

Substitute Resolution No. RS2007-2010

Substitute resolution authorizing and providing for the issuance and sale of bond anticipation notes in an amount not to exceed Four Hundred Million Dollars in the form of commercial paper of The Metropolitan Government of Nashville and Davidson County (Tennessee); authorizing and providing for a dealer agreement, issuing and paying agency agreement, and standby note purchase agreement; and providing for certain other matters related thereto

WHEREAS, under the provisions of Title 9, Chapter 21, Tennessee Code Annotated, The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") is authorized to issue and sell from time to time its general obligation bonds, and in anticipation thereof to issue and sell from time to time general obligation bond anticipation notes, for various public purposes; and

WHEREAS, in order to provide financing for the cost of various capital projects for which general obligation bonds and bond anticipation notes have been authorized to be issued and sold, the Metropolitan County Council deems it advisable and in the best interests of the Metropolitan Government to provide at this time for the issuance and sale from time to time of general obligation bond anticipation notes of the Metropolitan Government, in the form of commercial paper; and

WHEREAS, the Metropolitan Government has previously authorized and issued its general obligation bond anticipation notes ("Prior Notes") pursuant to Resolution No. 2003-1496 adopted by the Metropolitan County Council on June 17, 2003; and

WHEREAS, the Metropolitan Government desires to refinance all Prior Notes outstanding under Resolution No. 2003-1496 by the issuance of notes authorized hereunder; and

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

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

ARTICLE I

DEFINITIONS; AUTHORITY

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

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

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

"Bank" means the provider or providers of one or more Facilities and any successor.

"Bank Notes" means each Note purchased by a Bank providing the Facility with respect to such Notes with the proceeds of a drawing under and in accordance with such Facility and which are held by such Bank or such other Person to whom such Bank Notes are sold as authorized by the Facility other than pursuant to a remarketing; provided, however, such Notes shall cease to be Bank Notes upon the purchase thereof pursuant to a successful remarketing.

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

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

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

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

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

"Commercial Paper" means general obligation bond anticipation notes of the Metropolitan Government issued in anticipation of the issuance of Bonds or to renew the Prior Notes and in accordance with Section 2.01 hereof.

"Commercial Paper Fund" means the special purpose trust fund established pursuant to Section 2.06 and to be held by the Issuing and Paying Agent for the benefit of the Holders from time to time of Commercial Paper for the deposit of proceeds of Commercial Paper to be used to pay the principal of Outstanding Commercial Paper and moneys to pay the interest on Outstanding Commercial Paper, and the payment therefrom of principal of and interest on Outstanding Commercial Paper.

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

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

"Dealer Agreement" means each Dealer Agreement authorized by Section 5.01, as the same may be amended or supplemented, and any other dealer agreement which the Metropolitan Government determines to be in replacement thereof as may be entered into by the Metropolitan Government from time to time with respect to the Commercial Paper Program.

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

"Director of Law" means the Director of Law of the Metropolitan Government appointed pursuant to the provisions of the Charter or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Metropolitan Mayor to undertake the duties otherwise performed by the Director of Law, or his designee or the Deputy Director of Law acting as the Director in the event of a vacancy in that position under the authority of Section 8.604 of the Charter.

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

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

"Facility" means a letter of credit, line of credit, standby bond purchase agreement or other liquidity facility or credit support or mechanism delivered, made, entered into or otherwise obtained for the purpose of securing the payment of principal of and, at the discretion of the Metropolitan Government, interest on the Commercial Paper or any substitute Facility and includes the agreement providing for a Facility authorized pursuant to Section 4.06 hereof, including any similar agreement which provides for a substitute Facility pursuant to Section 4.06.

"Holder" means any Person who is in possession of any Commercial Paper issued or endorsed to such Person or to the order of such Person or to bearer or in blank; provided, however, that "Holder", when used with reference to Book-Entry Commercial Paper evidenced by a Master Note, and such Master Note, shall mean the registered owner of such Master Note as shown on the books of the Issuing and Paying Agent kept pursuant to Section 2.03(b).

"Initial Bank" means, collectively, State Street Bank and Trust Company, California State Teachers' Retirement System and California Public Employees' Retirement System and its successors and assigns.

"Initial Facility" means the Facility issued by the Initial Bank pursuant to the Standby Note Purchase Agreement between the Metropolitan Government and the Initial Bank dated on or about the date of initial issuance and delivery of the Commercial Paper.

"Initial Resolutions" means, collectively, the Initial Resolutions of the Metropolitan Government adopted by the Metropolitan County Council of the Metropolitan Government for the purposes and not in excess of the respective amounts therein on (i) May 16, 2000, October 17, 2000, December 18, 2001, October 15, 2002, July 20, 2004, November 16, 2004, August 16, 2005 and August 15, 2006, as amended on April 17, 2007; and (ii) a date or dates on which the Metropolitan County Council of the Metropolitan Government may adopt an initial resolution or resolutions authorizing additional general obligation bonds of the Metropolitan Government.

"Issuing and Paying Agency Agreement" means the Issuing and Paying Agency Agreement authorized by Section 5.02, as the same may be amended or supplemented, and any other issuing and paying agency agreement which the Metropolitan Government determines to be in replacement thereof as may be entered into by the Metropolitan Government from time to time with respect to the Commercial Paper Program.

"Issuing and Paying Agent" means Deutsche Bank Trust Company Americas, appointed by the Metropolitan Government pursuant to this Resolution to serve as Issuing and Paying Agent in accordance with the Issuing and Paying Agency Agreement, and any successor thereto appointed pursuant to this Resolution.

