

RESOLUTION NO. R2002-_____

The Metropolitan Government of
Nashville and Davidson County
(Tennessee)

Supplemental Resolution defining the terms of, and authorizing the execution, issuance, sale and payment of, water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed Thirty Five Million Dollars \$35,000,000 of The Metropolitan Government of Nashville and Davidson County (Tennessee).

Adopted October 15, 2002

Resolution No. R2002-____

Supplemental Resolution defining the terms of, and authorizing the execution, issuance, sale and payment of, water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed Thirty Five Million Dollars \$35,000,000 of The Metropolitan Government of Nashville and Davidson County (Tennessee).

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 Bonds, Series 1992, authorized by the Third 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 1996, authorized by Substitution Resolution No. R96-242, adopted by the Metropolitan Council on April 16, 1996; 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; and its Water and Sewer Revenue Bonds, Series 1998B, authorized by Substitute Resolution No. R98-1018, adopted by the Metropolitan Council on February 3, 1998 (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 best judgment that refunding a portion of the Outstanding Water and Sewer Bonds as more fully set forth herein will reduce interest expense to the Metropolitan Government; 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 the Metropolitan Government has satisfied the conditions precedent to the issuance of additional bonds under the General Bond Resolution; 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 bonds in the aggregate principal amount of not to exceed \$35,000,000.

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 2002 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:

"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 County 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 the escrow agent selected by the Director of Finance to serve 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 County Mayor to undertake the duties otherwise performed by the Metropolitan Treasurer, or her 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 2002 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, water and sewer revenue refunding bonds in the aggregate principal amount of not to exceed Thirty Five Million Dollars \$35,000,000 of The Metropolitan Government of Nashville and Davidson County (Tennessee).";

"Refunded Bonds" means the Series 1992 Bonds, the Series 1993 Bonds, and the Series 1998B Bonds;

"Series 1992 Bonds" means those maturities of the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1992, dated August 15, 1992, designated by the Director of Finance, in consultation with the Financial Advisor, that, alone or with other refunded bonds, achieve the cost savings objectives of the Metropolitan Government;

"Series 1993 Bonds" means those maturities of the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, designated by the Director of Finance, in consultation with the Financial Advisor, that, alone or with other refunded bonds, achieve the cost savings objectives of the Metropolitan Government;

"Series 1998B Bonds" means those maturities of the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, designated by the Director of Finance, in consultation with the Financial Advisor, that, alone or with other refunded bonds, achieve the cost savings objectives of the Metropolitan Government;

"Series 2002 Bonds" means not to exceed \$35,000,000 in aggregate principal amount of Water and Sewer Revenue Refunding Bonds, to be issued in one or more series pursuant to Section 5.01 hereof, the first series of which shall be designated "Series 2002" and be dated their delivery date, or bear such other series designation or be dated such other date as shall be determined pursuant to Section 5.01 hereof, authorized and issued under the General Bond Resolution and this Resolution;

"2002 Bond Insurance Policy" means, in the event it is determined pursuant to Section 5.01 below that the Series 2002 Bonds shall be insured, the municipal bond new issue insurance policy that guarantees payment of principal of and interest on the Series 2002 Bonds;

"2002 Bond Insurer" means the municipal bond insurer, if any, insuring the Series 2002 Bonds, as designated pursuant to Section 5.01 below, or any successor thereto; and

"Trustee" means the Trustee for the Series 2002 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 2002 Bonds will result in the 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 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 2002 BONDS

3.01 Principal Amount, Designation and Series. Pursuant to the provisions of the General Bond Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in an aggregate principal amount not exceeding \$35,000,000.

3.02 Purpose. The Series 2002 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 to maturity or the earliest optional redemption date thereof (as determined pursuant to Section 5.03(b) below) and to pay the costs of issuance and sale (including payment of the premium on the 2002 Bond Insurance Policy) of the Series 2002 Bonds.

3.03 Form of Series 2002 Bonds; Execution.

(a) The Series 2002 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 2002 Bonds issued under the Resolution shall be substantially in the form set forth in Exhibit A 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 2002 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 2002 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 his manual or facsimile signature.

(c) In the event any officer whose manual or facsimile signature shall appear on any Series 2002 Bond shall cease to be such officer before the delivery of such Series 2002 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 2002 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 2002 Bond, were the proper officers of the Metropolitan Government to sign such Series 2002 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 2002 Bonds.

