authorized to authenticate and deliver the Series 2008 Bonds to the Underwriter or as it may designate upon receipt by the Metropolitan Government of the proceeds of the sale thereof, to authenticate and deliver Series 2008 Bonds in exchange for Series 2008 Bonds of the same principal amount delivered for transfer upon receipt of the Series 2008 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2008 Bonds shall not be valid for any purpose unless authenticated by the Registrar by the manual signature of an officer thereof on the certificate set forth herein on the Series 2008 Bond form.

3.09 Qualification for DTC. The Registrar is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Series 2008 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2008 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2008 Bonds and provision of notices with respect to Series 2008 Bonds registered by the DTC (or any of its designees identified to the Registrar) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Owners of the Series 2008 Bonds, provided, however, that the Registrar shall not be liable with respect to any such arrangements it may make pursuant to this section.

ARTICLE IV REDEMPTION OF SERIES 2008 BONDS PRIOR TO MATURITY

4.01 Redemption Dates and Prices.

(a) Subject to modifications as provided herein, the Series 2008A Bonds are subject to redemption, at the option of the Metropolitan Government, on January 1, 2018

or on any date thereafter, in whole or in part, at the redemption price of par plus interest accrued to the redemption date. If less than all the Series 2008A Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Series 2008A Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2008A Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2008A Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2008A Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2008A Bonds within the maturity to be redeemed shall be selected by the Registrar by lot or such other random manner as the Registrar in its discretion shall determine.

(b) Subject to the adjustment pursuant to Section 5.01, the Series 2008B Bonds shall mature without option of prior redemption.

(c) The Series 2008 Bonds may be sold, in whole or part, as term bonds with mandatory redemption requirements. In the event any or all the Series 2008 Bonds are sold as term bonds, the Metropolitan Government shall redeem term Series 2008 Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the amounts established in the Bond Purchase Agreement for each redemption date at a price of par plus accrued interest thereon to the date of redemption. The interest of each Participant in the term Series 2008 Bonds to be so redeemed shall be selected by DTC, or such Person as shall then be serving as the securities depository for the Series 2008 Bonds, using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Series 2008 Bonds, the term Series 2008 Bonds to be so redeemed shall be selected by the Registrar by lot or such other random manner as the Registrar in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Metropolitan Government may (i) deliver to the Registration Agent for cancellation Series 2008 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2008 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2008 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Metropolitan Government on such payment date and any excess shall be credited on

future redemption obligations in chronological order, and the principal amount of Series 2008 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Metropolitan Government shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

4.02 Notice of Redemption and Payment of Redeemed Series 2008 Bonds. Notice of redemption shall be given in accordance with Section 6.5 of the General Bond Resolution and payment for redeemed Series 2008 Bonds shall be made in accordance with Section 6.6 of the General Bond Resolution.

ARTICLE V SALE OF SERIES 2008 BONDS AND APPLICATION OF PROCEEDS

5.01 Sale of Series 2008 Bonds.

(a) The Series 2008 Bonds shall be sold at negotiated sale to the Underwriter at a price of not less than 99.6% of par, exclusive of any original issue discount on the Series 2008 Bonds, plus accrued interest, if any. The Metropolitan Mayor, in consultation with the Director of Finance and the Financial Advisor, is authorized to make such changes in the structuring of the terms of the Series 2008 Bonds as he shall deem necessary to maximize the savings from the refunding of the Refunded Bonds. In this regard, he, in consultation with the Director of Finance and the Financial Advisor, is authorized to cause to be offered for sale an aggregate principal amount of the Series 2008 Bonds less than that authorized herein, to select the Refunded Bonds to be refunded, to sell any or all of the Series 2008 Bonds as term bonds with annual mandatory redemption requirements, to change the dated date to a date other than the date of issuance, and to adjust principal and interest payment dates (but in no event shall any emission of the Series 2008A Bonds mature later than January 1, 2022 and in no event shall any emission of the Series 2008B Bonds mature later than January 1, 2016) and redemption terms and dates of the Series 2008 Bonds, including, but not limited to, issuing the Series 2008 Bonds without option of prior redemption or issuing the Series 2008 Bonds having a redemption premium not to exceed two percent (2%) of the par amount of Series 2008 Bonds being redeemed. The form of the Series 2008 Bond set forth in Exhibits A-1 and A-2 attached hereto shall be conformed to reflect any changes, if any, as hereinbefore mentioned.

(b) The Metropolitan Mayor, the Director of Finance, the Metropolitan Clerk, the Director of Law, or any of them, are authorized to cause the Series 2008 Bonds to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents as they shall deem necessary in connection with the sale and delivery of the Series 2008 Bonds.

(c) The Metropolitan Mayor, in consultation with the Director of Finance and/or the Financial Advisor, shall cause, if advantageous to the Metropolitan Government, all or a portion of the Series 2008 Bonds to be insured by a bond insurance policy issued by a

nationally recognized bond insurance company. To that end, the Metropolitan Mayor, the Director of Finance, the Metropolitan Clerk, the Director of Law, or any of them, are authorized to deliver such certificates and enter such agreements (provided such agreements are not inconsistent with this Resolution) as may be required by such bond insurance company.

(d) The Metropolitan Mayor is authorized to execute the Bond Purchase Agreement, providing for the purchase and sale of the Series 2008 Bonds, and no further action by the Governing Body is required. The Bond Purchase Agreement shall be in the form attached hereto as Exhibit B, together with such changes as may be approved by the Metropolitan Mayor, provided the Bond Purchase Agreement effects the sale of the Series 2008 Bonds in accordance with the provisions of the Resolution and is not inconsistent with the terms hereof.

(e) Notwithstanding anything herein to the contrary, the Series 2008A Bonds may not be sold hereunder unless the resulting debt service savings equal or exceed 3.5%, calculated as the debt service savings resulting from the refunding, present valued to the issue date of the Series 2008A Bonds at a discount rate equal to the arbitrage yield on the Series 2008A Bonds, divided by the par amount of the Refunded Bonds (Series 1998A and Series 1998B).

(f) Notwithstanding anything herein to the contrary, the Series 2008B Bonds may not be sold hereunder unless the resulting debt service savings equal or exceed 2.0%, calculated as the debt service savings resulting from the refunding, present valued to the issue date of the Series 2008B Bonds at a discount rate equal to the arbitrage yield (or comparable calculation) on the Series 2008B Bonds, divided by the par amount of the Refunded Bonds (Series 1986).

5.02 Official Statement. The Metropolitan Mayor and Director of Finance are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Series 2008 Bonds, in the form of the Preliminary Official Statement attached hereto as Exhibit D and by this reference made a part hereof (the "Preliminary Official Statement"), with such completions, omissions, insertions and changes as may be deemed necessary or appropriate by the Metropolitan Mayor and Director of Finance. After the Series 2008 Bonds have been sold, the Metropolitan Mayor and Director of Finance shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Metropolitan Mayor and Director of Finance shall arrange for the delivery to the Underwriter of the Series 2008 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 2008 Bonds have been sold for delivery to each potential investor requesting a copy of the Official Statement.

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

has been deemed in final form as of its date by the Metropolitan Government except for the omission in the Preliminary Official Statement of such pricing and other information.

5.03 Disposition of Bond Proceeds. The proceeds of the sale of the Series 2008 Bonds shall be disbursed as follows:

(a) An amount representing pre-issuance accrued interest, if any, on the Series 2008 Bonds from the dated date to the closing date shall be deposited to the Debt Service Fund established by and maintained pursuant to Section 5.5 of the General Bond Resolution to be used to pay interest on the Series 2008 Bonds on the first interest payment date following delivery of the Series 2008 Bonds.

(b) An amount of the Series 1998A Bonds which, together with other legally available funds of the Metropolitan Government, if any, and investment earnings thereon and on said Series 2008A Bond proceeds, will be sufficient to pay principal of and premium and interest on the Refunded Bonds (Series 1998A and 1998B) on or before ninety (90) days following delivery of the Series 2008A Bonds, shall be transferred to the Escrow Agent under the Escrow Agreement to be deposited to the escrow fund established thereunder to be held and applied as provided therein.

(c) An amount of the Series 1998B Bonds which, together with other legally available funds of the Metropolitan Government, if any, and investment earnings thereon and on said Series 2008B Bond proceeds, will be sufficient to pay principal of and premium and interest on the Refunded Bonds (Series 1986) on or before ninety (90) days following delivery of the Series 2008B Bonds, shall be transferred to the Escrow Agent under the Escrow Agreement to be deposited to the escrow fund established thereunder to be held and applied as provided therein.