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

"Maximum Rate" means, as of any time, (i) with respect to any Commercial Paper not owned by the Bank, the rate of 15% per annum calculated on the basis of actual days elapsed and a 365 or 366 day year and (ii) with respect to any Commercial Paper owned by the Bank, the maximum rate described in the Facility; provided, however, that in any such case, the maximum rate of interest will not exceed the maximum rate of interest at the time permitted by Section 47-14-103, Tennessee Code Annotated, or other applicable State law.

"Metropolitan Government" means The Metropolitan Government of Nashville and Davidson County (Tennessee).

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

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

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

"Outstanding" means, when used as of any particular time with reference to Commercial Paper, all Commercial Paper theretofore or thereupon issued pursuant to this Resolution except (i) Commercial Paper theretofore canceled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation; (ii) Commercial Paper with respect to which, and only to the extent, all liability of the Metropolitan Government shall have been discharged in accordance with Section 8.01; and (iii) Commercial Paper in lieu of, or in substitution for, which other Commercial Paper has been or is then being issued by the Issuing and Paying Agent pursuant to the terms of this Resolution.

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

"Prior Notes" means all notes outstanding under Resolution No. 2003-1496 adopted by the Metropolitan County Council on June 17, 2003.

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

"Purchase Date" means a Business Day during the period in which a Bank is required to purchase Notes pursuant to a Facility.

"Purchase Demand" means any demand by the Issuing and Paying Agent for the purchase of Commercial Paper by the Bank pursuant to Article IV of this Resolution.

"Purchased Commercial Paper" shall mean Commercial Paper purchased by the Bank pursuant to Article IV of this Resolution.

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

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

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

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

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

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

"State" means the State of Tennessee.

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

SECTION 1.02 Interpretation.

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

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

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

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

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

ARTICLE II

GENERAL OBLIGATION COMMERCIAL PAPER

SECTION 2.01 Authorization and Issuance of Commercial Paper.

(a) *Authorization of Commercial Paper.* In anticipation of the issuance and sale of Bonds and to renew the Prior Notes, there is hereby authorized to be issued from time to time bond anticipation notes in the form of Commercial Paper in an aggregate principal amount outstanding at any time of not to exceed \$400,000,000, consisting of (i) Original Commercial Paper and (ii) Rollover Commercial Paper related thereto. The Metropolitan Government may authorize the issuance pursuant to a resolution or resolutions of its Metropolitan County Council of additional bond anticipation notes in the form of Commercial Paper in anticipation of the issuance of Bonds in such amount or amounts as said Metropolitan County Council may determine with respect to Original Commercial Paper together with Rollover Commercial Paper related thereto. The Metropolitan Government agrees that it will not issue any bond anticipation notes in anticipation of the issuance of the Bonds other than the Commercial Paper. Not more than \$400,000,000 of Commercial Paper shall be at any one time Outstanding pursuant to this Resolution.

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

(A) the aggregate of (1) the principal amount of Outstanding Commercial Paper, plus (2) the principal amount of the Commercial Paper then being issued, plus (3) the

principal amount of Bonds theretofore issued and Commercial Paper retired from sources other than proceeds of the Bonds, does not exceed the maximum principal amount of Bonds authorized to be issued by the Initial Resolutions;

(B) the aggregate of (1) the principal amount of Outstanding Commercial Paper plus (2) the principal amount of the Commercial Paper then being issued, does not exceed the maximum principal amount of Commercial Paper authorized hereby and secured by the Facility;

(C) such Commercial Paper will not mature later than the times required by the Act for the amortization of bond anticipation notes (which, in the case of Commercial Paper issued to retire the Prior Notes shall be measured against the original issue date of the Prior Notes); and

(D) the Initial Resolutions shall have been adopted by the Metropolitan County Council and published as required by the Act, and no protest thereof sufficient to require a referendum under the Act shall have been filed.

SECTION 2.02 Use of Proceeds. The proceeds of Commercial Paper shall be used only for (i) the purpose of providing financing for the cost of all or any of the public purposes for which Bonds have been authorized; (ii) payment of the Prior Notes; and (iii) the payment of the principal of Outstanding Commercial Paper. The proceeds of the sale of Commercial Paper shall be applied in the manner set forth in Section 3.02.

SECTION 2.03 Book-Entry Commercial Paper.

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

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

(c) In order to qualify the Commercial Paper for the Depository's book-entry system, any Authorized Officer is hereby authorized from time to time to execute and deliver on behalf

of the Metropolitan Government to such Depository a letter or letters from the Metropolitan Government representing such matters as shall be necessary or advisable to so qualify the Commercial Paper (each, a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way impose upon the Metropolitan Government any obligation whatsoever with respect to persons having interests in the Commercial Paper other than the Holders thereof and the Depository. In addition to the execution and delivery of a Representation Letter, the Authorized Officers and the other officers and employees of the Metropolitan Government are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Commercial Paper for the Depository's book-entry system.

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

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

(f) The Depository may determine not to continue to act as securities depository for the Commercial Paper, or the Metropolitan Government may determine to discontinue the book-entry only issuance of the Commercial Paper through the Depository and in such case shall deliver a written notice to the Issuing and Paying Agent and the Dealer to that effect. In either case, if the Metropolitan Government determines to replace the Depository with another

qualified securities depository, the Metropolitan Government shall prepare or direct the preparation of one or more new, separate, fully registered Master Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the Metropolitan Government, the Issuing and Paying Agent and the replacement Depository as are not inconsistent with the terms of this Resolution. If the Metropolitan Government fails to identify another securities depository to replace the Depository, the Metropolitan Government may amend this Resolution pursuant to paragraph 6 of Section 7.01 and shall deliver to the Issuing and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions of this Resolution, as so amended, and of the Issuing and Paying Agency Agreement, Commercial Paper instruments executed on behalf of the Metropolitan Government, with the date of issuance, principal amount, maturity date, owner and rate of interest left blank. Each such Commercial Paper instrument shall be held in safekeeping by the Issuing and Paying Agent until authenticated and issued in accordance with the provisions of this Resolution and of the Issuing and Paying Agency Agreement.