(a) The first emission of Series 2002 Bonds shall be designated "Water and Sewer Revenue Refunding Bonds, Series 2002", or such other designation as shall be determined pursuant to Section 5.01 hereof. Any subsequent emission shall be similarly designated with an appropriate series designation as shall be determined by the Director of Finance. Each Bond of the Series 2002 emission shall be dated its delivery date, or other date as shall be established pursuant to Section 5.01 hereof and all subsequent emissions shall be dated as of such date as shall be established pursuant to Section 5.01 hereof. The Series 2002 Bonds shall bear interest from the date thereof at a rate not exceeding a true interest cost of six percent (6.00%) per annum, such interest being payable semi-annually on the first day of January and July of each year, commencing as to the first emission on January 1, 2003, and for subsequent emissions, on such date as shall be established by the Award Resolution or Purchase Agreement for that emission. The Series 2002 Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory redemption, commencing as to the first emission on the first day of January, 2003, and as to subsequent emissions as established pursuant to Section 5.01 hereof, 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 Purchase Agreement or Award Resolution.

(b) The Series 2002 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 2002 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 2002 Bonds, and all such payments shall discharge the obligations of the Metropolitan Government in respect of such Series 2002 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2002 Bonds shall be made upon presentation and surrender of such Series 2002 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 2002 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 2002 Bonds, payment of interest on such Series 2002 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.

(c) Any interest on any Series 2002 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 2002 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 2002 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 2002 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 2002 Bonds when due.

3.05 Negotiability of Series 2002 Bonds. All Series 2002 Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Series 2002 Bonds.

3.06 Registration, Transfer and Exchange of Series 2002 Bonds.

(a) The Series 2002 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 2002 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 2002 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

2002 Bond(s) in such form and with such documentation, if any, the Registrar shall issue a new Series 2002 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 2002 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2002 Bond, nor to transfer or exchange any Series 2002 Bond after the publication of notice calling such Series 2002 Bond for redemption has been made, nor to transfer or exchange any Series 2002 Bond during the period following the receipt of instructions from the Metropolitan Government to call such Series 2002 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 2002 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 2002 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 2002 Bonds shall be overdue. Series 2002 Bonds, upon surrender to the Registrar, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2002 Bonds of the same maturity in any authorized denomination or denominations.

(b) Except as otherwise provided in this subsection, the Series 2002 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2002 Bonds. References in this Section to a Series 2002 Bond or the Series 2002 Bonds shall be construed to mean the Series 2002 Bond or the Series 2002 Bonds that are held under the Book-Entry System. One Series 2002 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 2002 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 2002 Bonds. Beneficial ownership interests in the Series 2002 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 2002 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 2002 Bonds. Transfers of ownership interests in the Series 2002 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 2002 BONDS, THE REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2002 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2002 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 2002 Bonds, so long as DTC is the only owner of the Series 2002 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 2002 Bonds or (2) the Metropolitan Government determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2002 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2002 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 2002 Bonds in the form of fully registered Series 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Bonds.

(a) In the event any Series 2002 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 2002 Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Series 2002 Bond is a replacement Series 2002 Bond) as the mutilated, destroyed, lost, or stolen Series 2002 Bond, in exchange for the mutilated Series 2002 Bond or in substitution for the Series 2002 Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Series 2002 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 2002 Bond and the ownership thereof. Upon the issuance of any Series 2002 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 2002 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 2002 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 2002 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 2002 Bond and of the ownership thereof.

(b) Every Series 2002 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 2002 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 2002 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 2002 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 2002 Bonds to the purchaser thereof or as it may designate upon receipt by the Metropolitan Government of the proceeds of the sale thereof, to authenticate and deliver Series 2002 Bonds in exchange for Series 2002 Bonds of the same principal amount delivered for transfer upon receipt of the Series 2002 Bond(s) to be transferred in proper form with proper

documentation as hereinabove described. The Series 2002 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 2002 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 2002 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2002 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2002 Bonds and provision of notices with respect to Series 2002 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 2002 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 2002 BONDS PRIOR TO MATURITY

4.01 Redemption Dates and Prices.

(a) Except as otherwise herein provided in this Section, no Series 2002 Bond shall be subject to redemption prior to its maturity.