(d) The remaining proceeds of the sale of the Series 2008 Bonds shall be used to pay the costs of issuance and sale of the Series 2008 Bonds including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, bond insurance premiums, if any, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2008 Bonds. Any funds remaining after payment of said expenses shall be used to pay interest on the Series 2008 Bonds on the first interest payment date following delivery of the Series 2008 Bonds.

5.04 Maintenance and Transfer of Funds. Upon the delivery of the Series 2008 Bonds and application of the proceeds thereof as herein provided, monies, securities and other obligations held in the various funds and accounts established pursuant to the General Bond Resolution shall be retained therein or transferred to the Escrow Agent, as permitted by the General Bond Resolution and as directed by the Metropolitan Mayor and the Director of Finance, or either of them. The Metropolitan Mayor and Director of Finance, or either of them, are authorized to make such determination with respect to the disposition of the funds and accounts established pursuant the General Bond Resolution.

5.05 Tax Certification. The Metropolitan Government recognizes that the purchasers and owners of the Series 2008A Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series 2008A Bonds. In this connection, the Metropolitan Government agrees that it shall take no action which may cause the interest on any of said Series 2008A Bonds to be included in gross income for purposes of federal income taxation. It is the reasonable expectation of the Metropolitan Council that the proceeds of the Series 2008A Bonds will not be used in a manner which will cause the Series 2008A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2008A Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Metropolitan Council further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Series 2008A Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series 2008A Bonds from being included in gross income for federal income tax purposes. The Metropolitan Mayor, the Metropolitan Clerk and the Director of Finance, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Series 2008A Bonds as any or all of them shall deem appropriate, and such certifications shall constitute a representation and certification of the Metropolitan Government.

5.06 Appointment of Trustee, Paying Agent and Registrar. The Trustee for the Series 2008 Bonds shall be Deutsche Bank National Trust Company who will also act as Paying Agent and Registrar with respect to the Series 2008 Bonds, or any successor appointed by the Director of Finance.

ARTICLE VI ESCROW AGREEMENT AND NOTICE OF REFUNDING

6.01 Authorization of Escrow Agreement. For the purpose of providing for the payment of the principal of and premium, if any, and interest on the Refunded Bonds, there is hereby authorized to be executed and delivered on behalf of the Metropolitan Government a Refunding Escrow Agreement with the Escrow Agent and to be deposited with the Escrow Agent the amount described in Section 5.03(b) hereof to be used by the Escrow Agent to purchase the investments provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Series 2008A Bonds will be an “arbitrage bond” within the meaning of Section 148(a) of the Code. The form of Escrow Agreement presented to this meeting and attached hereto as Exhibit C is hereby in all respects approved, and the Metropolitan Mayor or Director of Finance is hereby authorized to execute the Escrow Agreement on behalf of the Metropolitan Government in the form thereof, with such changes as may be approved by the Metropolitan Mayor and/or the Director of Finance, including the inclusion of directions as to investment and reinvestment of funds or directions to enter into such investment contracts as shall be advantageous to the Metropolitan Government, the execution thereof by both or either of them to constitute conclusive evidence of the approval of all such changes. The Escrow Agent is hereby authorized and directed to hold and administer all funds

deposited in trust for the payment when due of principal of and premium, if any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Escrow Agreement.

6.02 Notice of Refunding. At or prior to the issuance of the Series 2008 Bonds, notice of the Metropolitan Government's intention to refund the Refunded Bonds shall be given, at the direction of the Director of Finance, by the Trustee(s) for the Refunded Bonds, if and as required by the Act and Section 12.1 of the General Bond Resolution. Such notice shall be delivered in the manner and in the form required by the Act and Section 12.1 of the General Bond Resolution.

ARTICLE VII AMENDMENT OF THE GENERAL BOND RESOLUTION

7.01 Amendment of the General Bond Resolution.

(a) The Metropolitan Council hereby finds it necessary and desirable to amend certain provisions of the General Bond Resolution in accordance with Sections 8.1(6) and 8.3 of the General Bond Resolution. The amendments set forth in this Section 7.01 shall become effective upon the earlier to occur of the following: (i) all of the Bonds Outstanding on the date of this resolution shall cease to be Outstanding; or (ii) the Bondholders shall have consented to these amendments in accordance with the provisions of Article IX of the General Bond Resolution; provided, however, that for purposes of Article IX of the General Bond Resolution, each Bondholder of the Series 2008 Bonds or any Bonds hereafter issued under the General Bond Resolution shall be deemed, by virtue of their ownership of such Series 2008 Bonds or future Bonds, to have consented to the amendments set forth below, without any further action on the part of such Bondholders. Furthermore, the provider of any municipal bond insurance policy ensuring the Series 2008 Bonds or future Bonds shall be deemed, so long as it is not in default of its obligations under such insurance policy, to be the sole Bondholder of each Bond it insures for purposes of consenting to amendments to the General Bond Resolution pursuant to Article IX thereof.

(b) This Supplemental Resolution shall be specifically referred to in the text of all Bonds delivered after the date of its adoption and of Bonds issued in exchange therefor or in place thereof.

(c) Article 1.1 of the General Bond Resolution shall be amended by adding the definitions set forth below. Where the defined terms set forth below currently exist within the General Resolution, such definitions shall be replaced in their entirety by the definitions set forth below.

“Debt Service” means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (1) all interest payable on such Bonds during such Fiscal Year, plus (2) any Principal Installments of such Bonds during such Fiscal Year. For purposes of computing Debt Service, the rate of interest used to determine (1) above shall be a rate per annum equal to (a) with respect to any Series of Bonds which bear interest at a fixed rate, the rate

of interest borne or to be borne by such Bonds, and (b) with respect to any Series of Variable Rate Bonds, the rate which is equal to the greater of (i) the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve month period or (ii) the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding one month period. Debt Service shall be calculated with respect to any Hedged Obligations as follows: the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Metropolitan Government on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the Metropolitan Government under the related Hedge Agreement, and by subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Metropolitan Government on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).

“Debt Service/Additional Bonds” means, with respect to any Fiscal Year, an amount equal to the Debt Service during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued; provided, however, that for purposes of computing Debt Service/Additional Bonds, (a) the rate of interest with respect to any Series of Bonds which bear interest at a fixed rate shall be the rate of interest borne or to be borne by such Bonds, and (b) the rate of interest with respect to any Series of Variable Rate Bonds shall be deemed to be the rate which is equal to the greater of (i) 125% of the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve month period, (ii) 125% of the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) for the immediately preceding one month period, or (c) the rate equal to The Bond Buyer Revenue Bond Index most recently published by The Bond Buyer, or if said index is no longer published, any reasonably equivalent index selected by the Director of Finance.

"Hedge Agreement" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Metropolitan Government determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

"Hedged Obligations" means any Bonds for which the Metropolitan Government shall have entered into a Hedge Agreement.

"Hedge Payments" means amounts payable by the Metropolitan Government pursuant to any Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

"Hedge Period" means the period during which a Hedge Agreement is in effect.

"Hedge Receipts" means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

"Termination Payments" means an amount payable by or to the Metropolitan Government upon termination of a Hedge Agreement.

(d) Section 5.1 of the General Bond Resolution shall be amended and restated as set forth below:

“Section 5.1. Pledge Effected by Resolution. The Revenues and all amounts held in any Fund or Account, including Investment Securities, but excluding all amounts collected by the Metropolitan Government as State sales taxes or State user fees, are hereby pledged, and the Metropolitan Government hereby grants a security interest therein; to the Trustee for the benefit of Bondholders and any counterparty to a Hedge Agreement, to secure the payment of Bonds (including the Sinking Fund Payments for the retirement thereof) and the Metropolitan Government’s obligations to make Hedge Payments under any Hedge Agreement, in accordance with their terms and the provisions of the

Resolution, subject only to the provisions of the Resolution permitting the application or exercise thereof for or to the purposes and on the terms and conditions herein set forth. The money and property hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice hereof.”