SECTION 2.04 Terms Applicable to Commercial Paper.

(a) Subject to the conditions and limitations contained herein, Commercial Paper (i) shall be designated "General Obligation Commercial Paper," (ii) may bear a series designation as determined by an Authorized Officer, (iii) shall be dated as of the date of their issuance, (iv) shall mature on a Business Day, (v) shall not be subject to redemption prior to maturity, except as described in subsection (c) hereof, (vi) shall bear interest from their date, payable at maturity with principal, computed on the basis of actual days elapsed, including the issue date and excluding the maturity date, a 365 or 366 day year, (vii) except in the case of the Master Note, shall be issued in bearer form without coupons, (viii) shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess of such amount, (ix) unless otherwise directed by an Authorized Officer, shall be numbered in such manner as the Issuing and Paying Agent shall determine, and (x) shall be issued on such dates and otherwise have such terms and conditions, all as shall be specified in a Request given to the Issuing and Paying Agent pursuant to Section 3.01(c).

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

(c) If there are Bank Notes outstanding on the Purchase Date, then the outstanding principal amount of such Bank Notes shall be payable in full in mandatory sinking fund redemption installments over such terms, on such dates, and at such rates of interest, not to exceed the Maximum Lawful Rate as shall be set forth in the Facility. Bank Notes may be redeemed at the option of the Metropolitan Government at any time without penalty in Authorized Denominations.

(d) Notice of redemption shall be given by the Director of Finance to the Issuing and Paying Agent who shall cause notice of redemption to be sent to the Bank or the Agent on behalf

of the Banks providing the Facility with respect to such Notes not less than fifteen (15) days prior to the redemption date by first-class mail or in accordance with applicable DTC procedures. Partial redemption of Notes shall be in accordance with DTC procedures or shall be selected by the Issuing and Paying Agent by lot if the Notes are not in book-entry form.

SECTION 2.05 Security and Sources of Payment.

(a) All of the Commercial Paper shall constitute and be direct general obligations of the Metropolitan Government for the payment of which as to both principal and interest the full faith and credit and unlimited taxing power of the Metropolitan Government is irrevocably pledged. In accordance with the provisions of Tennessee Code Annotated, Section 9-21-215, it is hereby recited that adequate provision will be made for raising annually by tax upon all property subject to taxation by the Metropolitan Government of a sum sufficient to pay the interest on and principal of the Commercial Paper as the same shall become due. The Metropolitan Government hereby agrees that a tax sufficient to pay when due such principal and such interest shall be levied annually and assessed, collected and paid in like manner with the other taxes of the Metropolitan Government and shall be in addition to all other taxes authorized or limited by law. This Resolution shall be deemed to be the tax resolution required to be adopted in respect of Commercial Paper under Tennessee Code Annotated, Section 9-21-215.

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

SECTION 2.06 Commercial Paper Fund.

(a) There is hereby created and established with the Issuing and Paying Agent a separate and special purpose trust fund for the benefit of the Holders to be designated as the "Metropolitan Government General Obligation Commercial Paper Fund" (the "Commercial Paper Fund"). The Issuing and Paying Agent shall have the sole right of withdrawal over the moneys in the Commercial Paper Fund, subject to the direction of the Metropolitan Government, as provided in subsections (c)(iii) and (vi) of this Section.

(b) The Metropolitan Government may issue, or if necessary for the payment of the principal of Outstanding Commercial Paper, shall use its best efforts to issue, Bonds, notes or other evidences of indebtedness and deposit the proceeds thereof into the Commercial Paper Fund in amounts sufficient, together with other available moneys, to pay the principal of all Outstanding Commercial Paper.

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

(i) (A) with respect to the Commercial Paper (except Commercial Paper required to be purchased by the Bank pursuant to Article IV of this Resolution under the Facility as contemplated by subsection (c)(ii) of this Section), deposit into the Commercial Paper Fund the proceeds of sale of all Commercial Paper issued on any day, other than for the purpose of paying costs of the public purposes for which Commercial Paper has been issued, as required by paragraph (a) of Section 3.02, and (B) apply such proceeds to the payment of the principal of Outstanding Commercial Paper becoming due and payable on such day;

(ii) to the extent such proceeds on any day, as of the time specified in Article IV of this Resolution for the submission of a Purchase Demand, are insufficient to pay the principal of all Outstanding Commercial Paper becoming due and payable on such day, (A)(1) first, make a Purchase Demand of the Bank, in the manner provided in Article IV of this Resolution, for purchase of an aggregate principal amount of Commercial Paper equal to such insufficiency), and (2) second, to the extent such insufficiency has not been satisfied by such Purchase Demand, make demand upon the Metropolitan Government for the full amount of the balance of such insufficiency pursuant to Section 5.04(c), (B) deposit the proceeds of the Commercial Paper purchased pursuant to such Purchase Demand and any such payment by the Metropolitan Government into the Commercial Paper Fund, and (C) apply such proceeds and payment to the payment of the principal of Outstanding Commercial Paper becoming due and payable on such day;

(iii) with respect to the Commercial Paper, to the extent such proceeds on any day are in excess of the amount required to pay the principal of all Outstanding Commercial Paper becoming due and payable on such day, pursuant to paragraph (b) of Section 3.02, transfer the balance of such excess to the Metropolitan Government;

