

Substitute Resolution No. RS2002-1144

A resolution supplementing Resolution No. RS2002-1124 to provide for the purchase, sale and terms of the District Energy System Revenue Bonds 2002 Series A of The Metropolitan Government of Nashville and Davidson County (Tennessee), and approving the official statement, the project feasibility report and the purchase and sale agreement for the 2002 Series A Bonds

WHEREAS, on December 18, 2001, by Resolution No. RS2001-875, the Metropolitan County Council (the "Council") of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") adopted a form of general bond resolution entitled "District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor" (the "Original General Bond Resolution"); and

WHEREAS, on August 20, 2002, the Council adopted Resolution No. RS2002-1124, amending and restating the Original General Bond Resolution, to provide for additional security for the bonds issued pursuant thereto and certain other related matters (as amended and restated, the "General Resolution"); and

WHEREAS, Section 2.3 of the General Resolution authorizes the issuance of the Metropolitan Government's District Energy System Revenue Bonds 2002 Series A (the "2002 Series A Bonds") in an aggregate principal amount not to exceed \$66,700,000, with a maturity date not longer than 33 years and with a true interest cost not to exceed 6.50% (taking into account any original issue premium or discount); and

WHEREAS, the General Resolution provides that further terms of the sale, issuance and delivery of the 2002 Series A Bonds shall be determined by a Supplemental Resolution adopted by the Council; and

WHEREAS, the Metropolitan Government now desires to set the term of the sale, issuance and delivery of the 2002 Series A Bonds and certain other matters related thereto, all in accordance with the provisions of the General Resolution.

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

SECTION 1. The 2002 Series A District Energy System Supplemental Bond Resolution (the "2002 Series A Supplemental Resolution") setting forth the terms of the 2002 Series A Bonds and the application of the proceeds thereof, a copy of which is attached hereto and incorporated by reference herein, is hereby adopted.

SECTION 2. That the Bond Purchase Agreement dated as of September 18, 2002 (the "Bond Purchase Agreement") between the Metropolitan Government and Lehman Brothers Inc., on behalf of itself and as representative of M.R. Beal & Company and Morgan Keegan & Company, Inc. (collectively, the "Underwriters"), setting forth the terms of the purchase and sale of the 2002 Series A Bonds, a copy of which has been attached hereto as Exhibit A, is hereby approved and shall be executed on behalf of the Metropolitan Government by its Director of Finance.

SECTION 3. That the Project Feasibility Report, dated as of August 29, 2002 (the "Report"), prepared for the Metropolitan Government by Gershman, Brickner & Bratton, Inc. ("GBB") in

connection with the District Energy System project and included in the Official Statement for the 2002 Series A Bonds as Appendix C (a copy of which is attached to this Resolution as Exhibit B), is hereby accepted, *provided, however*, such acceptance is conditioned upon GBB updating the Report to reflect the terms of 2002 Series A Bonds as set forth in the 2002 Series A Supplemental Resolution prior to the distribution of the Official Statement.

SECTION 4. Subject to the condition set forth in Section 3 above, and subject to further updates by GBB of the forecasts of revenues and expenses set forth in a table on page 31 of the Official Statement the final Official Statement for the 2002 Series A Bonds, attached hereto as Exhibit B, and the execution and distribution thereof, are hereby approved.

SECTION 5. This Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

The Metropolitan Government of Nashville and Davidson County

2002 Series A
District Energy System
Supplemental Bond Resolution

Adopted September 17, 2002

Supplementing Resolution RS2002-1124
Amended and Restated District Energy System General Bond Resolution
Adopted on August 20, 2002

2002 SERIES A
DISTRICT ENERGY SYSTEM
SUPPLEMENTAL BOND RESOLUTION

WHEREAS, on December 18, 2001, by Resolution No. RS2001-875, the Metropolitan County Council (the "Council") of The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") adopted a form of general bond resolution entitled "District Energy System General Bond Resolution Authorizing the Redevelopment of a District Energy System, the Issuance of Revenue Bonds of the Metropolitan Government of Nashville and Davidson County and Providing for the Security Therefor" (the "Original General Bond Resolution"); and

WHEREAS, on August 20, 2002, the Council adopted Resolution No. RS2002-1124, amending and restating the Original General Bond Resolution, to provide for additional security for the bonds issued pursuant thereto and certain other related matters (as amended and restated, the "General Resolution"); and

WHEREAS, Section 2.3 of the General Resolution authorizes the issuance of the Metropolitan Government's District Energy System Revenue Bonds 2002 Series A (the "2002 Series A Bonds") in an aggregate principal amount not to exceed \$66,700,000, with a maturity date not longer than 33 years and with a true interest cost not to exceed 6.50% (taking into account any original issue premium or discount); and

WHEREAS, the General Resolution provides that further terms of the sale, issuance and delivery of the 2002 Series A Bonds shall be determined by a Supplemental Resolution adopted by the Council; and

WHEREAS, the Metropolitan Government now desires to set the term of the sale, issuance and delivery of the 2002 Series A Bonds and certain other matters related thereto, all in accordance with the provisions of the General Resolution.

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

ARTICLE I
DEFINITIONS AND AUTHORITY

Section 1.1. Short Title. This resolution may hereafter be cited and is herein referred to as the "2002 Series A District Energy System Supplemental Bond Resolution" or as the "2002 Series A Supplemental Resolution".

Section 1.2. Definitions. (A) All terms not otherwise defined in this 2002 Series A Supplemental Resolution shall have the same meanings in this 2002 Series A Supplemental Resolution as those terms are given in Section 1.2 of the General Resolution

(B) The definitions in Section 1.2 of the General Resolution are hereby supplemented as follows:

"Authorized Denominations" means with respect to the 2002 Series A Bonds, \$5,000 and integral multiples thereof.

“Bond Purchase Agreement” means the agreement dated September 18, 2002 by and between the Metropolitan Government and Lehman Brothers Inc., on behalf of itself and the Underwriters, with respect to the purchase and sale of the 2002 Series A Bonds.

“General Resolution” means the Amended and Restated General Bond Resolution adopted by the Metropolitan County Council on August 20, 2002.

“Trustee” means with respect to the 2002 Series A Bonds, SunTrust Bank and its successors and assigns.

“2002 Series A Supplemental Resolution” means the resolution adopted by the Metropolitan County Council on September 17, 2002, supplementing the General Resolution.

“Underwriters” means collectively, Lehman Brothers Inc., M.R. Beal & Company and Morgan Keegan & Company, Inc.

Section 1.3. Authority. This 2002 Series A Supplemental Resolution is adopted pursuant to the provisions of the Act and the General Resolution.