(e) Section 5.4(b) of the General Bond Resolution shall be amended by adding the following sentence to the end of the subsection labeled “FIRST:”

“Each deposit as to interest may take into account expected Hedge Receipts and Hedge Payments related to such interest payments;”

(f) Section 5.5(a)(1) of the General Bond Resolution shall be amended and restated as follows:

“(1) On each Interest Payment Date, or with respect to Hedge Payments the date for payment thereof, the Trustee shall make payment out of the Debt Service Fund (a) to the holders of the Bonds the interest due on the Outstanding Bonds on such date, and (b) to the counterparty any Hedge Agreement the Hedge Payments due thereunder.”

(g) Section 5.9(B) of the General Bond Resolution shall be amended by deleting the “and” prior to clause (4), and by inserting the following text to the end of such Section 5.9(B):

“, and (5) applied to the payment of Termination Payments.”

(h) Section 7.7(A) of the General Bond Resolution shall be amended by substituting the words “Debt Service” for the words “Principal Installments of and interest” in the seventh line thereof.

(i) Section 7.10 of the General Bond Resolution shall be amended by:

(1) deleting the period at the end of subsection 7.10(B)(2)(b), and inserting “; or” in lieu thereof.

(2) inserting the following as a new subsection 7.10(B)(3):

”(3) the Additional Bonds shall be issued for the purpose of refunding Outstanding Bonds, and the Debt Service/Additional Bonds for each Fiscal Year (resulting from the issuance of the Additional Bonds) is not greater than the Debt Service on the Bonds Outstanding immediately prior to the refunding.”

(3) by redesignating subsection 7.10(b)(2)(c) as section 7.10(C).

(j) Article VII of the General Bond Resolution shall be amended by adding a new Section 7.18, which shall read as follows:

“7.18 Authorization to Enter Hedge Agreements; Counterparty Restrictions. In connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the Metropolitan Government may enter into Hedge Agreements meeting the qualifications set forth below, and no other. The Metropolitan Government shall authorize the execution, delivery and performance of each Hedge Agreement by resolution of the Metropolitan Council. The Metropolitan Government’s obligation to pay Hedge Payments shall be secured by a pledge of Revenues on parity with the Outstanding Bonds. The Metropolitan Government shall not enter into a Hedge Agreement with any entity, other than an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the second highest rating category of Moody’s and S&P (ignoring any gradations within a rating category). For purposes of this section, a potential hedge provider’s qualification with the requirements of the preceding sentence shall be determined only at the time the Metropolitan Government enters into a Hedge Agreement with such entity and will not be re-determined with respect to that Hedge Agreement.”

(k) Section 10.1(2) of the General Bond Resolution shall be amended and restated as follows:

“(2) failure to make payment of any installment of interest on any of the Bonds or of any Hedge Payment when and as the same shall become due; or”

(l) Section 10.3(A)(1) of the General Bond Resolution shall be amended by:

(1) deleting the “and” at the end of the “SECOND” clause.

(2) inserting a new clause designated “THIRD,” reading as follows:

“THIRD: To the payment of Hedge Payments which shall have become due and, if the amounts available shall not be sufficient to pay such Hedge Payments in full, then to the payment thereof ratably, according to the amounts thereof, without any discrimination or preference; and”

(3) redesignating the current clause “THIRD” as “FOURTH”.

(m) Section 10.3(A)(2) of the General Bond Resolution shall be amended by deleting the period at the end thereof and inserting in lieu thereof the following:

“; and thereafter to the payment of all Hedge Payments then due and payable, ratably according to the amount of such Hedge Payments, without any discrimination or preference.”

ARTICLE VIII MISCELLANEOUS

8.01 Further Action. The Metropolitan Mayor, the Vice Mayor, the Director of Finance, the Treasurer, and any other proper official of the Metropolitan Government acting singly, be and each of them hereby is authorized and directed, without any further approval or ratification by the Metropolitan Council, to execute and to deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the General Bond Resolution, this Resolution and the Preliminary Official Statement and the final Official Statement approved in Section 5.02 hereof.

8.02 General Bond Resolution to Remain in Effect. The General Bond Resolution, as heretofore supplemented and amended and as supplemented and amended herein, shall remain in full force and effect.

8.03 Continuing Disclosure. The Metropolitan Government hereby covenants and agrees that it will provide financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2008 Bonds. The Mayor is authorized to execute at the closing of the sale of the Series 2008 Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2008 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Metropolitan Government to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2008 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Metropolitan Government to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

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

Sponsored by: Erik Cole, Emily Evans

EXHIBIT A-1
TO THE SUPPLEMENTAL RESOLUTION
(FORM OF SERIES 2008A BOND)

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
WATER AND SEWER REVENUE REFUNDING BOND, SERIES 2008A

Interest Rate:

Maturity Date:

Dated Date:

CUSIP:

Registered Owner:

Principal Amount:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON the COUNTY (the "Metropolitan Government"), a lawfully organized and existing municipal corporation, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter set forth, in the manner hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above or earlier as hereinafter provided, but solely from the funds pledged therefor, upon the presentation and surrender hereof at the principal corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, or its successor as Registrar (in such capacity, the "Registrar") and as Paying Agent (in such capacity, the "Paying Agent") the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and, subject to the provisions referred to herein with respect to the redemption hereof before maturity, to pay to said registered Owner hereof by check or draft mailed to the registered owner or by wire transfer, as provided by the General Bond Resolution, as such term is hereinafter defined, at the address shown on the registration books of the Metropolitan Government as hereinafter provided, interest on said principal sum from the date hereof, semi-annually on January 1, and July 1, of each year, beginning July 1, 2008, in like coin or currency at the Interest Rate per annum set forth above until payment of said principal sum.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this Bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without Penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

The principal hereof, and the premium, if any, and all installments of interest hereon shall bear interest from and after their respective due dates, if the Metropolitan Government shall fail to pay such principal, premium, or interest on said dates or to make available funds on said dates for the payment of such in accordance with the provisions of the General Bond Resolution at the same rate of interest payable on the principal hereof.

This Bond is one of a series of bonds known as “Water and Sewer Revenue Refunding Bonds, Series 2008A” (the “Series 2008A Bonds”), issued by the Metropolitan Government in the aggregate principal amount of \$ _____ for the purpose of providing funds (1) to refund the Metropolitan Government’s outstanding [Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022] and its outstanding [Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing January 1, 2009 through January 1, 2012, inclusive]; and (2) to pay the costs of issuance and sale of the Series 2008A Bonds. The Series 2008A Bonds are authorized by Substitute Resolution No. R85-762 of the Metropolitan County Council (the “Metropolitan Council”) of the Metropolitan Government adopted on November 5, 1985 (the “Master Resolution”), as supplemented amended by Resolution No. R86-1121 adopted on October 7, 1986, by Resolution No. R89-919 adopted on October 3, 1989, by Substitute Resolution No. R92-341 adopted on August 4, 1992 and by Substitute Resolution No. R93-770 adopted on July 20, 1993 (collectively, the “General Bond Resolution”), and by Resolution No. RS2008-____ adopted on February 5, 2008 (the “Series 2008 Resolution”), and are issued pursuant to, and in full compliance with, Constitution and the statutes of the State of Tennessee, including, but not limited to Title 7, Chapter 34 and Title 9, Chapter 21, Tennessee Code Annotated, as amended (collectively, the “Act”), and the Charter of the Metropolitan Government, as amended (the “Charter”).

As provided in the General Bond Resolution, the Series 2008A Bonds, and all other bonds issued under the General Bond Resolution on a parity with the Series 2008A Bonds (herein collectively called the “Bonds”) are special obligations of the Metropolitan Government payable solely from, and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the General Bond Resolution solely by the Revenues (as defined in the General Bond Resolution) and by the amounts held in any Fund (as defined in the General Bond Resolution) or Account (as defined in the General Bond Resolution) created pursuant to the General Bond Resolution, including securities held in any such Funds and Accounts thereunder, subject to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution. Copies of the General Bond Resolution are on file at the office of the Metropolitan Government and at the principal corporate trust office of Deutsche Bank National Trust Company (the “Trustee”), or its successor, and reference is hereby made to the Act, to the General Bond Resolution and to the Series 2008A Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Series 2008A Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Series 2008A Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and be issued thereunder, the terms and provisions upon which this Bond shall cease to be entitled to any lien, benefit or security under the General Bond Resolution and for the other

terms and provisions thereof. All covenants, agreements and obligations of the Metropolitan Government under the General Bond Resolution may be discharged and satisfied at or prior to the maturity or redemption of this Bond if moneys or certain specified securities shall have been deposited as described in Article XII of the General Bond Resolution.