(iv) (A) deposit into the Commercial Paper Fund all payments made by the Bank or the Metropolitan Government to the Issuing and Paying Agent for the purpose of paying the interest on Outstanding Commercial Paper pursuant to Section 5.04(c), and (B) apply such deposits to the payment of such interest;

(v) (A) deposit into the Commercial Paper Fund all payments made by the Bank for the purpose of paying Outstanding Commercial Paper and all proceeds of Bonds, notes or other evidences of indebtedness transferred to the Issuing and Paying Agent by or on behalf of the Metropolitan Government, and (B) apply such deposits to the payment of the principal of Outstanding Commercial Paper, or otherwise, as an Authorized Officer shall specify from time to time in written instructions filed with the Issuing and Paying Agent; and

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

(d) Amounts on deposit in the Commercial Paper Fund as proceeds of Commercial Paper to be used to pay the principal of other Commercial Paper as required by subsection (c)(i) of this Section shall not be invested prior to their application for such purposes. Other amounts on deposit in the Commercial Paper Fund may be invested prior to their application for

authorized purposes, but only at the direction of an Authorized Officer, and only in securities held in the name of the Metropolitan Government or the Issuing and Paying Agent as trustee for the Metropolitan Government (in either case, either as registered or beneficial owner), and otherwise shall not earn interest.

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

SECTION 2.07 Forms and Execution of Commercial Paper.

(a) The Commercial Paper shall be executed on behalf of the Metropolitan Government with the manual or facsimile signatures of the Metropolitan Mayor and of the Metropolitan Clerk, shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Metropolitan Government, and shall be approved as to form and legality by the Director of Law by his or her manual or facsimile signature. In case any officer of the Metropolitan Government whose signature or whose facsimile signature shall appear on the Commercial Paper shall cease to be such officer before the delivery of such Commercial Paper, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

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

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

ARTICLE III

ISSUANCE AND SALE OF COMMERCIAL PAPER

SECTION 3.01 Issuance and Sale of Commercial Paper.

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

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

(i) The principal amount of Commercial Paper Outstanding at any time shall not exceed \$400,000,000.

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

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

The foregoing requirements of this paragraph (iii) will be satisfied if an amount of Commercial Paper matures, is renewed or is retired within the appropriate time periods equal to the amount of Original Commercial Paper which is required to mature, be renewed or be retired within such appropriate time periods.

(iv) Commercial Paper shall be sold at par.

(v) Original Commercial Paper and Rollover Notes shall not be issued subsequent to the Termination Date unless the Metropolitan Government delivers or causes to be delivered a substitute Facility to the Issuing and Payment Agent on or prior to such Termination Date.

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

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

(viii) Commercial Paper shall not be issued by the Issuing and Paying Agent if the Issuing and Paying Agent has received notice from the Bank providing the Facility an event

of default has occurred and is continuing under the Facility. Prior to issuing additional Commercial Paper after receipt of notice of an event of default under the Facility, the Issuing and Paying Agent must receive notice from the Bank providing the Facility that a cease issuance notice has been rescinded.

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

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

- (i) the aggregate principal amount of Commercial Paper then to be issued,
- (ii) the rate or rates of interest, if any, on such Commercial Paper,
- (iii) the issue date or dates and maturity date or dates of such Commercial Paper, and
- (iv) in the case of Book-Entry Commercial Paper, each Depository direct participant to which such Book-Entry Commercial Paper is to be credited on the books of the Depository, and the principal amount (which shall be in an authorized denomination) of Commercial Paper to be credited to each such participant.

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

(d) Each Request given by an Authorized Officer pursuant to subsection (c) of this Section 3.01 shall constitute a representation by the Metropolitan Government that (i) the Commercial Paper Program is in compliance with the conditions and limitations contained in subsection (b) of this Section 3.01, (ii) the Metropolitan Government is in receipt of an opinion of Bond Counsel, upon which Holders of the Commercial Paper may rely, as to the validity of the Commercial Paper and the exclusion of interest on the Commercial Paper from gross income for Federal income tax purposes, and the exemption of interest on the Commercial Paper from State taxes in the form attached to the Offering Memorandum, (iii) all action on the part of the Metropolitan Government necessary for the valid issuance of the Commercial Paper then to be issued has been taken, (iv) all provisions of State and Federal law necessary for the valid issuance of such Commercial Paper have been complied with, (v) such Commercial Paper in the hands of the Holders thereof will be valid obligations of the Metropolitan Government according to their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws theretofore or thereafter enacted affecting creditors' rights, and to the application of

principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law, (vi) the Facility covering the Commercial Paper is in full force and effect and no default exists under the Facility, and (vii) the Metropolitan Government is not in violation of the conditions and limitations contained in Section 2.01(b) and this Section, or the covenants and agreements of Sections 6.03 or 6.05(b).

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

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

(a) The proceeds of each sale of Commercial Paper on any day in an amount not in excess of the principal amount of Outstanding Commercial Paper becoming due and payable on such day, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the Commercial Paper Fund, shall be deemed to have been issued for the purpose of paying such principal, and such proceeds shall be deposited into the Commercial Paper Fund and used to pay such principal as provided in Section 2.06(c)(i).

(b) The proceeds of each sale of Commercial Paper on any day in an amount in excess of the principal amount, if any, of Outstanding Commercial Paper becoming due and payable on such day, if any, and for the payment of which the Metropolitan Government has not theretofore deposited other amounts into the Commercial Paper Fund, shall be deemed to have been issued for the purpose of paying, and shall be allocated to, authorized purposes pursuant to Section 2.02 (i) and shall be transferred to the Metropolitan Government as directed in writing by an Authorized Officer, as provided in Section 2.06(c)(iii).