(b) Series 2002 Bonds maturing on January 1, 2012 and thereafter shall be subject to redemption prior to maturity at the option of the Metropolitan Government on or after January 1, 2011 as a whole or in part at any time at the prices set forth below (expressed as percentages of principal amount) plus interest accrued to the redemption date:

<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
January 1, 2011 through December 31, 2011	101.0%
January 1, 2012 through December 31, 2012	100.5%
January 1, 2013 and thereafter	100.0%

If less than all the Series 2002 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 2002 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 2002 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the 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 2002 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2002 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.

(c) Pursuant to Section 5.01 hereof, the Metropolitan Mayor and the Director of Finance, or either of them, are authorized to sell the Series 2002 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities established pursuant to the terms hereof. In the event any or all the Series 2002 Bonds are sold as term bonds, the Metropolitan Government shall redeem term Series 2002 Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the amounts established in the Award Resolution 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 2002 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 2002 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 2002 Bonds, the term Series 2002 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.

4.02 Notice of Redemption and Payment of Redeemed Series 2002 Bonds. Notice of redemption shall be given in accordance with Section 6.5 of the General Bond Resolution and payment for redeemed Series 2002 Bonds shall be made in accordance with Section 6.6 of the General Bond Resolution.

ARTICLE V SALE OF SERIES 2002 BONDS AND APPLICATION OF PROCEEDS

5.01 Sale of Series 2002 Bonds.

(a) The Series 2002 Bonds may be sold at competitive sale or negotiated sale, as the Director of Finance shall determine, at a price of not less than ninety-nine percent (99%) of par less any original issue discount on the Series 2002 Bonds, plus accrued interest. The Metropolitan Mayor and the Director of Finance, or either of them, in consultation with the Financial Advisor, are authorized to make such changes in the structuring of the terms and sale of the Series 2002 Bonds as they shall deem necessary to maximize the savings from the refunding of the Refunded Bonds. In this regard, they, or either of them, in consultation with the Financial Advisor for the Metropolitan Government, are authorized to cause to be sold an aggregate principal amount of the Series 2002 Bonds less than that authorized herein, cause fewer than all the Refunded Bonds to be refunded, to sell any or all of the Series 2002 Bonds as term bonds with annual mandatory redemption requirements, as to the first emission of Series 2002 Bonds, to change the dated date to a date other than the date of delivery, and to adjust principal and interest payment dates and redemption dates of the Series 2002 Bonds. The form of the Series 2002 Bond set forth in Exhibit A attached hereto shall be conformed to reflect any of these changes.

(b) The Director of Finance is authorized to offer the Series 2002 Bonds for sale in multiple series at different times and make such changes in the series designation,

maturity schedule, dated date, redemption provisions and other terms of the Series 2002 Bonds necessary to issue the Series 2002 Bonds in multiple series or as he shall otherwise determine.

(c) If any of the Series 2002 Bonds are sold at competitive sale, the Metropolitan Clerk shall cause notice of such sale to be published once, not less than five (5) calendar days prior to the date of sale, in both: (1) The Tennessean, a newspaper of general circulation in Davidson County, Tennessee; and (2) The Bond Buyer, a financial newspaper published in New York, New York, and having national circulation. The sale may be by physical delivery of bids or by electronic bidding by means of an Internet bidding service as shall be determined by the Director of Finance.

(d) If any of the Series 2002 Bonds are sold at negotiated sale, the Director of Finance is authorized to select one or more financial institutions to purchase and underwrite the sale of the Series 2002 Bonds so sold. If said Series 2002 Bonds are sold at negotiated sale, the Metropolitan Mayor and the Director of Finance, or either of them, are hereby authorized to execute and the Metropolitan Clerk is authorized to attest a bond purchase agreement with the underwriter or underwriters so chosen providing for the purchase and sale of the Series 2002 Bonds. The bond purchase agreement shall be in form and content acceptable to the Mayor and Director of Finance, the execution thereof by either of them to constitute conclusive evidence thereof, and approved as to form and legality by the Director of Law; provided the bond purchase agreement effects the sale of the Series 2002 Bonds in accordance with the provisions of the General Bond Resolution and this Resolution, and is not inconsistent with the terms of the General Bond Resolution and this Resolution. The Metropolitan Mayor, the Director of Finance, and the Metropolitan Clerk, or any of them, are authorized to cause the Series 2002 Bonds to be authenticated and delivered by the Registration Agent to the purchaser thereof and to execute, publish, and deliver all certificates and documents, including the Official Statement, and closing certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Series 2002 Bonds.