As provided in the General Bond Resolution, Bonds may be issued from time to time to pursuant to supplemental resolutions in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the General Bond Resolution provided. The aggregate principal amount of Bonds which may be issued under the General Bond Resolution is not limited, and all Bonds issued and to be issued under the General Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

To the extent and in the manner permitted by the terms of the General Bond Resolution, the provisions of the General Bond Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Metropolitan Government. Some modifications can be made without the consent of the holders of the Bonds while other modifications may be made with the written consent of the holders of at least two-thirds in principal amount of the Bonds outstanding under the General Bond Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then outstanding are effected thereby, with such consent of at least two-thirds in principal amount of the Bonds of each series so affected and outstanding. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Substitute Resolution No. R93-770 adopted on July 20, 1993 ("Substitute Resolution No. R93-770") provided for certain amendments to the Master Resolution which become effective only after all Bonds Outstanding on the date of the adoption of Substitute Resolution No. R93-770 are paid or defeased, which amendments provide for acquisition of other water or sewer systems the Metropolitan Government, establishment of a Subordinate Debt Fund and its priority in the flow of funds, and elimination of the duties of the Trustee, except upon an Event of Default. For a complete description of the amendments hereinabove described and the effective dates thereof, reference is hereby made to Substitute Resolution No. R93-770.

Resolution No. RS2008-___ adopted on February 5, 2008 ("Resolution No. RS2008-___") provided for certain amendments to the Master Resolution which become effective upon the earlier to occur of (1) all Bonds Outstanding on the date of the adoption of Resolution No. RS2008-___ are paid or defeased, or (2) the amendment of the Master Resolution in accordance with its terms, which amendments provide for, among other things, payment of and security for interest rate hedging obligations incurred in connection with the issuance of bonds under the Master Resolution. For a complete description of the amendments hereinabove described and the effective dates thereof, reference is hereby made to Resolution No. RS2008-___. Holders of

the Series 2008A Bonds will be deemed to have consented to the amendments to the General Bond Resolution set forth in Resolution No. RS2008-_____.

The registered owner of this Series 2008A Bond has no right to enforce the provisions of the General Bond Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default thereunder or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the General Bond Resolution.

This Series 2008A Bond is transferable by the registered owner hereof in person or by his, her or its attorney or legal representative at the principal corporate trust office of the Trustee but only in the manner and subject to the limitations and conditions provided in the General Bond Resolution and upon surrender and cancellation of this Bond. Upon any such transfer, the Metropolitan Government shall execute and the Trustee shall authenticate and deliver in exchange for this Series 2008A Bond, a new fully registered Series 2008A Bond or Series 2008A Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Series 2008A Bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of Series 2008A Bonds, whether temporary or definitive, the Metropolitan Government and the Trustee may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege making such exchange or transfer.

The Metropolitan Government and the Trustee may deem and treat the person or entity in whose name this Series 2008A Bond is registered as the absolute owner hereof, whether such Series 2008A Bond shall be overdue or not, for the purpose of receiving payment of the principal of, and the premium, if any, and interest on, this Series 2008A Bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this Series 2008A Bond to the extent of the sum or sums so paid, and neither the Metropolitan Government nor the Trustee shall be affected by any notice to the contrary.

The Series 2008A Bonds are issuable only as fully registered bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the principal corporate trust office of the Trustee, in the manner and subject to the limitations, conditions and charges provided in the General Bond Resolution, fully registered Series 2008A Bonds may be exchanged for an equal aggregate principal amount of fully registered Series 2008A Bonds of the same of maturity, of authorized denominations, and bearing interest at the same rate. The Series 2008A Bonds shall be numbered consecutively from one upwards and will be made eligible for processing by The Depository Trust Company ("DTC"). The Metropolitan Government may discontinue use of DTC as securities depository for the Series 2008A Bonds at any time upon determination by the Metropolitan Government that the use of DTC is no longer in the best interest of the beneficial owners of the Series 2008A Bonds. Registered ownership of the Series 2008A Bonds may be transferred on the registration books maintained by the Registrar, and the Series 2008A Bonds may be delivered in to the following:

- (i) any successor of DTC or its nominee;
- (ii) any substitute securities depository to which the Trustee does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute securities depository or its successor) from its functions as securities depository, or (b) a determination by the Metropolitan Government that DTC or its successor (or any substitute securities depository or its successor) is no longer able to carry out its functions as securities depository; or
- (iii) any person, upon (a) the resignation of DTC or its successor (or substitute securities depository or its successor) from its functions as securities depository, or (b) termination by the Metropolitan Government of the use of DTC (or substitute securities depository or its successor).

[The Series 2008A Bonds are subject to redemption, at the option of the Metropolitan Government, on January 1, 2018 or on any date thereafter, in whole or in part, at the redemption price of par plus interest accrued to the redemption date. If less than all the Series 2008A Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Metropolitan Council in its discretion. If less than all of the Series 2008A Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Series 2008A Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2008A Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
- (ii) if the Series 2008A Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2008A Bonds within the maturity to be redeemed shall be selected by the Registrar by lot or such other random manner as the Registrar in its discretion shall determine.

Neither the officials of the Metropolitan Government nor any person executing Series 2008A Bonds of the Metropolitan Government shall be liable personally on said Series 2008A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

This Series 2008A Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Series 2008A Bond during the period the Series 2008A Bond is 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 (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2008A Bonds 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 hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to, and in the issuance of, this Series 2008A Bond exist, have happened, and have been performed in due time, form and manner as required by

applicable law, and that the amount of this Series 2008A Bond and the Series of which it is a part, together with all other indebtedness of the Metropolitan Government, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

This Series 2008A Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the General Bond Resolution until the certificate of authentication endorsed hereon shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the respective meanings set forth in the General Bond Resolution.

IN WITNESS WHEREOF, THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY has caused this Series 2008A Bond to be signed by the manual or facsimile signatures of the Metropolitan Mayor and the Metropolitan Treasurer and its official seal, or a facsimile thereof, to be impressed or imprinted hereon and attested by the manual or facsimile signature of the Metropolitan Clerk, all as of _____, 2008.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

By: _____
Metropolitan Mayor

(S E A L)

ATTEST:

Metropolitan Clerk

APPROVED AS TO FORM AND LEGALITY:

Director of Law

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2008A Bonds described in and issued under the provisions of the within mentioned General Bond Resolution.

DEUTSCHE BANK NATIONAL TRUST
COMPANY, as Trustee

By _____
Authorized Officer

EXHIBIT A-2

TO THE SUPPLEMENTAL RESOLUTION
(FORM OF SERIES 2008B BOND)

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
WATER AND SEWER REVENUE REFUNDING BOND, SERIES 2008B (TAXABLE)

Interest Rate:

Maturity Date:

Dated Date:

CUSIP:

Registered Owner:

Principal Amount:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON the COUNTY (the "Metropolitan Government"), a lawfully organized and existing municipal corporation, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter set forth, in the manner hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above or earlier as hereinafter provided, but solely from the funds pledged therefor, upon the presentation and surrender hereof at the principal corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, or its successor as Registrar (in such capacity, the "Registrar") and as Paying Agent (in such capacity, the "Paying Agent") the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and, subject to the provisions referred to herein with respect to the redemption hereof before maturity, to pay to said registered Owner hereof by check or draft mailed to the registered owner or by wire transfer, as provided by the General Bond Resolution, as such term is hereinafter defined, at the address shown on the registration books of the Metropolitan Government as hereinafter provided, interest on said principal sum from the date hereof, semi-annually on January 1, and July 1, of each year, beginning July 1, 2008, in like coin or currency at the Interest Rate per annum set forth above until payment of said principal sum.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this Bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without Penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

The principal hereof, and the premium, if any, and all installments of interest hereon shall bear interest from and after their respective due dates, if the Metropolitan Government shall fail to pay such principal, premium, or interest on said dates or to make available funds on said dates for the payment of such in accordance with the provisions of the General Bond Resolution at the same rate of interest payable on the principal hereof.