ARTICLE II

TERMS, SALE AND ISSUANCE OF 2002 SERIES A BONDS

Section 2.1. Sale of 2002 Series A Bonds. \$66,700,000 aggregate principal amount of the 2002 Series A Bonds shall be sold to Lehman Brothers, Inc., as representative of the Underwriters, all in accordance with the terms set forth in the General Resolution and the Bond Purchase Agreement.

Section 2.2. Date of 2002 Series A Bonds. The 2002 Series A Bonds shall be dated October 24, 2002.

Section 2.3. Maturities and Interest Rates of 2002 Series A Bonds. The 2002 Series A Bonds shall mature on the following dates and in the following principal amounts and bear interest, payable semi-annually on the first day of each April and October, commencing April 1, 2003, at the respective rates per annum set forth opposite each year in the following table:

2002 Series A Serial Bonds

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2005	\$ 1,180,000	3.000%	2016	\$ 300,000	4.000%
2006	1,215,000	3.000	2016	1,500,000	5.250
2007	1,255,000	3.000	2017	1,890,000	5.250
2008	1,290,000	3.000	2018	175,000	4.200
2009	1,330,000	3.000	2018	1,815,000	5.250
2010	1,370,000	3.250	2019	2,090,000	5.250
2011	50,000	3.300	2020	2,200,000	5.250
2011	1,200,000	5.000	2021	60,000	4.500
2012	550,000	3.400	2021	2,255,000	5.250
2012	1,000,000	5.125	2022	100,000	4.600
2013	1,545,000	5.125	2022	2,340,000	5.250
2014	1,625,000	5.250	2023	2,150,000	4.500
2015	1,710,000	5.250			

2002 Series A Term Bonds

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$5,460,000	5.000%
2027	6,900,000	4.625
2033	22,145,000	5.000

Section 2.4. Redemption Provisions.

(A) *Optional Redemption.* The 2002 Series A Bonds maturing on or before October 1, 2012 shall not be subject to redemption prior to maturity. The 2002 Series A Bonds maturing after October 1, 2012 shall be subject to redemption prior to maturity, at the option of the Metropolitan Government, commencing on October 1, 2012, in whole or in part at any time, at a redemption price (expressed as a percentage of the principal amount of the 2002 Series A Bonds or portions thereof to be redeemed) equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption.

(B) *Mandatory Sinking Fund Redemption.* The 2002 Series A Term Bonds maturing on October 1, 2025, October 1, 2027, and October 1, 2033 will be subject to mandatory redemption prior to maturity, in part, by lot, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, by application of Sinking Fund Payments which are required to be made to redeem such Bonds in the respective amounts on October 1 of each of the years shown below:

2002 Series A Term Bonds Due October 1, 2025

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2024	\$2,665,000	2025*	\$2,795,000

*Final Maturity

2002 Series A Term Bonds Due October 1, 2027

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2026	\$3,790,000	2027*	\$3,110,000

*Final Maturity

2002 Series A Term Bonds Due October 1, 2033

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2028	\$3,255,000	2031	\$3,770,000
2029	3,420,000	2032	3,955,000
2030	3,590,000	2033*	4,155,000

*Final Maturity

(C) *Extraordinary Optional Redemption.* The 2002 Series A Bonds will be subject to redemption in whole (but only if all other Bonds issued under the Resolution are simultaneously redeemed), but not in part, at the option of the Metropolitan Government, at any time prior to maturity, at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, if any of the following events shall have occurred:

- (i) the System shall have been damaged or destroyed to the extent that, in the opinion of the Consulting Expert, either (i) the System cannot be reasonably restored or repaired within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Metropolitan Government would thereby be prevented from carrying on the normal operations of the System for a period of six months or more; or
- (ii) title to, or the use or possession of, all or substantially all of the System shall have been condemned or taken under the exercise of the power of eminent domain by any governmental authority, or a person, firm or corporation acting under governmental authority, for any public use or purpose to such an extent that, in the opinion of the Consulting Expert, either (i) the System cannot be reasonably restored or replaced within a period of six months to a condition of

comparable usefulness to that existing prior to such taking, or (ii) the Metropolitan Government would thereby be prevented from carrying on the normal operations of the System for a period of six months or more; or

- (iii) as a result of changes in the constitutions or laws of the United States of America or the State of Tennessee or of legislative or administrative action of the United States of America or the State of Tennessee or any political subdivision of either thereof or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, material permit, rule, regulation or determination, by a governmental authority or agency, after contest thereof by the Metropolitan Government in good faith either (i) the Customer Contracts, or any material part thereof, shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties, or (ii) unreasonable burdens or excessive Service Payments being charged to the Customers with respect to the System or the operation thereof, or (iii) the System becomes regulated as a public utility.

(D) *Mandatory Discharge of 2002 Series A Bonds.* Moneys deposited in the Debt Service Fund in accordance with the General Resolution from (a) proceeds from the sale of all or portion of the System by the Metropolitan Government; (b) damage payments arising from CES's failure to achieve acceptance of the New Facility; or (c) damages paid to the Metropolitan Government by any Initial Customer for early termination of its Initial Customer Contract shall be set aside to defease the 2002 Series A Bonds pursuant to the provisions of the General Resolution, in whole or in part, on their first call date, at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

Section 2.5. Form of 2002 Series A Bonds. Subject to the provisions of the General Resolution, that the 2002 Series A Bonds in fully registered form shall be in substantially the form set forth in Attachment A hereto.

Section 2.6 Denominations. The 2002 Series A Bonds shall be issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of 2002 Series A Bonds maturing in such year.

Section 2.7. Book Entry Bonds. Subject to the provisions of Section 2.13 of the General Resolution, the 2002 Series A Bonds shall be Book Entry Bonds registered in the name of Cede & Co, as nominee of DTC.

Section 2.8. Insured 2002 Series A Bonds. (A) Ambac Assurance Corporation ("Ambac") has committed to issue a financial guaranty insurance policy (the "Insurance Policy") guaranteeing the payment when due of the principal of and interest on, including principal due by operation of scheduled mandatory redemption, the 2002 Series A Bonds (the "Insured Bonds"). The Insurance Policy constitutes a "Credit Facility" pursuant to the General Resolution. Obtaining the Insurance Policy is hereby determined to be in the best interests of the Metropolitan Government and is hereby authorized and approved. The payment to Ambac of the premiums payable on the Insurance Policy in the manner, at the times and in the amount required by the Commitment therefor, a copy of which is annexed hereto as Attachment B, is hereby authorized and approved.

(B) In order to comply with the conditions precedent to Ambac's commitment to issue the Insurance Policy under the Commitment, the provisions of Attachment C hereto shall be in effect, so long as the Insurance Policy for such Insured Bonds shall be in effect or any amounts are due and payable to Ambac under the Insured Bonds, the General Resolution or Attachment C hereto, and shall be binding upon the Metropolitan Government, the Trustee and the Owners of such Insured Bonds.