(e) The Director of Finance shall cause, if advantageous to the Metropolitan Government, all or a portion of any emission of the Series 2002 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company. To that end, the Metropolitan Mayor and the Director of Finance, or either of them, are hereby authorized to execute and the Metropolitan Clerk is authorized to attest, certificates and agreements with such insurance provider provided that such agreements and certificates are not inconsistent with the terms of the this Resolution or the General Bond Resolution.

5.02 Official Statement. The Metropolitan Mayor and Director of Finance, working with the Financial Advisor, and the Underwriter 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 2002 Bonds in the form of the Preliminary Official Statement attached hereto as Exhibit C and by this reference made a part hereof (the "Preliminary Official Statement"), with such completions, omissions, insertions and changes as shall be necessary for each emission of Series 2002 Bonds. After the Series 2002 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 each

emission of Series 2002 Bonds 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 successful bidder on the Series 2002 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 2002 Bonds have been sold for delivery by the Underwriter 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 2002 Bonds shall be disbursed as follows:

(a) An amount representing pre-issuance accrued interest on the Series 2002 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 2002 Bonds on the first Interest Payment Date following delivery of the Series 2002 Bonds.

(b) An amount which, together with other legally available funds of the Metropolitan Government, if any, and investment earnings thereon and on said Series 2002 Bond proceeds, will be sufficient to pay principal of and premium and interest on the Refunded Bonds to maturity or their earliest optional redemption dates 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) The remaining proceeds of the sale of the Series 2002 Bonds shall be used to pay the costs of issuance and sale of the Series 2002 Bonds including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2002 Bonds. Any funds remaining after payment of said expenses shall be used to pay interest on the Series 2002 Bonds on the first interest payment date following delivery of the Series 2002 Bonds.

5.04 Maintenance and Transfer of Funds. Upon the delivery of the Series 2002 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 County Mayor and the Director of Finance, or either of them. The Metropolitan County 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 2002 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 2002 Bonds. In this connection, the Metropolitan Government agrees that it shall take no action which may cause the interest on any of said Series 2002 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 2002 Bonds will not be used in a manner which will cause the Series 2002 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2002 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 2002 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 2002 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 2002 Bonds as either or both 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 2002 Bonds shall be JPMorgan Trust Company, National Association, who will also act as Paying Agent and Registrar with respect to the Series 2002 Bonds; provided that such appointment shall become effective only if such institution shall have delivered to the Metropolitan Government on or before the initial date of issuance of the Series 2002 Bonds written acceptance in substantially the form attached hereto as Exhibit D.

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 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 2002 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 B is hereby in all respects approved, and the Metropolitan Mayor or Director of Finance is hereby authorized to execute and the Metropolitan Clerk to attest the Escrow Agreement on behalf of the Metropolitan Government in substantially the form thereof, with such changes as may be approved by the Metropolitan Mayor or 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 either of them to constitute conclusive evidence of the approval of all such changes; provided the Agreement shall be approved as to form and legality by the Director of Law. 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 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 2002 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, as and to the extent 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 MISCELLANEOUS

7.01 Further Action. The Metropolitan County 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.

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

7.03 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 2002 Bonds. The Mayor is authorized to execute at the closing of the sale of the Series 2002 Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2002 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 2002 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.

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

RECOMMENDED BY:

INTRODUCED BY:

Director of Water and
Sewerage Services

Director of Finance

MEMBERS OF COUNCIL

APPROVED AS TO FORM AND LEGALITY:

Director of Law

EXHIBIT A
TO THE SUPPLEMENTAL RESOLUTION
(FORM OF SERIES 2002 BONDS)

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
WATER AND SEWER REVENUE BONDS, SERIES 2002

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 JPMorgan Trust Company, National Association, 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 January 1, 2003, 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 2002" (the "Series 2002 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 Bonds, Series 1992, dated August 15, 1992, maturing _____; its outstanding Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, maturing _____; and its outstanding Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing _____; (2) to pay the costs of issuance and sale of the Series 1998B Bonds, and (3) for such other purposes as set forth in the Series 2002 Resolution (as hereinafter defined). The Series 2002 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. R2002-____ adopted on October 15, 2002 (the "Series 2002 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 2002 Bonds, and all other bonds issued under the General Bond Resolution on a parity with the Series 2002 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 JPMorgan Trust Company, National Association (the "Trustee"), or its successor, and reference is hereby made to the Act, to the General Bond Resolution and to the Series 2002 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 2002 Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Series 2002 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.