This Bond is one of a series of bonds known as “Water and Sewer Revenue Refunding Bonds, Series 2008B(Taxable)” (the “Series 2008B Bonds”), issued by the Metropolitan Government in the aggregate principal amount of \$ _____ for the purpose of providing funds to refund the Metropolitan Government’s outstanding Water and Sewer Revenue Refunding Bonds, Series 1986, dated October 1, 1986, maturing January 1, 2016, and to pay the costs of issuance and sale of the Series 2008B Bonds. The Series 2008B Bonds are authorized by Substitute Resolution No. R85-762 of the Metropolitan County Council (the “Metropolitan Council”) of the Metropolitan Government adopted on November 5, 1985 (the “Master Resolution”), as supplemented amended by Resolution No. R86-1121 adopted on October 7, 1986, by Resolution No. R89-919 adopted on October 3, 1989, by Substitute Resolution No. R92-341 adopted on August 4, 1992 and by Substitute Resolution No. R93-770 adopted on July 20, 1993 (collectively, the “General Bond Resolution”), and by Resolution No. RS2008-_____ adopted on February 5, 2008 (the “Series 2008B Resolution”), and are issued pursuant to, and in full compliance with, Constitution and the statutes of the State of Tennessee, including, but not limited to Title 7, Chapter 34 and Title 9, Chapter 21, Tennessee Code Annotated, as amended (collectively, the “Act”), and the Charter of the Metropolitan Government, as amended (the “Charter”).

As provided in the General Bond Resolution, the Series 2008B Bonds, and all other bonds issued under the General Bond Resolution on a parity with the Series 2008B Bonds (herein collectively called the “Bonds”) are special obligations of the Metropolitan Government payable solely from, and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the General Bond Resolution solely by the Revenues (as defined in the General Bond Resolution) and by the amounts held in any Fund (as defined in the General Bond Resolution) or Account (as defined in the General Bond Resolution) created pursuant to the General Bond Resolution, including securities held in any such Funds and Accounts thereunder, subject to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution. Copies of the General Bond Resolution are on file at the office of the Metropolitan Government and at the principal corporate trust office of Deutsche Bank National Trust Company (the “Trustee”), or its successor, and reference is hereby made to the Act, to the General Bond Resolution and to the Series 2008B Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Series 2008B Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Series 2008B Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and be issued thereunder, the terms and provisions upon which this Bond shall cease to be entitled to any lien, benefit or security under the General Bond Resolution and for the other terms and provisions thereof. All covenants, agreements and obligations of the Metropolitan Government under the General Bond Resolution may be discharged and satisfied at or prior to

the maturity or redemption of this Bond if moneys or certain specified securities shall have been deposited as described in Article XII of the General Bond Resolution.

As provided in the General Bond Resolution, Bonds may be issued from time to time to pursuant to supplemental resolutions in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the General Bond Resolution provided. The aggregate principal amount of Bonds which may be issued under the General Bond Resolution is not limited, and all Bonds issued and to be issued under the General Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

To the extent and in the manner permitted by the terms of the General Bond Resolution, the provisions of the General Bond Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Metropolitan Government. Some modifications can be made without the consent of the holders of the Bonds while other modifications may be made with the written consent of the holders of at least two-thirds in principal amount of the Bonds outstanding under the General Bond Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then outstanding are effected thereby, with such consent of at least two-thirds in principal amount of the Bonds of each series so affected and outstanding. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Substitute Resolution No. R93-770 adopted on July 20, 1993 ("Substitute Resolution No. R93-770") provided for certain amendments to the Master Resolution which become effective only after all Bonds Outstanding on the date of the adoption of Substitute Resolution No. R93-770 are paid or defeased, which amendments provide for acquisition of other water or sewer systems the Metropolitan Government, establishment of a Subordinate Debt Fund and its priority in the flow of funds, and elimination of the duties of the Trustee, except upon an Event of Default. For a complete description of the amendments hereinabove described and the effective dates thereof, reference is hereby made to Substitute Resolution No. R93-770.

Resolution No. RS2008-___ adopted on February 5, 2008 ("Resolution No. RS2008-___") provided for certain amendments to the Master Resolution which become effective upon the earlier to occur of (1) all Bonds Outstanding on the date of the adoption of Resolution No. RS2008-___ are paid or defeased, or (2) the amendment of the Master Resolution in accordance with its terms, which amendments provide for, among other things, payment of and security for interest rate hedging obligations incurred in connection with the issuance of bonds under the Master Resolution. For a complete description of the amendments hereinabove described and the effective dates thereof, reference is hereby made to Resolution No. RS2008-___. Holders of he Series 2008B Bonds will be deemed to have consented to the amendments to the General Bond Resolution set forth in Resolution No. RS2008-___.

The registered owner of this Series 2008B Bond has no right to enforce the provisions of the General Bond Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default thereunder or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the General Bond Resolution.

This Series 2008B Bond is transferable by the registered owner hereof in person or by his, her or its attorney or legal representative at the principal corporate trust office of the Trustee but only in the manner and subject to the limitations and conditions provided in the General Bond Resolution and upon surrender and cancellation of this Bond. Upon any such transfer, the Metropolitan Government shall execute and the Trustee shall authenticate and deliver in exchange for this Series 2008B Bond, a new fully registered Series 2008B Bond or Series 2008B Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Series 2008B Bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of Series 2008B Bonds, whether temporary or definitive, the Metropolitan Government and the Trustee may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege making such exchange or transfer.

The Metropolitan Government and the Trustee may deem and treat the person or entity in whose name this Series 2008B Bond is registered as the absolute owner hereof, whether such Series 2008B Bond shall be overdue or not, for the purpose of receiving payment of the principal of, and the premium, if any, and interest on, this Series 2008B Bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this Series 2008B Bond to the extent of the sum or sums so paid, and neither the Metropolitan Government nor the Trustee shall be affected by any notice to the contrary.

The Series 2008B Bonds are issuable only as fully registered bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the principal corporate trust office of the Trustee, in the manner and subject to the limitations, conditions and charges provided in the General Bond Resolution, fully registered Series 2008B Bonds may be exchanged for an equal aggregate principal amount of fully registered Series 2008B Bonds of the same of maturity, of authorized denominations, and bearing interest at the same rate. The Series 2008B Bonds shall be numbered consecutively from one upwards and will be made eligible for processing by The Depository Trust Company (“DTC”). The Metropolitan Government may discontinue use of DTC as securities depository for the Series 2008B Bonds at any time upon determination by the Metropolitan Government that the use of DTC is no longer in the best interest of the beneficial owners of the Series 2008B Bonds. Registered ownership of the Series 2008B Bonds may be transferred on the registration books maintained by the Registrar, and the Series 2008B Bonds may be delivered in to the following:

- (iv) any successor of DTC or its nominee;

(v) any substitute securities depository to which the Trustee does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute securities depository or its successor) from its functions as securities depository, or (b) a determination by the Metropolitan Government that DTC or its successor (or any substitute securities depository or its successor) is no longer able to carry out its functions as securities depository; or

(vi) any person, upon (a) the resignation of DTC or its successor (or substitute securities depository or its successor) from its functions as securities depository, or (b) termination by the Metropolitan Government of the use of DTC (or substitute securities depository or its successor).

[The Series 2008B Bonds shall mature without option of redemption prior to maturity.]

Neither the officials of the Metropolitan Government nor any person executing Series 2008B Bonds of the Metropolitan Government shall be liable personally on said Series 2008B Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

This Series 2008B Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Series 2008B Bond during the period the Series 2008B Bond is 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 (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2008B Bonds 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 hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to, and in the issuance of, this Series 2008B Bond exist, have happened, and have been performed in due time, form and manner as required by applicable law, and that the amount of this Series 2008B Bond and the Series of which it is a part, together with all other indebtedness of the Metropolitan Government, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

This Series 2008B Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the General Bond Resolution until the certificate of authentication endorsed hereon shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the respective meanings set forth in the General Bond Resolution.

IN WITNESS WHEREOF, THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY has caused this Series 2008B Bond to be signed by the manual or facsimile signatures of the Metropolitan Mayor and the Metropolitan Treasurer and its official seal, or a facsimile thereof, to be impressed or imprinted hereon and attested by the manual or facsimile signature of the Metropolitan Clerk, all as of _____, 2008.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

By: _____
Metropolitan Mayor

(S E A L)

ATTEST:

Metropolitan Clerk

APPROVED AS TO FORM AND LEGALITY:

Director of Law

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2008B Bonds described in and issued under the provisions of the within mentioned General Bond Resolution.