Section 2.9. Debt Service Reserve Fund Surety Bond. (A) Ambac has also committed to issue a surety bond (the "Surety Bond") guaranteeing a portion of the payment of the Debt Service Reserve Fund Account Requirement with respect to the 2002 Series A Bonds. The Surety Bond constitutes a "Credit Facility" and the payment obligations pursuant to the Agreement (as defined below) constitute a "Subordinated Obligation", in each case pursuant to the General Resolution. Obtaining the Surety Bond is hereby determined to be in the best interests of the Metropolitan Government and is hereby authorized and approved. The payment to Ambac of the premiums payable on the Surety Bond in the manner, at the times and in the amount required by the Commitment therefor, a copy of which is annexed hereto as Attachment D, is hereby authorized and approved.

(B) In order to comply with the conditions precedent to Ambac's commitment to issue the Surety Bond under the Commitment, the provisions of Attachment E hereto and the provisions contained in the Guaranty Agreement, dated as of October 24, 2002 (the "Agreement"), between the Metropolitan Government and Ambac (in substantially the form attached hereto as Attachment F and incorporated herein by reference) shall be in effect, so long as the Surety Bond shall be in effect or any amounts are due and payable to Ambac with respect to the Surety Bond, the General Resolution, or Attachment E or Attachment F hereto, and shall be binding upon the Metropolitan Government, the Trustee and the owners of the 2002 Series A Bonds. Notwithstanding the generality of the foregoing, in order to secure the Metropolitan Government's payment obligations with respect to the Surety Bond under the Agreement, there shall be granted in favor of Ambac a security interest in all revenues and collateral pledged as security for such Parity Obligations, subordinate only to that of the owners of the Parity Obligations issued under the General Resolution.

ARTICLE III DISPOSITION OF PROCEEDS AND OTHER FUNDS

Section 3.1. Disposition of 2002 Series A Bond Proceeds. Upon receipt of the proceeds of the sale of the 2002 Series A Bonds in an amount equal to \$68,195,029.73 (which represents the aggregate principal amount of the 2002 Series A Bonds, being \$66,700,000.00 (i) plus the net original issue premium, being \$2,386,748.00, (ii) less the amount of the Underwriters discount, being \$387,580.45, (iii) less the amount of the premium for the Insurance Policy wired directly to Ambac Assurance Corporation, being \$438,933.13, and (iv) less the amount of the Surety Bond premium wired directly to Ambac Assurance Corporation, being \$65,204.69), the Metropolitan Government shall cause the following deposits or transfers to be made from such proceeds as follows:

- (A) the amount of \$2,608,187.50 shall be deposited in the Debt Service Reserve Fund established by the General Resolution representing the portion of the Debt Service Reserve Fund Requirement not satisfied with the Reserve Policy; and
- (B) the balance of proceeds in the amount of \$65,586,842.23 shall be deposited in the System Improvement Fund established by the General Resolution for application as follows:

- (i) \$807,550.00 to be applied to the payment of the costs of issuance of the 2002 Series A Bonds;
- (ii) \$5,957,330.16 shall be deposited in the Capitalized Interest Account; and
- (iii) \$58,821,962.07 shall be deposited in the Construction Account for the payment of costs of the System Improvements.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Governing Law. This 2002 Series A Supplemental Resolution shall be construed and governed in accordance with the laws of the State of Tennessee.

Section 4.2. Conflict. All resolutions or parts of resolutions or other proceedings of the Metropolitan Government in conflict herewith are repealed insofar as such conflict exists.

Section 4.3 Waiver of Personal Liability. No Metropolitan Council member, officer, agent or employee of the Metropolitan Government shall be individually or personally liable for the payment of the Principal or interest on or with respect to the Parity Obligations or be subject to any personal liability or accountability by reason of the issuance or incurrence thereof; but nothing herein contained shall relieve any such Metropolitan Council member, officer, agent or employee of the Metropolitan Government from the performance of any official duty provided by law or by this 2002 Series A Supplemental Resolution.

Section 4.4. Effective Date. This 2002 Series A Supplemental Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

INTRODUCED BY:

Members of Council

RECOMMENDED BY:

Director of Finance

APPROVED AS TO BUDGET PROCEDURE WITH
PRIORITY:

Budget Officer

APPROVED AS TO FORM AND LEGALITY:

Metropolitan Attorney

APPROVED FOR SUBMISSION TO COUNCIL

Metropolitan County Mayor

[FORM OF 2002 SERIES A BOND]

AR-_____

\$_____

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

DISTRICT ENERGY SYSTEM REVENUE BONDS
2002 SERIES A

CUSIP:

MATURITY DATE: OCTOBER 1,

BOND DATE:

REGISTERED OWNER: CEDE & CO

INTEREST RATE: % PER ANNUM

PRINCIPAL AMOUNT:

(DOLLARS)

KNOW ALL MEN BY THESE PRESENTS: That the Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), a political subdivision of the State of Tennessee (the "State"), acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner (named above) or registered assigns, the Principal Amount (specified above) on the Maturity Date (specified above), unless redeemed prior thereto as hereinafter provided upon presentation and surrender hereof, at the principal corporate trust office of SunTrust Bank, Nashville, Tennessee, as trustee and paying agent (the "Trustee") and to pay interest on said Principal Amount to the Registered Owner of this Bond from the date hereof until the Metropolitan Government's obligation with respect to the payment of said Principal Amount shall be discharged, at the Interest Rate per annum (specified above), payable semi-annually, commencing April 1, 2003, and on the first day of April and the first day of October of each year. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal or redemption price, if any, of and interest on this Bond are payable in any coin or currency of the United States of America, which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Capitalized terms not defined herein shall have the meaning set forth in the Resolutions (as defined herein).