(c) Notwithstanding the foregoing, proceeds of the Notes issued hereunder for the purpose of paying the Prior Notes shall be deposited with the issuing and paying agent for the Prior Notes and used to retire the Prior Notes. The Director of Finance is authorized to enter into an escrow agreement with the Issuing and Paying Agent consistent with the terms of this resolution to provide for the deposit and investment of such proceeds, if he believes it to be in the Metropolitan Government's best interest to do so.

SECTION 3.03 Offering Memoranda.

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

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

ARTICLE IV

AGREEMENT OF METROPOLITAN GOVERNMENT TO CAUSE THE BANK TO PURCHASE CERTAIN COMMERCIAL PAPER

SECTION 4.01 Commitment to Purchase Commercial Paper. The Metropolitan Government agrees, on the terms and conditions contained in this Resolution, to cause the Initial Bank to deliver the Initial Facility to the Issuing and Paying Agent pursuant to which the Bank will agree to purchase from time to time on any Business Day an aggregate principal amount of Commercial Paper equal to the principal of any Outstanding Commercial Paper due and payable on such date to the extent other amounts deposited in the Commercial Paper Fund are insufficient therefor.

SECTION 4.02 Purchase Price, Interest Rate and Term. All Commercial Paper purchased pursuant to this Article IV shall (i) be purchased at a price equal to the principal amount thereof, (ii) mature on such Business Day as shall be determined by the Metropolitan Government, and (iii) bear interest at a rate of interest as shall be determined by the Metropolitan Government.

SECTION 4.03 Condition to Purchase. The obligation of the Bank to purchase Commercial Paper on any Business Day is subject to the delivery to the Bank by the Issuing and Paying Agent of a Purchase Demand as required by Section 4.04.

SECTION 4.04 Method of Purchasing. If the Bank receives, not later than 12:30 p.m., New York City time, on any Business Date, a demand from the Issuing and Paying Agent pursuant to Section 7(b)(ii) of the Issuing and Paying Agency Agreement and Section 5.04(a) of this Resolution, in the form of Exhibit C, specifying the principal amount of Commercial Paper that the Dealer was unable to sell to pay the principal of outstanding Commercial Paper maturing on the same day, the Bank will purchase such unsold Commercial Paper (which thereupon shall constitute Purchased Commercial Paper hereunder) on such Business Day pursuant to this Section. The Issuing and Paying Agent also shall give, by such time, (i) such notice, in such form, to the Metropolitan Government and (ii) telephonic notice of such required purchase, to the Treasurer of the Metropolitan Government or, if such call is not personally answered by him or her, the Assistant Treasury of the Metropolitan Government, in each case at the telephone number specified by written notice to the Dealer; provided, however, that the failure to give such telephonic notice shall not affect the effectiveness of notice given pursuant to the preceding sentence.

The Bank shall advise the Dealer and the Metropolitan Government from time to time in writing of the custodian or agent, if any, of the Bank for Purchased Commercial Paper, and the Bank will cause the Dealer to deliver Purchased Commercial Paper to or for the account of such custodian or agent; provided, however, that while all Commercial Paper is issued as Book-Entry

Commercial Paper, the Bank shall maintain such a custodian or agent which shall be a participant of the Depository. While all Commercial Paper is issued as Book-Entry Commercial Paper, the beneficial ownership of any Commercial Paper so purchased by the Bank shall be recorded on the books of the Issuing and Paying Agent in the name of the Bank or its nominee name and held or otherwise dealt with in accordance with Section 2.03 of this Resolution; otherwise, the ownership of such Commercial Paper shall be registered as aforesaid on the books of the Issuing and Paying Agent.

The Bank shall pay for such Commercial Paper, by wire transfer payment in immediately available funds to the Issuing and Paying Agent by 2:30 p.m., New York City time.

SECTION 4.05 Application of Proceeds. The proceeds of Purchased Commercial Paper shall be applied solely to pay the principal of other Commercial Paper on the maturity date thereof in the same aggregate principal amount.

SECTION 4.06 Facility.

(a) For purposes of providing funds for the payment of the principal of the Commercial Paper when due, the Metropolitan Government shall cause to be delivered to the Issuing and Paying Agent the Initial Facility in the initial available amount not in excess of \$400,000,000. The Metropolitan County Council has appointed the Initial Bank to provide the Initial Facility and has executed and delivered the Initial Facility. The Director of Finance is hereby authorized to execute any extensions to the Initial Facility. The Metropolitan Government also hereby covenants that it shall use its best efforts to obtain a substitute Facility in the event the Metropolitan Government has reason to believe that the Bank will not or will be unable to honor its obligations under the Facility, and hereby delegates to the Director of Finance of the Metropolitan Government authority to execute and deliver a substitute Facility in substitution for the form attached hereto without further action of the Metropolitan County Council.

(b) The Issuing and Paying Agent will cause sufficient funds to be made available under the Facility (at such times required therein in order to have funds available on the maturity date) to pay the principal of and interest on (but only if the Facility secures interest on the Commercial Paper) the Commercial Paper due on such date to the extent not otherwise provided for. If funds paid under the Facility are insufficient to meet all the purposes for which such funds are to be paid and applied on such date, such funds as are available shall be applied as follows:

First, if the Facility secures interest on the Commercial Paper, to the payment of interest on the Commercial Paper due on such date and, if the amount available shall not be sufficient to pay in full all such interest, then to the payment ratably, according to the amount of interest due on each Commercial Paper note, without any discrimination or preference; and

Second, to the payment of principal of the Commercial Paper due on such date and, if the amount available is not be sufficient to pay in full all such principal, then to

the payment thereof ratably, according to the amounts of principal due on each Note, without any discrimination or preference.