DEUTSCHE BANK NATIONAL TRUST
COMPANY, as Trustee

By _____
Authorized Officer

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EXHIBIT B
TO THE SUPPLEMENTAL RESOLUTION
(FORM OF BOND PURCHASE AGREEMENT)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY (TENNESSEE)

WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2008A
WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2008B (TAXABLE)
BOND PURCHASE AGREEMENT

[Date]

The Metropolitan Government of Nashville
and Davidson County
Nashville, Tennessee
Attn: Metropolitan Mayor

Ladies and Gentlemen:

The undersigned, Morgan Keegan & Company, Inc., acting on behalf of itself (the “Representative”), Lehman Brothers (“Lehman Brothers”), Merrill Lynch & Co., Inc. (“Merrill Lynch”) and Wiley Bros.-Aintree Capital, LLC (“Wiley Bros.-Aintree Capital, LLC” and together with the Representative, Lehman Brothers and Merrill Lynch, sometimes referred to herein as “Underwriters”), offer to enter into the following agreement with The Metropolitan Government of Nashville and Davidson County (Tennessee) (the “Issuer”), which, upon the Issuer’s acceptance and approval hereof, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to acceptance by the Issuer, by execution of this Bond Purchase Agreement (the “Purchase Agreement”) and its delivery to the Representative, on or before 11:59 p.m., central time, on _____, 2008.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriters hereby agree to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the Issuer’s \$_____ Water and Sewer Revenue Refunding Bonds, Series 2008A (the “Series 2008A Bonds”), dated _____ in book-entry only form, at the purchase price of \$_____, representing the face amount of the Series 2008A Bonds, plus original issue premium of \$_____, less Underwriters’ discount of \$_____. The Series 2008A Bonds shall bear interest, shall mature, shall be redeemable and shall

otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriters hereby agree to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the Issuer's \$ _____ Water and Sewer Revenue Refunding Bonds, Series 2008B (Taxable) (the "Series 2008B Bonds" and, together with the Series 2008A Bonds, the "Bonds"), dated _____ in book-entry only form, at the purchase price of \$ _____, representing the face amount of the Series 2008B Bonds, plus original issue premium of \$ _____, less Underwriters' discount of \$ _____. The Series 2008B Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of Master Resolution as such term is defined in Substitute Resolution No. RS2008-_____, adopted by the Metropolitan County Council (the "Metropolitan Council" on February 5, 2008 (the "Series 2008 Resolution and together with the Master Resolution, herein referred to as the "Resolution"), providing for the issuance of the Bonds pursuant to Section 7.07 of the Charter of the Issuer, (ii) the Constitution and laws of the State of Tennessee, including particularly, Title 7, Chapter 34 and Title 9, Chapter 21, Tennessee Code Annotated, as amended (collectively, the "Act") and other applicable provisions of law, for the purpose of refunding the Issuer's outstanding [Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing [January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022], its outstanding [Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing [January 1, 2009 through January 1, 2012, inclusive, and its outstanding [Water and Sewer Revenue refunding Bonds, Series 1986, dated October 1, 2016 and maturing January 1, 2016] (collectively, the "Outstanding Bonds") and paying costs associated with the sale and issuance of the Bonds.

(c) After acceptance of this offer by the Issuer, the Underwriters agree to make a bona fide public offering of all the Series 2008A Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriters. Subsequent to such initial public offering, the Underwriters reserve the right to change the public offering prices as they may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the Issuer's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the Issuer shall have delivered, or caused to be delivered, to the Representative: (i) a certified copy

of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the Issuer by the Metropolitan Mayor.

(e) The Issuer authorizes the Underwriters to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriters. The Issuer ratifies and confirms the use by the Underwriters, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the Issuer relating to the Bonds, dated _____, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Issuer will deliver, or cause to be delivered, to the Underwriters, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriters to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the Issuer accepts this offer and if the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the Issuer at the Closing as herein provided, the parties hereby agree that the damages to the Issuer shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds and, upon such failure of the Underwriters to accept and pay for the Bonds, Underwriters shall be obligated to pay to the Issuer such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters. Upon such payment the Underwriters shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults. In no event shall the Issuer be entitled to damages of any nature other than the liquidated damages herein specified.

3. Closing. At 10:30 a.m., central time, on _____, or at such other time or date as shall be agreed to by the Issuer and the Representative, the Issuer will deliver, or cause to be delivered, to the Representative, or such agent as it shall designate, the Bonds, in book-entry form, duly executed on the Issuer's behalf, together with the other documents hereinafter mentioned, and the Representative will accept, or cause to be accepted, such delivery and pay to the Issuer the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the Issuer. Payment for the Bonds as aforesaid shall be made at such place designated by the Issuer and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered Bonds, book-entry only form, in denominations of \$5,000 each or any integral multiple thereof as the Underwriter

shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Representative to the Issuer or to Deutsche Bank National Trust Company, as the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Underwriters hereby instruct that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriters hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the Issuer herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Representative, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative, and the Issuer shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative, and (iv) the Issuer shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Representative shall have received the following:

(i) The unqualified approving opinions, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix A-1 and Appendix A-2 to the Official Statement, addressed to the Issuer and the Representative;

(ii) A certificate, dated the Closing Date, signed by the Metropolitan Mayor, Metropolitan Clerk, Metropolitan Treasurer, Director of Finance and Director of Law, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) Except as described in the Official Statement, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the Issuer or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the

Purchase Agreement or the Refunding Escrow Agreement (the “Refunding Escrow Agreement”) between the Issuer and Deutsche Bank National Association, Olive Branch, Mississippi, as escrow agent; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, the Refunding Escrow Agreement or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the Issuer or the title of its present officers to their respective offices; or contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, the Purchase Agreement, the Refunding Escrow Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Purchase Agreement, the Refunding Escrow Agreement and the Bonds, the adoption of the Resolution, and the compliance by the Issuer with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the Issuer or similar incorporating or governing documents of the Issuer or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the Issuer or its properties are subject.

(D) The Issuer has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied pursuant to this agreement at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2007, there has been no material adverse change in the financial position or results of operations of the

Issuer's water and sewer systems except as set forth in or contemplated by the Official Statement;

(iii) Evidence satisfactory in form and substance to the Representative that the credit ratings assigned to the Bonds by Moody's Investors Service and Standard & Poor's are as set forth on the cover page of the Official Statement;

(iv) An opinion of the Director of Law in form and substance satisfactory to Bond Counsel; and

(v) A report of Robert Thomas, Inc., independent arbitrage consultants, verifying the accuracy of the arithmetical computations of the adequacy of funds on deposit to pay the principal and interest on the Outstanding Bonds.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder.

5. Expenses.

(a) Other than the expenses identified in Section 5(b), the Issuer agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds.

(b) The Underwriters shall pay the cost of delivering the Bonds from the place of Closing to the purchasers and all expenses of the Underwriters incurred in connection with the preparation, sale and closing of the Bonds.

(c) In the event that either the Issuer or the Underwriters shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

6. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Representative:

Morgan Keegan & Company, Inc.
50 North Front Street, 16th Floor
Memphis, Tennessee 38013
Attn: Kevin Thompson

The Issuer:

The Metropolitan Government of Nashville and
Davidson County
Metro Courthouse
1 Public Square, Suite 106
Nashville, Tennessee 37201
Attn: Director of Finance

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds from the Underwriters merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, in operative or unenforceable to any extent whatever.

(e) This Purchase 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.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Representative may waive compliance by the Issuer with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Representative of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

MORGAN KEEGAN & COMPANY, INC.

By: _____

Title: _____

Accepted as of the date first
above written:

THE METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY (TENNESSEE)

By: _____
Metropolitan Mayor

(SEAL)

SCHEDULE A

EXHIBIT C
TO THE SUPPLEMENTAL RESOLUTION
(FORM OF REFUNDING ESCROW AGREEMENT)

THIS ESCROW AGREEMENT (the “Agreement”), dated as of _____, 2008, by and between The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”), and Deutsche Bank National Trust Company, Olive Branch, Mississippi, as Escrow Agent (the “Escrow Agent”).