This Bond is one of an issue of bonds (the "Bonds") of the Metropolitan Government designated "District Energy System Revenue Bonds 2002 Series A" (the "Bonds") which are issued for the purpose of (i) financing the costs of certain capital improvements to be made to the Metropolitan Government's district steam and chilled water generating facility, including but not limited to, the costs of (a) the design, construction, start-up and acceptance testing of a new steam and chilled water generating facility, (b) improvements to and expansion of the Metropolitan Government's existing energy distribution system, (c) land acquisitions related to (a) and (b), and (d) certain other improvements to the System; (ii) to reimburse the Metropolitan Government for certain amounts expended by it in developing the improved System; (iii) to pay capitalized interest; (iv) to fund the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement for the Bonds; and (v) to pay costs of issuance for the Bonds. The Bonds are issued under and pursuant to the Energy Production Facilities Act being Title 7, Chapter 54 of the Tennessee Code Annotated, as amended (herein called the "Act") and an Amended and Restated District Energy System General Bond Resolution adopted August 20, 2002 (the "General Resolution") and a 2002 Series A District Energy System Supplemental Bond Resolution adopted on September 17, 2002 (the "2002 Series A Supplemental Resolution", and together with the General Resolution, the "Resolutions"), in the aggregate principal amount of \$66,700,000. All Bonds and other Parity Obligations issued under or executed and delivered pursuant to the General Resolution are and will be equally secured by the pledges and covenants made therein, except as

otherwise expressly provided or permitted in the General Resolution. Copies of the Resolutions are on file at the office of the Metropolitan Government in the City of Nashville, Tennessee, and at the principal office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder. Upon certain conditions provided in the Resolutions, the provisions thereof may be discharged and satisfied prior to the maturity of the Bonds.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or of any resolution amendatory thereof or supplemental thereto may be modified or amended by the Metropolitan Government with the written consent (i) of the holders of at least two-thirds in principal amount of the Parity Obligations Bonds then outstanding, (ii) in case less than all of the series of Parity Obligations then outstanding would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected and outstanding at the time such consent is given or (iii) in case less than all the maturities of a series of Parity Obligations are affected by the modification or amendment, with such consent of the holders of at least two-thirds in principal amount of the Parity Obligations of each maturity so affected and outstanding at the time such consent is given. If such modification or amendment will by its terms not take effect so long as any Bonds of any specified like series and maturity remain outstanding, however, the consent of the holders of such Bonds shall not be required. No modification or amendment of the General Resolution shall permit a change in the terms of redemption or maturity of the Principal of any outstanding Parity Obligation or of any installment of interest thereon without the consent of the holder of such Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Parity Obligations, 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 consent thereto. The holder of this Bond shall have no right to enforce the provisions of the Resolutions, to institute action to enforce the provisions of the Resolutions or to institute any suit or other proceeding with respect thereto, except as provided in the Resolutions. In certain events, on the conditions, in the manner and with the effect set forth in the Resolutions, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest, if any, thereon, may become or may be declared due and payable before the maturity thereof.

This Bond is transferable, as provided in the General Resolution, only upon the books of the Metropolitan Government kept for that purpose at the principal or corporate trust office of the Trustee by the registered owner hereof in person or by his or her attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney or legal representative, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount, series and maturity, bearing interest at the same rate, shall be issued in the name or names requested by the assignee on the then holder in exchange therefor as provided in the General Resolution and upon the payment of the charges, if any, therein prescribed. The Metropolitan Government, the Trustee and any paying agent may treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

The Bonds are issuable in fully registered form in the denominations of \$5,000 or in any integral multiples thereof.

The 2002 Series A Bonds maturing on or before October 1, 2012 shall not be subject to redemption prior to maturity. The 2002 Series A Bonds maturing after October 1, 2012 shall be subject to redemption prior to maturity, at the option of the Metropolitan Government, commencing on October 1, 2012, in whole or in part at any time, at a redemption price (expressed as a percentage of the principal amount of the 2002 Series A Bonds or portions thereof to be redeemed) equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption.

The Bonds maturing on October 1, 2025, October 1, 2027 and October 1, 2033 will be subject to mandatory redemption prior to maturity, in part, by lot, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, by application of Sinking Fund Payments which are required to be made to redeem such Bonds in the respective amounts on October 1 of each of the years shown below:

2002 Series A Term Bonds Due October 1, 2025

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2024	\$2,665,000	2025	\$2,795,000*

*Final Maturity

2002 Series A Term Bonds Due October 1, 2027

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2026	\$3,790,000	2027	\$3,110,000*

*Final Maturity

2002 Series A Term Bonds Due October 1, 2033

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
2028	\$3,255,000	2031	\$3,770,000
2029	3,420,000	2032	3,955,000
2030	3,590,000	2033	4,155,000*

*Final Maturity

The Bonds will be subject to redemption in whole (but only if all other bonds issued under the Resolution are simultaneously redeemed), but not in part, at the option of the Metropolitan Government, at any time prior to maturity, at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, if any of the following events shall have occurred:

(i) the System shall have been damaged or destroyed to the extent that, in the opinion of the Consulting Expert, either (i) the System cannot be reasonably restored or repaired within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Metropolitan Government would thereby be prevented from carrying on the normal operations of the System for a period of six months or more; or

(ii) title to, or the use or possession of, all or substantially all of the System shall have been condemned or taken under the exercise of the power of eminent domain by any governmental authority, or a person, firm or corporation acting under governmental authority, for

any public use or purpose to such an extent that, in the opinion of the Consulting Expert, either (i) the System cannot be reasonably restored or replaced within a period of six months to a condition of comparable usefulness to that existing prior to such taking, or (ii) the Metropolitan Government would thereby be prevented from carrying on the normal operations of the System for a period of six months or more; or

(iii) as a result of changes in the constitutions or laws of the United States of America or the State of Tennessee or of legislative or administrative action of the United States of America or the State of Tennessee or any political subdivision of either thereof or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, material permit, rule, regulation or determination, by a governmental authority or agency, after contest thereof by the Metropolitan Government in good faith either (i) the Customer Contracts, or any material part thereof, shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties, or (ii) unreasonable burdens or excessive Service Payments being charged to the Customers with respect to the System or the operation thereof, or (iii) the System becomes regulated as a public utility.

Moneys deposited in the Debt Service Fund in accordance with the General Resolution from (a) proceeds from the sale of all or portion of the System by the Metropolitan Government; (b) damage payments arising from CES's failure to achieve acceptance of the New Facility; or (c) damages paid to the Metropolitan Government by any Initial Customer for early termination of its Initial Customer Contract shall be set aside to defease the 2002 Series A Bonds pursuant to the provisions of the General Resolution, in whole or in part, on their first call date, at a Redemption Price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

If less than all of the Bonds of like maturity are to be redeemed, the Bonds shall be redeemed from maturities in such order as determined by the Metropolitan Government, and by lot within any maturity, subject to selection by the Trustee as provided in the General Resolution.

In the event any or all of the Bonds are to be redeemed, notice of such redemption shall be mailed by the Trustee not less than 30 or more than 60 days prior to the scheduled redemption date, by first class mail, to the to the holder of such Bond at the holder's address as it appears on the bond registrar. If notice is given as described above, failure of any holder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds. So long as Cede & Co, as nominee of DTC is the registered owner of the Bonds, all notices of redemption will be sent only to DTC.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Resolutions to exist, to have happened and to have been performed, precedent to and in the issuance of this bond, exist, have happened, and have been performed in due time, form and manner as required by law and that the issue of the Bonds, together with all other indebtedness of the Metropolitan Government, is within every debt and other limit prescribed by law.