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.

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.

The registered owner of this 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 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 Bond, a new fully registered Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of 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 Bond is registered as the absolute owner hereof, whether such 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 Bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this 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 2002 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 Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same of maturity, of authorized denominations, and bearing interest at the same rate. The Series 2002 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 2002 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 2002 Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registrar, and the 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).

Series 2002 Bonds maturing on or after January 1, 2012, are subject to optional redemption on and after January 1, 2011, as a whole or in part at any time (in multiples of \$5,000) at the respective redemption prices (expressed as a percentage of the principal amount thereof) shown in below, plus accrued interest to the date of redemption:

Redemption Date (<u>dates inclusive</u>)	Redemption <u>Price</u>
January 1, 2011 through December 31, 2011	101.0%
January 1, 2012 through December 31, 2012	100.5%
January 1, 2013 and thereafter	100.0%

If less than all of the Series 2002 Bonds of like maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by lot as provided in the General Bond Resolution.

Notice of redemption shall be given by mailing a copy of said notice by first class mail, postage prepaid to the registered owners of any Series 2002 Bonds or portions thereof to be redeemed, at their last addresses appearing on the books of the Metropolitan Government maintained by the Registrar, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the General Bond Resolution. If notice of redemption has been given as aforesaid, the Series 2002 Bonds or portions thereof specified in said notice will become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the Series 2002 Bonds to be redeemed, together with interest to the redemption date, is available for such payment on said date, then from and after the redemption date interest on such Series 2002 Bonds or portions thereof shall cease to accrue and become payable.

This Series 2002 Bond shall have all the qualities and incidents of, and shall be a negotiable instrument under the Uniform Commercial Code of the State of Tennessee, subject only to provisions respecting registration of such Series 2002 Bond. This Series 2002 Bond is issued with the intent that the laws of the State of Tennessee shall govern its construction.

Neither the officials of the Metropolitan Government nor any person executing Series 2002 Bonds of the Metropolitan Government shall be liable personally on said Series 2002 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

This Series 2002 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 2002 Bond during the period the Series 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Bond to be signed by the manual or facsimile signatures of the Metropolitan County 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 _____, 2002.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

By: _____
Metropolitan County Mayor of The
Metropolitan Government of Nashville and
Davidson County

By: _____
Metropolitan Treasurer of The Metropolitan
Government of Nashville and Davidson
County

(S E A L)

ATTEST:

Metropolitan Clerk of The Metropolitan
Government of Nashville and Davidson County

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2002 Bonds described in and issued under the provisions of the within mentioned General Bond Resolution.

JPMORGAN TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

(remainder of page left blank intentionally)

(FORM OF ASSIGNMENT)

OR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ the within bond and does hereby irrevocably constitute and appoint _____, Attorney, to transfer the same bond on the books kept for registration thereof with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within bond shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with rights of survivorship and not as tenants in Common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) Minor

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in list above.

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

THIS ESCROW AGREEMENT (the "Agreement"), dated as of _____, 2002, by and between The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), and JPMorgan Trust Company, National Association, 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 Bonds, Series 1992, dated August 15, 1992, maturing _____ (the "Refunded 1992 Bonds"); its Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, maturing _____ (the "Refunded 1993 Bonds"); and its outstanding Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing _____ (the "Refunded 1998A Bonds") (collectively, 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 of and interest and redemption premium 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 2002, dated _____, 2002 (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 Refunding 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 Acting 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 1992 Bonds shall be redeemed on _____.
The Agent is hereby authorized and directed to give notice of a _____
redemption to the Trustee for the Refunded 1992 Bonds on or before

_____, directing the Trustee for the Refunded 1992 Bonds to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded 1992 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 1992 Bonds to the Trustee for the Refunded Series 1992 Bonds on _____.

(b) The Refunded 1993 Bonds shall be redeemed on _____. The Agent is hereby authorized and directed to give notice of a _____ redemption to the Trustee for the Refunded 1993 Bonds on or before _____, directing the Trustee for the Refunded 1993 Bonds to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded 1993 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 1993 Bonds to the Trustee for the Refunded 1993 Bonds on _____.