W I T N E S S E T H:

WHEREAS, the Metropolitan Government has previously authorized and issued its Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing [January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022] (the “Refunded 1998A Bonds”); its Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing [January 1, 2009 through January 1, 2012, inclusive] (the “Refunded 1998B Bonds”); and its Water and Sewer Revenue Refunding Bonds, Series 1986, dated October 1, 2016 and maturing [January 1, 2016] (the “Refunded 1986 Bonds” and together with the Refunded 1998A Bonds and the Refunded 1998B Bonds, the “Refunded Bonds”); and

WHEREAS, the Metropolitan Government has determined that it is in its best interest to refund and refinance the Refunded Bonds by depositing in escrow with the Escrow Agent funds that, with the investment income therefrom, will be sufficient to pay the principal, interest and redemption premium, if any, on the Refunded Bonds to their earliest optional redemption date; and

WHEREAS, in order to obtain a portion of the funds needed for said deposit, the Metropolitan Government has authorized and issued \$_____ in aggregate principal amount of Water and Sewer Revenue Refunding Bonds, Series 2008A, and \$_____ in aggregate principal amount of Water and Sewer Revenue Refunding Bonds, Series 2008B (Taxable), both dated _____, 2008 (the “Refunding Bonds”); and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of Refunding Bond proceeds and the application thereof, and to provide for the payment of the Refunded Bonds as set forth herein, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Metropolitan Government and the Escrow Agent agree as follows:

Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the resolution authorizing the Refunding Bonds (the “Refunding Bond Resolution”).

SECTION 1 Escrow Fund. There is hereby created and established a special and irrevocable escrow fund (the “Escrow Fund”) to be held in the custody of the Escrow Agent under this Agreement separate and apart from all other funds of the Metropolitan Government or

of the Escrow Agent. All monies and Investment Securities deposited to the Escrow Fund, together with investment income therefrom, shall be held and applied solely as provided in this Agreement and shall constitute a fund to be held by the Escrow Agent as a part of the escrow and trust created, established, and governed by this Agreement. The holders of the Refunded Bonds shall have an express lien on all moneys, Investment Securities and other funds deposited in the Escrow Fund until used and applied in accordance with this Agreement.

SECTION 2 Deposit of Moneys. There is hereby deposited with the Escrow Agent by or for the benefit of the Metropolitan Government \$ _____, \$ _____ of which is derived from the proceeds of the sale of the Refunded 1986 Bonds, \$ _____ of which is derived from the proceeds of the sale of the Refunded 1998A Bonds and the Refunded 1998B Bonds, and \$ _____ of which is derived from other funds of the Metropolitan Government. The Metropolitan Government hereby represents and warrants that such moneys are at least equal to an amount sufficient to purchase the Investment Securities set forth in Schedule A hereto and the Investment Securities so purchased at their respective maturities will be sufficient to pay principal of and premium and interest on the Refunded Bonds to their earliest optional redemption date.

SECTION 3 Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 2 and agrees:

(a) to immediately invest \$ _____ of such funds in the Investment Securities listed on Schedule A hereto and to deposit such Investment Securities in the Escrow Fund; and

(b) to hold \$ _____ of such funds as cash in a non-interest-bearing account and will wire said amount to the registration and paying agent for the Refunded Bonds pay interest on the Refunded Bonds on the first interest payment date following the deposit of funds in escrow hereunder.

Except as provided in Sections 6 and 8 hereof, the investment income from the Investment Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Escrow Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Investment Securities held hereunder or to sell, transfer, or otherwise dispose of the Investment Securities acquired hereunder except as provided herein.

SECTION 4 Payment of Refunded Bonds.

(a) Payment. As the principal of the Investment Securities set forth in Schedule A hereof and the investment income and earnings thereon are paid, the Escrow Agent shall, no later than the appropriate interest, principal and redemption payment dates for the Refunded Bonds, transfer from the Escrow Fund to the paying agent for the Refunded Bonds amounts sufficient to pay the principal of and premium and interest on the Refunded Bonds at the times, in the amounts and in the manner set forth on Schedule B attached hereto and the resolutions authorizing the Refunded Bonds.

(b) Excess Funds. When the Escrow Agent has made all required payments of principal, premium and interest on the Refunded Bonds as hereinabove provided, the Agent shall transfer any monies or Investment Securities then held hereunder to the Metropolitan Government and this Agreement shall terminate.

(c) Termination of Obligations. Upon deposit of the moneys set forth in Section 2 hereof with the Escrow Agent pursuant to the provisions of Section 2 hereof and the simultaneous purchase of the Investment Securities as provided in Section 3 hereof, the owners of the Refunded Bonds shall cease to be entitled to any lien, benefit or security under the resolution authorizing the Refunded Bonds, and all covenants, agreements and obligations of the Metropolitan Government to the owners of the Refunded Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

SECTION 5 Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein.

SECTION 6 Reinvestment.

(a) Except as provided in this Section 6 or in Section 8 hereof, the Escrow Agent shall have no power or duty to reinvest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Investment Securities held hereunder.

(b) Unless otherwise directed by the Metropolitan Government, any surplus amounts received from principal or interest payments on such Investment Securities remaining in the Escrow Fund from time to time and not needed at such time to pay principal, premium and interest due or to become due on the Refunded Bonds, shall be held uninvested in the Escrow Fund until the next principal or interest payment date, at which time such amount shall be applied before any other Escrow Fund monies to the payment of the next ensuing payment on the Refunded Bonds.

SECTION 7 Responsibilities of the Escrow Agent. In the event of the Escrow Agent's failure to account for any of the Investment Securities, Substituted Obligations (as defined in Section 8 hereof) or monies received by it, said Investment Securities or Substituted Obligations or monies shall be and remain the property of the Metropolitan Government in trust for the holders of the Refunded Bonds, as herein provided, and if for any reason such Investment Securities, Substituted Obligations or monies are not applied as herein provided. The Escrow Agent shall be liable to the Metropolitan Government.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Investment Securities, Substituted Obligations and other monies available for such purpose to pay the Refunded Bonds. So long as the Escrow Agent applies the Investment Securities, Substituted Obligations and monies as provided therein, and complies fully with the

terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

The Escrow Agent shall not be liable to the Metropolitan Government for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful default in the performance of any obligation imposed upon it hereunder.

The Escrow Agent shall deliver to the Director of Finance a monthly report summarizing all transactions relating to the Escrow Fund; and, on or before the first day of August of each year, shall deliver to the Director of Finance a report current as of the previous June 30, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the Metropolitan Government and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 8 Substitution of Investment Securities. At the written request of the Metropolitan Government made by the Director of Finance, the Escrow Agent shall have the power to sell, transfer or otherwise dispose of the Investment Securities acquired hereunder and to substitute for the Investment Securities any direct obligations of, or non-callable, non-prepayable obligations fully guaranteed as to full and timely payment of principal and interest by, the United States of America which are not subject to redemption prior to maturity other than at the option of the holder thereof and which do not consist of investments in mutual funds or unit investment trusts (the "Substituted Obligations"). The Escrow Agent shall either (i) purchase such Substituted Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Investment Securities together with any other funds available for such purpose or (ii) acquire such Substituted Obligations in exchange for the transfer of the Investment Securities identified in written instructions of the Director of Finance. The foregoing transactions may be effected only if: (a) an independent certified public accountant shall certify that after such transaction the principal amount of and interest income on the Substituted Obligations will, together with any other monies available for such purpose, be sufficient to pay, excluding reinvestment earnings, as the same become due at maturity or earlier redemption, all principal of and premium and interest on the Refunded Bonds which have not been paid previously; (b) the amounts and dates of the anticipated transfers from the Escrow Fund to the appropriate paying agents for the Refunded Bonds will not be diminished or postponed thereby, which may be evidenced in the report of the independent certified public accountant delivered pursuant to clause (a) hereof; and (c) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds to the effect that (A) such disposition and substitution or purchase would not cause any of the Refunded Bonds to be an "arbitrage bond" within the meaning of Section 103(c) of the Code in effect on the date of such disposition and substitution and applicable to the Refunded Bonds and (B) such disposition, substitution or purchase is permitted under the terms of the resolutions authorizing the Refunded Bonds. Any cash from the sale of any Investment Securities or Substituted Obligations received from the disposition and substitution of obligations pursuant to this Section 8, to the extent such cash will not be required, in accordance with the resolutions authorizing the Refunded Bonds and this Agreement, at any time for the payment when due of the principal of and premium and interest on the Refunded Bonds, shall be paid to the Metropolitan Government, as received by

the Escrow Agent free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing under this Agreement.

SECTION 9 Redemption of Refunded Bonds.

(a) The Refunded 1998A Bonds shall be redeemed on _____, 2008. The Agent is hereby authorized and directed to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded 1998A Bonds. The redemption notice shall be substantially in the form of the notice attached hereto and made a part hereof as Schedule C-1. The Escrow Agent is hereby authorized and directed to pay the full redemption price of said Refunded 1998A Bonds on said redemption date.