This Bond is a special limited obligation of the Metropolitan Government secured by and payable solely from the revenues and assets pledged therefore pursuant to the General Resolution, and (a) will not be a debt of the Metropolitan Government, nor a charge, lien or encumbrance, legal or equitable, upon any property of the Metropolitan Government, or upon income, receipts or revenues of the Metropolitan Government other than the property pledged under the General Resolution, and (b) will not be deemed to constitute a full faith and credit general obligation of the Metropolitan Government for which there is a right to compel the exercise of the ad valorem taxing power of the Metropolitan Government, and no recourse shall be had for the payment of principal of or interest on the Bonds against the general funds of the Metropolitan Government. This Bond does not constitute a debt of liability or obligation of the State or any political subdivision of the State. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, or interest on the Bonds.

The Resolutions provide that no recourse shall be had for the payment of the principal or

Redemption Price of or interest on the Bonds or for any claim based on the Bonds or on the Resolutions against any officer or employee of the Metropolitan Government or any person executing the Bonds.

This bond shall not be valid or become obligatory for any other purpose or be entitled to any security or benefit under the Resolutions until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY has caused this bond to be executed in its name by the manual or facsimile signature of its Chief Executive Officer and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its duly authorized officer, all as of the __th day of October, 2002.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
(TENNESSEE)

(SEAL)

By: _____
Chief Executive Officer

ATTEST:

By: _____
Metropolitan Clerk

APPROVED AS TO FORM
AND LEGALITY

By: _____
Director of Law

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This 2002 Series A Bond is a Parity Obligation delivered pursuant to the Metropolitan Governments's General Bond Resolution adopted on August 20, 2002.

SUNTRUST BANK,
as Trustee

Date of Authentication:

By: _____
Authorized Officer

ASSIGNMENT

Social Security or Other Identifying
Number of Assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

the within bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ or its successor as bond registrar to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Notice: Signature must correspond with the name of the
registered owner as it appears on the face of the within bond in every particular, without acceleration or
enlargement or any change whatever.

Signature Guaranteed:

(Bank, Trust Company or Firm)

(Authorized Officer)

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. ____ (the “Policy”) with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation (“Ambac Assurance”). The Policy has been delivered to The Bank of New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance of the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of the Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

(END OF 2002 SERIES A BOND FORM)

**Commitment to Issue
Financial Guaranty Insurance Policy
for the 2002 Series A Bonds**

Special Provisions Applicable to the Insured Bonds

Ambac Assurance Corporation

Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (including any successor thereto or assignee thereof, for purposes of this Exhibit, the “Insurer”), has made a commitment to issue a financial guaranty insurance policy (the “Insurance Policy”) insuring the payment when due of the principal of and interest, including principal due by operation of a mandatory sinking fund redemption, on the 2002 Series A Bonds (collectively, the “Insured Bonds”) of the Metropolitan Government. In order to comply with the conditions precedent to the issuance of the Insurance Policy, the following provisions of this Attachment are adopted and shall be binding upon the Metropolitan Government, the Trustee and the Owners of the Insured Bonds. The provisions of this Attachment shall govern notwithstanding anything to the contrary set forth elsewhere in the General Resolution and this 2002 Series A Supplemental Resolution.

All terms used and not defined in this Attachment shall have the respective meanings assigned to them in or pursuant to the General Resolution, as supplemented by this 2002 Series A Supplemental Resolution of which this Attachment is a part.

In accordance with Section 2.8 of this 2002 Series A Supplemental Resolution, the Metropolitan Government hereby agrees with and for the benefit of, the Insurer that so long as the Insurer is not in default under the Insurance Policy, as follows:

A. Consents.

1. Any provision of this 2002 Series A Supplemental Resolution expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer.

2. Whenever the consent of the holders of the Insured Bonds is required under the terms of the General Resolution, the consent of the Insurer shall also be required.

3. Anything in the General Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default under the General Resolution, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the Trustee for the benefit of the holders of the Insured Bonds under the General Resolution.

B. Notices.

1. While the Insurance Policy is in effect, the Metropolitan Government shall furnish to the Insurer (to the attention of the Surveillance Department): (a) as soon as practicable after the filing thereof, a copy of any financial statement, audit and annual report of the Metropolitan Government; (b) a copy of any notice to be given to the registered owners of the Insured Bonds, including, without limitation, notice of any redemption of or defeasance of the Insured Bonds, and any certificate tendered pursuant to the General Resolution relating to the security for the Insured Bonds; and (c) such additional information as the Insurer may reasonably request.

2. While the Insurance Policy is in effect, the Trustee shall (to the attention of the General Counsel Office): (a) notify the Insurer of any failure of the Metropolitan Government to provide relevant notices, certificates, in accordance with the General Resolution, and (b) immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the General Resolution.

3. The Metropolitan Government hereby agrees to permit the Insurer to (a) discuss the affairs, finances and accounts of the Metropolitan Government or any information the Insurer may reasonably request

regarding the security for the Insured Bonds with appropriate officers of the Metropolitan Government, and (b) to have access to the Project and have access to and to make copies of all books and records relating to the Insured Bonds at any reasonable time.

C. Defeasance.

Notwithstanding anything in the General Resolution to the contrary, in the event that the principal and/or interest due on the Insured Bonds shall be paid by the Insurer pursuant to the Insurance Policy, the Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Metropolitan Government, and the pledge and assignment of the Trust Estate and all covenants, agreements and other obligations of the Metropolitan Government to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.

D. Payment Procedures.

As long as the Insurance Policy shall be in full force and effect, the Metropolitan Government, the Trustee and any Paying Agent shall comply with the following provisions:

1. At least one (1) day prior to all interest payment dates, the Trustee or the Paying Agent will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Insured Bonds on such interest payment date. If the Trustee or Paying Agent determines that there will be insufficient funds in such funds or accounts, the Trustee or Paying Agent shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the Insured Bonds to which such deficiency is applicable and whether such Insured Bonds will be deficient as to principal or interest, or both. If the Trustee or Paying Agent has not so notified the Insurer at least one (1) day prior to an Interest Payment Date, the Insurer will make payments of principal or interest due on the Insured Bonds on or before the first (1st) day next following the date on which the Insurer shall have received notice of nonpayment from the Trustee or Paying Agent.

2. The Trustee or Paying Agent, shall, after giving notice to-the Insurer as provided in (1) above, make available to the Insurer and, at the Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Metropolitan Government maintained by the Trustee or Paying Agent and all records relating to the funds and accounts maintained under the General Resolution.

3. The Trustee or Paying Agent shall provide the Insurer and the Insurance Trustee with a list of registered owners of the Insured Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Insurance Policy, and shall make arrangements with the Insurance Trustee (a) to mail checks or drafts to the registered owners of the Insured Bonds entitled to receive full or partial interest payments from the Insurer and (b) to pay principal upon the Insured Bonds surrendered to the Insurance Trustee by the registered owners of the Insured Bonds entitled to receive full or partial principal payments from the Insurer.