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

(c) All amounts paid under the Facility will be reimbursed to the Bank by the Metropolitan Government in immediately available funds immediately following the payment by the Bank of such draw. To the extent the Metropolitan Government fails to reimburse the Bank the amount of any draw on the date of such draw, the Metropolitan Government shall pay to the Bank the amount of such draw with interest thereon in the manner and at the times provided in the Facility. Until the Metropolitan Government reimburses the Bank for any amount paid under the Facility, the payment of any principal of or interest on any Commercial Paper paid from funds so drawn shall not be considered to have been paid by the Metropolitan Government and shall continue to be an obligation of the Metropolitan Government under such Commercial Paper and the Bank shall succeed to the rights of the owner of such Commercial Paper to such payment, without limitation, in the manner specified in such Commercial Paper and shall be entitled to all payments in respect of such principal or interest and all of the rights of the owner with respect thereto as set forth in such Commercial Paper.

(d) *Automatic Reinstatement.* Provision for reinstatement of certain amounts paid under the Facility is made in the Facility under terms and conditions set forth therein.

(e) *Substitute Facility.* Upon satisfaction of the requirements set forth in this section, the Metropolitan Government may replace the Facility then in effect with a substitute Facility (1) effective following the maturity date of all of the Outstanding Commercial Paper or (2) effective on any Business Day if each Rating Agency or Agencies then rating the Commercial Paper confirms in writing that the replacement of the Facility with such substitute Facility will not impair or reduce or cause the withdrawal of the rating that the Commercial Paper held immediately prior to such replacement; provided, however, that the Facility being replaced shall be in no event be terminated or released until notice has been given as provided below and the substitute Facility has been delivered to the Issuing and Paying Agent and is in effect. At least forty-five (45) days prior to any such date, the Metropolitan Government shall deliver to the Issuing and Paying Agent, the Dealer and the Bank written notice of such proposed replacement, including the effective date of the substitute Facility, the identity of the issuer of the Substitute Facility and the principal terms thereof. At least fifteen (15) days prior to any such date, the Issuing and Paying Agent shall give notice to each Holder of the Commercial Paper at the address on the registration books maintained by the Issuing and Paying Agent. Any replacement of the Facility by a Substitute Facility is specifically conditioned, among other things, upon the payment to the Bank of all Notes Outstanding under the Facility.

On or prior to the date set for the replacement of any Facility, the Metropolitan Government shall have delivered to the Issuing and Paying Agent: (1) if the substitute Facility will be delivered on a Business Day which is not a maturity date of all of the Outstanding

Commercial Paper and if the Commercial Paper are then rated by any Rating Agency, written confirmation from each such Rating Agency or Agencies then rating the Commercial Paper that the replacement of the Facility with such substitute Facility will not impair or reduce or cause the withdrawal of the rating that the Commercial Paper held immediately prior to such replacement; and (2) an opinion of counsel for the issuer of the substitute Facility that it constitutes a legal, valid and binding obligation of the issuer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights in general heretofore or hereafter enacted, as such laws would apply in the event of the bankruptcy, insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the issuer or in the event of any moratorium or similar occurrence affecting the issuer.

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

(f) *Control by Bank.* Notwithstanding any inconsistent provisions in this Resolution to the contrary and so long as the Bank is fulfilling its obligations under the Facility, amendments to this Resolution and the remedies available to the holders of Commercial Paper thereunder shall be subject to the Bank's consent, which consent shall not be unreasonably withheld.

(g) *Execution of Initial Facility.* The Metropolitan Mayor and the Metropolitan Clerk are hereby authorized to execute and deliver the Initial Facility, which shall be substantially in the form of the draft thereof attached hereto as Exhibit F, with such changes and additions to and omissions from such draft of such agreement as the officer executing such agreement shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval.

ARTICLE V

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

SECTION 5.01 Dealer Agreements; Dealers.

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

(b) The Metropolitan Government shall promptly give written notice to the Issuing and Paying Agent and the Bank of the resignation, removal, or appointment of each Dealer (other than of the appointment of the initial Dealer or Dealers).

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

SECTION 5.03 Issuing and Paying Agent.

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

(b) The Metropolitan Government may remove any Issuing and Paying Agent by giving not less than ten (10) days advance written notice to the Issuing and Paying Agent, the Dealer and the Bank. The Metropolitan Government shall give written notice of the appointment of a successor Issuing and Paying Agent to the Dealer and the Bank.

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

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

Agent, if any, at the direction of the Metropolitan Government, or otherwise to the Metropolitan Government. The Metropolitan Government shall pay all outstanding fees and expenses due and owed to the Issuing and Paying Agent following such removal or resignation.

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

SECTION 5.04 Responsibilities of the Issuing and Paying Agent.

(a) Not later than the time specified in Section 4.04 for the submission of Purchase Demands, on the same day upon which any principal of and interest on Outstanding Commercial Paper is due and payable, the Issuing and Paying Agent shall submit a Purchase Demand in the manner provided in Section 4.04 in an amount equal to the principal of any such Outstanding Commercial Paper due and payable on such date to the extent the proceeds of such Commercial Paper to be issued for such purpose, and other amounts deposited in the Commercial Paper Fund for the payment thereof, are insufficient therefor. The Issuing and Paying Agent shall deposit the proceeds derived from of any such Purchase Demand to the Commercial Paper Fund, and shall apply such proceeds to the payment of the principal of such Commercial Paper becoming due and payable on the date of such Purchase Demand.

(b) The Issuing and Paying Agent shall timely prepare and present to the Bank and the Metropolitan Government all certificates, notices and other documents required by the terms of the Issuing and Paying Agency Agreement and Article IV to effect purchases thereunder.