(c) The Refunded 1998A Bonds shall be redeemed on _____. The Agent is hereby authorized and directed to give notice of a _____ redemption to the Trustee for the Refunded 1998A Bonds on or before _____, directing the Trustee for the Refunded 1998A Bonds 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-3. The Escrow Agent is hereby authorized and directed to pay the full redemption price of said Refunded 1998A Bonds to the Trustee for the Refunded 1998A Bonds on _____.

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 amounts and rates shown on Schedule D attached hereto and incorporated herein by reference; 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 on Schedule D.

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 _____, 2002.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

BY: _____
Metropolitan County Mayor

(SEAL)

ATTESTED:

Metropolitan Clerk

APPROVED AS TO FORM
AND LEGALITY:

Director of Law

JPMORGAN TRUST COMPANY, NATIONAL
ASSOCIATION
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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Treasury Notes

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Interest Payment Date</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 Bonds, Series 1992, dated August 15, 1992,
maturing _____, 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:

SCHEDULE B (CONTINUED)

Debt Service Schedule of Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, maturing _____, 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:

SCHEDULE B (CONTINUED)

Debt Service Schedule of Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing _____, 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:

SCHEDULE C-1

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Bonds, Series 1992, dated August 15, 1992, maturing

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 _____, all the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1992, dated August 15, 1992, maturing _____ (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 _____, _____, _____, where redemption shall be made at the price of _____% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____ upon each such Refunded Bond herein called for redemption and such Bonds shall not bear interest beyond _____.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 and broker reporting requirements, the redeeming institution is required to withhold 30% of the principal amount of your holdings redeemed unless they are provided with a W-9 Form certifying your social security number or federal employer tax identification number.

Trustee

SCHEDULE C-2

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, maturing

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 _____, all the Metropolitan Government's outstanding Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993, maturing _____ (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 _____, _____, _____, where redemption shall be made at the price of ___% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____ upon each such Refunded Bond herein called for redemption and such Bonds shall not bear interest beyond _____.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 and broker reporting requirements, the redeeming institution is required to withhold 30% of the principal amount of your holdings redeemed unless they are provided with a W-9 Form certifying your social security number or federal employer tax identification number.

Trustee

SCHEDULE C-3

The Metropolitan Government of Nashville
and Davidson County (Tennessee)

Notice of Redemption

Water and Sewer Revenue Bonds, Series 1998B, dated February 15, 1998, maturing

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 _____, all the Metropolitan Government's outstanding _____, maturing _____ (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 _____, _____, _____, where redemption shall be made at the price of _____% of the par amount thereof, plus accrued interest. The redemption price will become due and payable on _____ upon each such Refunded Bond herein called for redemption and such Bonds shall not bear interest beyond _____.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 and broker reporting requirements, the redeeming institution is required to withhold 30% of the principal amount of your holdings redeemed unless they are provided with a W-9 Form certifying your social security number or federal employer tax identification number.

Trustee

SCHEDULE D
ESCROW AGENT'S FEE SCHEDULE

EXHIBIT C
TO THE SUPPLEMENTAL RESOLUTION
(FORM OF PRELIMINARY OFFICIAL STATEMENT)

EXHIBIT D
TO THE SUPPLEMENTAL RESOLUTION
(ACCEPTANCE OF OFFICE OF TRUSTEE, PAYING AGENT AND REGISTRAR)

_____, 2002

The Metropolitan Government of
Nashville and Davidson County
Nashville, Tennessee

Ladies and Gentlemen:

The undersigned hereby accepts the duties and obligations of Trustee, Paying Agent and Registrar for the Water and Sewer Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds"), of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") imposed upon the undersigned by Substitute Resolution No. R85-762, entitled "Water and Sewer Revenue Bond Resolution" adopted by the Metropolitan Government on November 5, 1985, as amended and supplemented (the "Resolution"). Further, the undersigned hereby agrees that the Metropolitan Government shall have cause to remove the undersigned as Trustee, Paying Agent and Registrar for the Series 2002 Bonds pursuant to Section 11.7 of the Resolution in the event the undersigned assigns its obligations as Trustee, Paying Agent and Registrar for the Series 2002 Bonds without the prior written consent of the Metropolitan Government or in the event the undersigned sells, transfers, assigns or in any way disposes of all or substantially all of its corporate trust business, including its rights as Trustee, Paying Agent and Registrar for the Series 2002 Bonds.

JPMORGAN TRUST COMPANY, NATIONAL
ASSOCIATION

By: _____
Title: _____

[SEAL]

Attest:

By: _____
Title: _____