4. The Trustee or Paying Agent shall, at the time it provides notice to the Insurer pursuant to (1) above, notify registered owners of the Insured Bonds entitled to receive the payment of principal or interest thereon from the Insurer (a) as to the fact of such entitlement, (b) that the Insurer will remit to them all or a part of the interest payments next coming due upon proof of holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (c) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their Insured Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Insured Bonds to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, and (d) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their Insured Bonds for payment thereon first to the Trustee or Paying Agent who shall note on such Insured Bonds the portion of the principal paid by the Trustee or Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

5. In the event that the Trustee or Paying Agent has notice that any payment of principal of or interest on an Insured Bond which has become due for payment and which is made to a holder by or on behalf of the Metropolitan Government has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent shall, at the time the Insurer is notified pursuant to (1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Insured Bonds which have been made by the Trustee or Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

6. In addition to those rights granted the Insurer under this 2002 Series A Supplemental Resolution, the Insurer shall, to the extent it makes payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy, and to evidence such subrogation (a) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent shall note the Insurer's rights as subrogee on the registration books of the Metropolitan Government maintained by the Trustee or Paying Agent upon receipt from the Insurer of proof of the payment of interest thereon to the registered owners of the Insured Bonds, and (b) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent shall note the Insurer's rights as subrogee on the registration books of the Metropolitan Government maintained by the Trustee or Paying Agent; upon surrender of the Insured Bonds by the registered owners thereof together with proof of the payment of principal thereof.

E. The Trustee.

1. The Trustee (or Paying Agent) may be removed at any time, at the request of the Insurer, for any breach of the Trust set forth in the General Resolution.

2. The Insurer shall receive prior written notice of any Trustee (or Paying Agent) resignation.

3. Every successor Trustee appointed pursuant to this Section shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Insurer. Any successor Paying Agent, if applicable, shall not be appointed unless the Insurer approves such successor in writing.

4. Notwithstanding any other provision of the General Resolution, in determining whether the rights of the holders will be adversely affected by any action taken pursuant to the terms and provisions of the General Resolution, the Trustee (or Paying Agent) shall consider the effect on the holders as if there were no Insurance Policy.

5. Notwithstanding any other provision of the General Resolution, no removal, resignation or termination of the Trustee (or Paying Agent) shall take effect until a successor, acceptable to the Insurer shall be appointed.

F. Insurer a Third Party Beneficiary.

To the extent that this 2002 Series A Supplemental Resolution confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of this 2002 Series A Supplemental Resolution, the Insurer is hereby explicitly recognized as being a third-party beneficiary under the General Resolution and hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

G. Interested Parties.

Nothing in the General Resolution or in this 2002 Series A Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Metropolitan Government, the Trustee, the Insurer, the Paying Agent, and the registered owners of the Insured Bonds, any right, remedy or claim under or by reason of the General Resolution or this 2002 Series A Supplemental Resolution or any covenant, condition or stipulation thereof or hereof, and all covenants, stipulations, promises and agreements in the General Resolution and this 2002 Series A Supplemental Resolution contained by and on behalf of the Metropolitan Government shall be for the sole and exclusive benefit of the Metropolitan Government, the Trustee, the Insurer, the Paying Agent, if any, and the registered owners of the Insured Bonds.

Commitment to Issue a Debt Service Reserve Fund Surety Bond

Special Provisions Related to the Debt Service Reserve Fund Surety Bond

Ambac Assurance Corporation

Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (including any successor thereto or assignee thereof, for purposes of this Exhibit, the “Surety Provider”), has made a commitment to issue a surety bond (the “Surety Bond”) guaranteeing a portion of the payment of the Debt Service Reserve Fund Account Requirement with respect to the 2002 Series A Bonds. In order to comply with the conditions precedent to the issuance of the Surety Bond, the following provisions of this Attachment are adopted and shall be binding upon the Metropolitan Government, the Trustee and the Owners of the Insured Bonds. The provisions of this Attachment shall govern notwithstanding anything to the contrary set forth elsewhere in the General Resolution and the 2002 Series A Supplemental Resolution.

All terms used and not defined in this Attachment shall have the respective meanings assigned to them in or pursuant to the General Resolution, as supplemented by the 2002 Series A Supplemental Resolution of which this Attachment is a part.

In accordance with Section 2.9 of the 2002 Series A Supplemental Resolution, as long as the Surety Bond shall be in full force and effect, the Metropolitan Government, the Trustee and the Paying Agent shall comply with the following provisions:

A. Consents.

1. Any provision of this 2002 Series A Supplemental Resolution expressly recognizing or granting rights in or to the Surety Provider may not be amended in any manner which affects the rights of the Surety Provider hereunder without the prior written consent of the Surety Provider.

2. Whenever the consent of the holders of the 2002 Series A Bonds is required under the terms of the General Resolution, the consent of the Surety Provider shall also be required.

B. Notices.

1. While the Surety Bond is in effect, the Metropolitan Government shall furnish to the Surety Provider (to the attention of the Surveillance Department): (a) as soon as practicable after the filing thereof, a copy of any financial statement, audit and annual report of the Metropolitan Government; (b) a copy of any notice to be given to the registered owners of the 2002 Series A Bonds, including, without limitation, notice of any redemption of or defeasance of the 2002 Series A Bonds, and any certificate tendered pursuant to the General Resolution relating to the security for the 2002 Series A Bonds; and (c) such additional information as the Surety Provider may reasonably request.

2. While the Surety Bond is in effect, the Trustee shall (to the attention of the General Counsel Office): (a) notify the Surety Provider of any failure of the Metropolitan Government to provide relevant notices, certificates, in accordance with the General Resolution, and (b) immediately notify the Surety Provider if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the General Resolution.

The Metropolitan Government hereby agrees to permit the Surety Provider to (a) discuss the affairs, finances and accounts of the Metropolitan Government or any information the Surety Provider may reasonably request regarding the security for the 2002 Series A Bonds with appropriate officers of the Metropolitan Government, and (b) to have access to the Project and have access to and to make copies of all books and records relating to the 2002 Series A Bonds at any reasonable time.

C. Payment Procedures.

1. In the event and to the extent that moneys on deposit in the funds and accounts is established by the General Resolution, plus all amounts on deposit in and credited to the Debt Service Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Surety Provider of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under the General Resolution has not been made to the Paying Agent; or (ii) the payment date of the 2002 Series A Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of the Surety Provider, the Surety Provider will make a deposit of funds in an account with the Paying Agent, of amounts which are then due to the Paying Agent under the General Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Debt Service Reserve Fund, in addition to the amount available under the Surety Bond, included amounts available under the letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

2. The Trustee, or Paying Agent, if appropriate, shall, after submitting to the Surety Provider the Demand for Payment as provided in (1) above, make available to the Surety Provider all records relating to the funds and accounts maintained under the General Resolution.