(b) The Refunded 1998B Bonds shall be redeemed on _____, 2008. The Agent is hereby authorized and directed to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded 1998B Bonds. The redemption notice shall be substantially in the form of the notice attached hereto and made a part hereof as Schedule C-2. The Escrow Agent is hereby authorized and directed to pay the full redemption price of said Refunded 1998B Bonds on said redemption date.

(c) The Refunded 1986 Bonds shall be redeemed on _____, 2008. The Agent is hereby authorized and directed to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded 1986 Bonds. The redemption notice shall be substantially in the form of the notice attached hereto and made a part hereof as Schedule C-3. The Escrow Agent is hereby authorized and directed to pay the full redemption price of said Refunded 1986 Bonds on said redemption date.

SECTION 10 Amendments. This Agreement is made for the benefit of the Metropolitan Government and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent, and the Metropolitan Government; provided, however, that the Metropolitan Government and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Agreement; (ii) to grant to, or confer upon, the holders of the Refunded Bonds or the Escrow Agent any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; (iii) to include under this Agreement additional funds, securities or properties and (iv) to amend, supplement or sever any provision of this Agreement deemed, in the opinion of nationally recognized bond counsel, to be in need of such amendment, supplement or severance in order to protect the tax-exempt status of interest on any of the Refunded Bonds, but only to the extent not detrimental to the holders of the Refunded Bonds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally-recognized municipal bond attorneys with respect to compliance with this Section 10,

including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10.

SECTION 11 Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 4(b) of this Agreement.

SECTION 12 Compensation. The Metropolitan Government shall compensate the Escrow Agent for its services hereunder by paying to the Escrow Agent the amount of \$_____; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement. The Metropolitan Government shall not be obligated to pay any fees or amounts to the Escrow Agent except as set forth herein.

SECTION 13 Resignation or Removal of Escrow Agent.

(a) The Escrow Agent may resign by giving notice in writing to the Metropolitan Government, which notice shall be mailed by the Metropolitan Government, or its agent, at the cost and expense of the resigning Escrow Agent, to the holders of the Refunded Bonds by first-class mail, postage prepaid, at the addresses shown on the Bond registration books of the Paying Agent and Bond Registrar for the Refunded Bonds as of the date of the notice. The Escrow Agent may be removed (1) at the direction of the Metropolitan Government upon any consolidation or merger of the Escrow Agent with any other entity or the transfer or assignment of its duties hereunder to any other entity or the sale or transfer of all or substantially all its trust assets to any other entity, or (2) by (i) filing with the Metropolitan Government of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, (ii) mailing such notice at least 60 days prior to the effective date of said removal to the holders of the Refunded Bonds as aforesaid, and (iii) the delivery of a copy of the instruments filed with the Metropolitan Government to the Escrow Agent, or (3) by a court of competent jurisdiction for failure to act in accordance with the provisions of the Escrow Agreement upon application by the Metropolitan Government or the holders of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Agent becomes vacant due to resignation or removal of the Escrow Agent or any other reason, a successor Escrow Agent may be appointed by the Metropolitan Government. Notice of such appointment shall be mailed in accordance with the requirements more specifically set forth in clause (2)(ii) of subsection (a) of this Section. Within one year after a vacancy, the holders of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the Metropolitan Government, appoint a successor Escrow Agent who shall supersede

any Escrow Agent theretofore appointed by the Metropolitan Government. If no successor Escrow Agent is appointed by the Metropolitan Government or the holders of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such Refunded Bond or any retiring Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The responsibilities of the Escrow Agent under this Escrow Agreement will not be discharged until a new Escrow Agent is appointed and until the cash and investments held under this Escrow Agreement are transferred to the new Escrow Agent.

SECTION 14 No Implied Duties; Reliance on Counsel. The Escrow Agent shall have no implied duties under this Agreement. In the event of any question arising hereunder, the Escrow Agent shall be entitled to rely conclusively on the opinion of nationally recognized municipal bond attorneys which cost shall be borne by the Metropolitan Government.

SECTION 15 Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Metropolitan Government or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16 Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 17 Governing Law. This Agreement shall be construed under the laws of the State of Tennessee.

SECTION 18 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in Nashville, Tennessee, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 19 Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the Metropolitan Government.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested as of the _____ day of _____, 2008.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

BY: _____
Metropolitan Mayor

(SEAL)

ATTESTED:

Metropolitan Clerk

DEUTSCHE BANK NATIONAL TRUST
COMPANY, as Escrow Agent

By: _____
Title: Authorized Officer

(SEAL)

By: _____
Title: Authorized Officer

SCHEDULE A

TO ESCROW AGREEMENT

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Investment Securities

State and Local Government Series

Certificates of Indebtedness

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Cost of Securities: \$ _____

Cash: \$ _____

SCHEDULE B
TO ESCROW AGREEMENT

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Debt Service Schedule of Refunded Bonds

Debt Service Schedule of Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing [January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022], to the Redemption Date, With Name and Address of the Trustee And Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Trustee: Deutsche Bank National Trust Company, successor to First Tennessee Bank National Association, Nashville, Tennessee and Memphis, Tennessee.

SCHEDULE B (CONTINUED)

Debt Service Schedule of Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing [January 1, 2009 through January 1, 2012, inclusive], to the Redemption Date, With Name and Address of the Trustee And Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Trustee: Deutsche Bank National Trust Company, successor to First Tennessee Bank National Association, Memphis, Tennessee

SCHEDULE B (CONTINUED)

Debt Service Schedule of Water and Sewer Revenue Refunding Bonds, Series 1986, dated October 1, 1986, maturing [January 1, 2016], to the Redemption Date, With Name and Address of the Trustee And Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Trustee: Deutsche Bank National Trust Company, successor to First Tennessee Bank National Association, Memphis, Tennessee

SCHEDULE C-1

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Refunding Bonds, Series 1998A, maturing [January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022]

NOTICE IS HEREBY GIVEN that The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"), has elected to and does exercise its option to call and redeem on _____, 2008 all the Metropolitan Government's outstanding Water and Sewer Revenue Refunding Bonds, Series 1998A, dated February 1, 1998, maturing [January 1, 2009 through January 1, 2019, inclusive and on January 1, 2022] (the "Refunded Bonds"), more fully described as follows:

<u>Principal Amount</u>	<u>CUSIP</u>	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
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The owners of the Refunded Bonds are hereby notified to present the same to the principal corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, successor to First Tennessee Bank National Association, Memphis, Tennessee where redemption shall be made at the price of 101% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____, 2008 upon each such Refunded Bond herein called for redemption and such Refunded Bonds shall not bear interest beyond _____, 2008.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Deutsche Bank National Trust Company
Trustee

SCHEDULE C-2

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing [January 1, 2009 through January 1, 2012, inclusive]

NOTICE IS HEREBY GIVEN that The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"), has elected to and does exercise its option to call and redeem on _____, 2008, all the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing [January 1, 2009 through January 1, 2012, inclusive] (the "Refunded Bonds"), more fully described as follows:

<u>Principal Amount</u>	<u>CUSIP</u>	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
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The owners of the Refunded Bonds are hereby notified to present the same to the principal corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, successor to First Tennessee Bank National Association, Memphis, Tennessee, where redemption shall be made at the price of 101% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____, 2008 upon each such Refunded Bond herein called for redemption and such Refunded Bonds shall not bear interest beyond _____, 2008.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Deutsche Bank National Trust Company
Trustee

SCHEDULE C-3

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Refunding Bonds, Series 1986, dated October 1, 1986, maturing [January 1, 2016]

NOTICE IS HEREBY GIVEN that The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government"), has elected to and does exercise its option to call and redeem on _____, 2008, all the Metropolitan Government's outstanding Water and Sewer Revenue Refunding Bonds, Series 1986, dated January 1, 1986, maturing [January 1, 2016] (the "Refunded Bonds"), more fully described as follows:

<u>Principal Amount</u>	<u>CUSIP</u>	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
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The owners of the Refunded Bonds are hereby notified to present the same to the principal corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, successor to First Tennessee Bank National Association, Memphis, Tennessee, where redemption shall be made at the price of 101% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____, 2008 upon each such Refunded Bond herein called for redemption and such Refunded Bonds shall not bear interest beyond _____, 2008.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Deutsche Bank National Trust Company
Trustee

EXHIBIT D
TO BOND RESOLUTION
(FORM OF PRELIMINARY OFFICIAL STATEMENT)

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