(c) On the same day upon which any principal of and interest on Outstanding Commercial Paper is due and payable, the Issuing and Paying Agent shall submit a demand for payment to the Metropolitan Government, in an amount equal to (i) the interest on all Outstanding Commercial Paper due and payable on such day and (ii) the principal of all Outstanding Commercial Paper due and payable on such day to the extent (A) the amount required to pay such principal is in excess of the proceeds of Commercial Paper available in the Commercial Paper Fund to make such payment and any other moneys deposited therein for the payment thereof, and (B) the amount required to pay such principal is in excess of the proceeds of Purchase Demands available for such purpose. Such demand shall be made upon the Metropolitan Government, and the Metropolitan Government shall make or cause to be made such payment, by such time as the Metropolitan Government and the Issuing and Paying Agent agree from time to time will permit the Holders of maturing Commercial Paper to be paid the principal thereof and interest thereon as and when the same become due and payable. The Issuing and Paying Agent shall deposit all such payments made to it for the account of the Metropolitan Government into the Commercial Paper Fund, and shall apply all such amounts to the payment of the principal of and interest on Commercial Paper becoming due and payable on the date of such demand.

(d) Prior to issuing any Commercial Paper, the Issuing and Paying Agent shall independently determine whether, upon the issuance of such Commercial Paper, any of the

conditions or limitations contained in clauses (i), (ii), (iii) and (v) of Section 3.01(b) would not be complied with, and if any such limitations would not then be complied with.

(e) The Issuing and Paying Agent shall not make a Purchase Demand with respect to any payment of principal of any Commercial Paper which is, to the knowledge of the Issuing and Paying Agent, registered in the name of the Metropolitan Government or held for its account, whether pursuant to Article IV of this Resolution or otherwise. The Metropolitan Government and the Bank shall promptly notify the Issuing and Paying Agent in writing of any Commercial Paper so held and acquired other than pursuant to Article IV of this Resolution.

ARTICLE VI COVENANTS

SECTION 6.01 Punctual Payment. The Metropolitan Government will punctually pay or cause to be paid the principal of and interest on the Commercial Paper in conformity with this Resolution. For the purpose of providing for the payment of the principal of and interest on Outstanding Commercial Paper on the date that the same shall become due and payable, the Metropolitan Government, on or prior to such date, will pay or cause to be paid to the Issuing and Paying Agent for deposit in the Commercial Paper Fund, amounts which, together with other amounts then on deposit in such Commercial Paper Fund, will be sufficient and available to make such payment on such date.

SECTION 6.02 Compliance With Agreements and Other Documents. The Metropolitan Government will comply with the terms and provisions of the Dealer Agreement, the Issuing and Paying Agency Agreement, the Facility and any other resolution or contract to which the Metropolitan Government is a party, the non-compliance with which would materially adversely affect the ability of the Metropolitan Government to make payment of the principal of and interest on the Commercial Paper as and when the same becomes due and payable.

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

proceeds in such manner if the Metropolitan Government first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exclusion of interest on the Commercial Paper from gross income for federal income tax purposes.

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

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

SECTION 6.04 Reservation of Right to Issue Other Obligations. The Metropolitan Government hereby expressly reserves the right hereafter to issue Bonds, notes or other evidences of indebtedness in addition to the Commercial Paper, constituting a general obligation of the Metropolitan Government on a parity therewith, and additionally secured as may be required by the Act or other provisions of law or as determined by the Metropolitan Government, when and as the Metropolitan Government shall determine and authorize.

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

(a) The Metropolitan Government will not issue, or authorize or instruct the Issuing and Paying Agent to issue, any Commercial Paper if, upon the issuance of such Commercial Paper, the conditions and limitations contained in Sections 2.01(b) and 3.01, or the covenants and agreements of subsection (b) of this Section and Section 6.03, would not be complied with.

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

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

(d) The Metropolitan County Council hereby expresses its intent that the maturity of the Commercial Paper be extended from two years to six years, as permitted by the Act upon approval of the State Director of Local Finance, and directs the Metropolitan Treasurer to seek

such approval and request a waiver of the principal amortization requirements prescribed by the Act during such extended period. Any actions heretofore taken by the Metropolitan Treasurer consistent with the foregoing are hereby ratified and approved.

ARTICLE VII
AMENDMENTS AND SUPPLEMENTS

SECTION 7.01 Without Consent of Holders of Commercial Paper. The Metropolitan Government, from time to time and at any time, (i) without the consent or concurrence of any Holder of any Commercial Paper, may adopt a resolution for the purpose of providing for the issuance of any Bonds, notes or other evidences of indebtedness as permitted by Section 6.04, and (ii) without the consent or concurrence of any Holder of any Commercial Paper, may adopt a resolution amendatory hereof or supplemental hereto, if the provisions of such resolution shall not materially adversely affect the rights of the Holders of the Commercial Paper then Outstanding, for any one or more of the following purposes:

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

2. to add additional covenants and agreements of the Metropolitan Government for the purpose of further securing the payment of the Commercial Paper;

3. to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution;

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

5. to comply with any request by or requirement of any Rating Agency which is necessary, or which the Metropolitan Government reasonably believes is necessary, to prevent a downward revision by such Rating Agency in the rating of Commercial Paper;

6. to provide for the issuance, transfer, exchange, registration, discharge from registration and replacement of Commercial Paper other than Book-Entry Commercial Paper; and

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

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

- a. make any change in the maturity of any Outstanding Commercial Paper;
- b. reduce the rate of interest borne by any Outstanding Commercial Paper;
- c. reduce the amount of the principal payable on any Outstanding Commercial Paper;
- d. modify the terms of payment of principal of or interest on any Outstanding Commercial Paper, or impose any conditions with respect to such payment;
- e. affect the rights of the Holders of less than all Outstanding Commercial Paper; or
- f. reduce or restrict the provision made in Section 2.05 for payment of Outstanding Commercial Paper.