3. The Trustee, or Paying Agent, if appropriate, shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Debt Service Reserve Fund to the extent of moneys received pursuant to such Demand.

4. The Debt Service Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amount necessary to fund the Debt Service Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond shall be deposited from next available Revenues.

Form of Guaranty Agreement

GUARANTY AGREEMENT dated as of _____, 2002 by and between The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government"), a public body corporate organized and existing under the laws of the State of Tennessee; and AMBAC ASSURANCE CORPORATION ("Ambac"), a Wisconsin domiciled stock insurance company.

WITNESSETH:

WHEREAS, the Obligor has or will issue its District Energy System Revenue Bonds 2002 Series A in the aggregate principal amount of \$66,700,000 (the "Obligations"); and

WHEREAS, Ambac will issue its Surety Bond (the "Surety Bond"), substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Obligor subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce Ambac to issue the Surety Bond, the Obligor has agreed to pay the premium for such Surety Bond and to reimburse Ambac for all payments made by Ambac under the Surety Bond from Legally Available Funds, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that Ambac expressly requires the delivery of this Agreement as part of the consideration for the execution by Ambac of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Obligor and Ambac agree as follows:

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) Ambac will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of Ambac under the Surety Bond and the coverage and term thereof shall be subject to and limited by the Surety Bond Coverage and the terms and conditions of the Surety Bond.

(c) payments made under the Surety Bond will reduce the Surety Bond Coverage to the extent of that payment, provided that the Surety Bond Coverage shall be automatically reinstated to the extent of the reimbursement of principal by the Obligor of any payment made by Ambac. Ambac shall notify the Paying Agent in writing no later than the fifth (5th) day following the reimbursement by the Obligor that the Surety Bond has been reinstated to the extent of such reimbursement.

Section 1.03. Premium. In consideration of Ambac agreeing to issue the Surety Bond hereunder, the Obligor hereby agrees to pay or cause to be paid from Legally Available Funds the premium set forth in the Commitment.

Section 1.04. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of Ambac's counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II

REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFORE

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses.

(a) The Obligor will reimburse Ambac, from Legally Available Funds within the Reimbursement Period, without demand or notice by Ambac to the Obligor or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond payment from and including the date made to the date of the reimbursement by the Obligor at the Effective Interest Rate. The Obligor agrees that it shall make monthly level principal repayments for each Surety Bond Payment during the Reimbursement Period. Interest on each Surety Bond Payment shall be paid monthly during the Reimbursement Period. To the extent that interest payments due hereunder are not paid on a monthly basis, or are not paid as each principal repayment is made, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Obligor also agrees to reimburse Ambac, from Legally Available Funds, immediately and unconditionally upon demand for all reasonable expenses incurred by Ambac in connection with the Surety Bond and the enforcement by Ambac of the Obligor's obligations under this Agreement together with interest on all such expenses from and including the date which is 30 days from the date a statement for such expenses is received by the Obligor incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. Ambac and the Obligor hereby agree that each repayment of principal received by Ambac from or on behalf of the Obligor as a reimbursement to Ambac as required by Section 2.01(a) hereof shall be applied to reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment. Any interest payable pursuant to Section 2.01(a) hereof shall not be applied to the reinstatement of any portion of the Surety Bond Coverage.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Resolution pledges to the Owners or any paying agent therefore, or grants a security interest or lien in or on any collateral property, revenue or other payments ("Collateral and Revenues") in order to secure the Obligations or provide a source of payment for the Obligations, the Obligor hereby grants to Ambac a security interest in or lien on, as the case may be, and pledges to Ambac all such Collateral and Revenues as security. for payment of all amounts due hereunder, which security interest, lien and/or pledge created or granted under this Section 2.03 shall be subordinate only to the interests of the Owners and any paying agent therefore in such Collateral and Revenues. The Obligor agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by Ambac for the perfection of the security interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of Ambac under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Resolution or the Obligations;

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations;

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

ARTICLE III

EVENTS OF DEFAULT; REMEDIES

Section 3.01. Events of-Default. The following events shall constitute Events of Default hereunder.

(a) The Obligor shall fail to pay to Ambac any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period;

(b) Any material representation or warranty made by the Obligor hereunder or under the Resolution or any statement in the application for the Surety Bond or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Surety Bond or herewith shall have been materially false at the time when made;

(c) Except as otherwise provided in this Section 3.01, the Obligor shall fail to perform any of its other obligations under this Agreement, provided that such failure continues for more than thirty (30) days after receipt by the Obligor of notice of such failure to perform;

(d) The Obligor shall (i) voluntarily consent to any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Obligor, or of a substantial part of its property, under the United States Bankruptcy-Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 3.02. Remedies. If an Event of Default shall occur and be continuing, then Ambac may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or any related instrument and enforce any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that Ambac may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. All rights and remedies of Ambac under this Section 3.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies

ARTICLE IV

SETTLEMENT

Ambac shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against Ambac, the Obligor or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and Ambac's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of payments made by Ambac, testified by an officer of Ambac, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to reimburse Ambac, pursuant to subsection (b) of Section 2.01 hereof, upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by Ambac at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE V
MISCELLANEOUS

Section 5.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 5.02. Exercise of Rights. No failure or delay on the part of Ambac to exercise any right, power or privilege under this Agreement and no course of dealing between Ambac and the Obligor or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Ambac would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 5.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and Ambac. The Obligor hereby agrees that upon the written request of the Paying Agent, Ambac may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted Surety Bond. Ambac agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted Surety Bond. .

Section 5.04. Successors and Assigns: Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and Ambac and their respective successors and assigns, provided, that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of Ambac.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.05. Other Sureties. If Ambac shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Obligor to enforce this Agreement, and "Ambac," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 5.06. Signature on Obligation. The Obligor's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 5.07. Waiver. The Obligor waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 5.08. Notices. Requests. Remands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as either of the parties hereto or the Paying Agent may hereafter specify in writing to the others:

If to the Obligor: >

If to the Paying Agent: >

If to Ambac: Ambac Assurance Corporation One State Street Plaza
 17th Floor
 New York, New York 10004
 Attention: General Counsel

Section 5.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 5.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 5.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Obligor and Ambac.

Section 5.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written

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

(Seal)

Attest: _____
Title:

By: _____
Title:

**AMBAC ASSURANCE
CORPORATION**

Attest: _____
Title:

By: _____
Title:

ANNEX A

SURETY BOND

Ambac Assurance Corporation

Statutory Office:
c/o CT Corporation
44 East Mifflin Street
Madison, Wisconsin 53703

Administrative Office:
One State Street Plaza
New York, New York 10004
Telephone: (212) 668-0340

Policy No. SB__BE

Ambac Assurance Corporation ("Ambac"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments which are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and which are required to be made by or on behalf of the (the "Obligor") to (the "Paying Agent/Trustee") as such payments are due by the Obligor but shall not be so paid pursuant to a resolution of the City Council of the Obligor authorizing the issuance of \$ _____ (the "Obligations") of said city and providing the terms and conditions for the issuance of said Obligations (the Resolution/Indenture/Ordinance"); provided that the amount available at any particular time to be paid to the Paying Agent under the terms hereof shall not exceed the Surety Bond Coverage, defined herein as the lesser of \$ _____ or the [Debt Service Reserve Fund Requirement for the Obligations, as that term is defined in the Resolution] (the "Reserve Requirement"). The Surety Bond Coverage shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment of the Obligations.
2. Upon the later of: (i) one (1) day after receipt by the General Council of Ambac of a demand for payment in the form attached hereto as Attachment 1 (else "Demand for Payment"), duly executed by the Paying Agent certifying that payment due as required by the Resolution has not been made to the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Paying Agent or its successor, in [City/State] sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage.
3. Demand for Payment hereunder may be made by prepaid telecopy, telex, or telegram of the executed Demand for Payment c/o the General Counsel of Ambac. If a Demand for Payment made hereunder does not, in any instance conform to the terms and conditions of this Surety Bond, Ambac shall give notice to the Paying Agent, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.
4. The amount payable by Ambac under this Surety Bond pursuant to a Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by Ambac hereunder and will be reinstated to the extent of each reimbursement of Ambac by the Obligor pursuant to Article II of the Guaranty Agreement, dated as of the date of the Obligations, by and between Ambac and the Obligor (the "Guaranty Agreement"); provided, that in no event shall such reinstatement exceed the Surety Bond Coverage, Ambac will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the

Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Guaranty Agreement and such reinstatement shall be effective as of the date Ambac gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2. The Surety Bond Coverage shall be automatically reduced to the extent that the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Resolution.

5. Any service of process on Ambac may be made to Ambac or the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, General Counsel will act as agent for the acceptance of service of process and its offices are located at One State Street Plaza, New York, New York 10004.

6. This Surety Bond is noncancelable for any reason. The term of this Surety Bond shall expire on the earlier of (i) the maturity date of the Obligations or (ii) the date on which the Obligor, to the satisfaction of Ambac, has made all payments required to be made on the Obligations pursuant to the Resolution. The premium on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

7. This Surety Bond shall be governed by and interpreted under the laws of the State of Wisconsin [**or Minnesota, Nebraska, North Carolina, South Carolina, Utah, Vermont, Washington or Commonwealth of Pennsylvania, for financings in those states**], and any suit hereunder [seeking specific performance (for Florida)] in connection with any payment may be brought only by the Paying Agent within one year [**two years in Minnesota, three years in Maryland and Utah, five years in Kansas**] after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and Ambac has failed to make such payment or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to Ambac a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

IN WITNESS WHEREOF, Ambac has caused this Surety Bond to be executed and attested on its behalf this _____ day of _____, 200_

AMBAC ASSURANCE CORPORATION

Attest: _____
Assistant Secretary

By: _____
Vice President and
Assistant General Counsel

By: _____
[Countersignature Agent, if applicable]

Attachment 1

Surety Bond No. SB__BE

DEMAND FOR PAYMENT

, 200_

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to the Surety Bond No. SB BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac") The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Trustee hereby certifies that:

(a) Payment by the Obligor to the Trustee was due on [a date not less than one (1) day prior to the applicable payment date for the Obligations] under the Ordinance attached hereto as Exhibit A, in an amount equal to \$_____ (the "Amount Due"). The Amount Due is payable to the Owners of the Obligations on _____.

(b) \$_____ has been deposited in the_____ [fund/account] from moneys paid by the Obligor or from other funds legally available to the Trustee for payment to the Owners of the Obligations, which amount is \$_____ less than the Amount Due (the "Deficiency").

(c) The Trustee has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Trustee hereby requests that payment of the Deficiency (up to but not in excess of the Surety Bond Coverage) be made by Ambac under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

_____ [Trustee's Account]

[Trustee]

By: _____

Its: _____

Attachment 2

Surety Bond No. SB BE

NOTICE OF REINSTATEMENT

[Paying Agent]

,200_

[Address]

Reference is made to the Surety Bond No. SB BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined by the meanings specified in the Surety Bond unless the context otherwise requires

Ambac hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article 11 of the Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$_____, subject to a reduction as the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Resolution.

AMBAC ASSURANCE CORPORATION

Attest: _____
Title:

By: _____
Title:

ANNEX B

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

"Agreement" means this Guaranty Agreement.

"Ambac" has the same meaning as set forth in the first paragraph of this Agreement.

"Collateral and Revenues" has the same meaning as set forth in Section 2.03 hereof.

"Commitment" means the Ambac Commitment for Surety Bond in the form attached hereto as Annex C.

"Debt Service Payments" means those payments required to be made by the Obligor which will be applied to payment of principal of and interest on the Obligations.

"Effective Interest Rate" means the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law; provided, however, that the Effective Interest Rate shall in no event be less than the interest rate on the Obligations.

"Event of Default" shall mean those events of default set forth in Section 3.01 of this Agreement.

"Legally Available Funds" means any moneys legally available to the Obligor for the payment of its Obligations.

"Obligations" means the Obligor's District Energy System Revenue Bonds 2002 Series A and any other Parity Obligations issued under the Resolution.

"Obligor" has the same meaning as set forth in the first paragraph of this Agreement.

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

"Paying Agent" means _____.

"Reimbursement Period" means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending 12 months following such Surety Bond Payment.

"Reimbursement Rate" means Citibank's prime rate plus two (2) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of a 360 day year.

"Resolution" means the Obligor's Amended and Restated District Energy System General Bond Resolution adopted by the Obligor on August 20, 2002 as supplemented by the 2002 Series A District Energy System Supplemental Bond Resolution, adopted by the Obligor on September 17, 2002.

"State" means the State of Tennessee.

"Surety Bond" means the Surety Bond issued by Ambac substantially in the form attached to this Agreement as Annex A.

"Surety Bond Coverage" means the amount available at any particular time to be paid to the Paying Agent under the terms of the Surety Bond, which amount shall never exceed \$_____.

"Surety Bond Payment" means an amount equal to the Debt Service Payment less (i) that portion of the Debt Service Payment paid by the Obligor, and (ii) other funds legally available to the Paying Agent for payment to the Owners, all as certified by the Paying Agent in a demand for payment rendered pursuant to the terms of the Surety Bond.