SECTION 7.02 Other Agreements. Nothing in this Resolution shall be deemed to restrict any amendment, modification or supplement to the Issuing and Paying Agency Agreement, the Facility or the Dealer Agreement, or the establishment (or amendment, modification or supplementing) of any limitation on, or procedure for, the issuance of Commercial Paper which is effective only with respect to Commercial Paper issued subsequent to the effectiveness of such amendment, modification, supplement or limitation to the extent not in conflict with this Resolution.

ARTICLE VIII

DEFEASANCE; UNCLAIMED MONIES

SECTION 8.01 Commercial Paper Deemed Paid; Discharge of Resolution. Commercial Paper will be deemed paid for all purposes of this Resolution when (a) payment of the principal of and interest on such Commercial Paper to the due date of such principal and interest (whether at maturity or otherwise) either (1) has been made in accordance with the terms of such Commercial Paper or (2) has been provided for by depositing with the Issuing and Paying Agent (A) moneys sufficient to make such payment and/or (B) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (for purposes of this Section 8.01 and Section 8.02, "Government Obligations") maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all compensation and

expenses of the Issuing and Paying Agent pertaining to the Commercial Paper Program in respect of which such deposit is made have been paid or provided for to the satisfaction of the Issuing and Paying Agent. When Commercial Paper is deemed paid, it will no longer be secured by or entitled to the benefits of this Resolution or be an obligation of the Metropolitan Government, except for payment from such moneys or Government Obligations, and no additional Commercial Paper may be issued except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II and pursuant to paragraph 6 of Section 7.01.

When all outstanding Commercial Paper are deemed paid under the foregoing provisions of this Section, the Issuing and Paying Agent will, upon the request of the Metropolitan Government, acknowledge the discharge of the Metropolitan Government's obligations under this Resolution and the Commercial Paper Program, except for obligations under Article II, or pursuant to paragraph 6 of Section 7.01, in respect of the transfer, exchange, registration, discharge from registration or replacement of Commercial Paper.

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

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

SECTION 8.03 Repayment to Metropolitan Government. The Issuing and Paying Agent will pay to the Metropolitan Government promptly upon its request any excess moneys or securities held by the Issuing and Paying Agent at any time under this Article VIII, and any moneys held by the Issuing and Paying Agent under any provision of this Resolution for the payment of principal or interest on Commercial Paper that remains unclaimed for one year or such other shorter or longer period, or to such other Person, as may at the time be prescribed by State law with respect to unclaimed property.

ARTICLE IX MISCELLANEOUS

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

the Dealer Agreement and Issuing and Paying Agency Agreement as executed by the Metropolitan Mayor and Metropolitan Clerk.

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

SECTION 9.03 Notices to Rating Agencies. The Metropolitan Government shall give each Rating Agency, the Dealer, the Issuing and Paying Agent and the Bank advance notice in writing of any (i) change of Dealer, (ii) change of Issuing and Paying Agent, (iii) default under the Facility, (iv) expiration, termination, extension or substitution of any Facility, (v) amendment or material change to the Program Documents, and (vi) termination or defeasance of the Commercial Paper Program; *provided however*, that if the Metropolitan Government does not have advance actual notice of any such event, notice shall be given by the Metropolitan Government as soon as practicable after the Metropolitan Government has actual notice thereof.

SECTION 9.04 Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the Commercial Paper, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Metropolitan Government and the Holders from time to time of the Commercial Paper, and the pledge made by this Resolution by the Metropolitan Government and the covenants and agreements set forth in this Resolution to be performed by the Metropolitan Government shall be for the equal and proportionate benefit, security and protection of all Holders of the Commercial Paper, without preference, priority or distinction as to security or otherwise of any of the Commercial Paper authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution.

SECTION 9.05 Limitation of Benefits with Respect to this Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Commercial Paper Program is intended or should be construed to confer upon or give to any Person other than the Metropolitan Government, the Holders of the Commercial Paper, the Issuing and Paying Agent and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Metropolitan Government, the Holders of the Commercial Paper, the Issuing and Paying Agent and the Dealer as herein and therein provided.

SECTION 9.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions or portions thereof herein contained shall be held by a court

of competent jurisdiction contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper issued hereunder.

SECTION 9.07 Payment and Performance on Business Days. Whenever under the terms of this Resolution or the Commercial Paper Program, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the originally scheduled date of performance or payment, and, with respect to any payment, without any additional interest accruing after the originally scheduled date of payment.

SECTION 9.08 No Personal Recourse. No recourse shall be had for any claim based on this Resolution or the Commercial Paper Program against any member, officer or employee, past, present or future, of the Metropolitan Government, the Metropolitan County Council of the Metropolitan Government or of any successor body as such, or against the State Comptroller or any officer or employee, past or future, of the State under any constitutional provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

SECTION 9.09 Disclosure of Liability. All covenants, stipulations, promises, agreements and obligations of the Metropolitan Government contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Metropolitan Government and not of any member, officer or employee of the Metropolitan Government in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Commercial Paper or for any claim based thereon or on this Resolution against any member, officer, or employee of the Metropolitan Government, or against any Person executing the Commercial Paper.

SECTION 9.10 Effect of Headings of Sections; Table of Contents. The headings of the sections of this Resolution are for convenience of reference only, and shall not affect the meaning, construction or interpretation of this Resolution.

SECTION 9.11 Effective Date. This Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

Sponsored by: Rip Ryman