

04.22.2021 DRAFT

INDENTURE OF TRUST

between

NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY
OF MEMPHIS AND SHELBY COUNTY, TENNESSEE

and

REGIONS BANK
as Trustee

Dated as of [June] 1, 2021

Relating to

Local Government Public Improvement Bonds
(City of Memphis Project)
Series 2021

Consisting of

\$[]
Current Interest Bonds

\$[]
Convertible Capital
Appreciation Bonds

and

\$[]
Capital Appreciation Bonds

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of [June] 1, 2021, between the NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE (the "Authority"), a public corporation of the State of Tennessee (the "State"), and REGIONS BANK, an Alabama banking corporation organized under the laws of the State of Alabama, duly established, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of Alabama, with a corporate trust office and post office address at Nashville, Tennessee, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Authority has been formed pursuant to Chapter 10 of Title 12 of Tennessee Code Annotated (the "Act") for the purposes set forth in the Act; and

WHEREAS, the Authority is authorized under the Act, among other things, to enter into loan agreements with incorporated cities or towns, counties, metropolitan governments, school districts or other municipal, governmental bodies or political subdivisions in the State and any agency, authority, corporation or instrumentality thereof for the purpose of financing the costs of any project which is eligible to be financed by bonds, notes or other obligations of an incorporated city or town, county, metropolitan government, school district or other municipal, governmental body or political subdivision in the State and any agency, authority, corporation or instrumentality thereof; and

WHEREAS, the Authority is authorized under the Act, among other things, to issue and sell its revenue bonds to provide funds for the purpose of financing, refinancing, acquiring, erecting, extending, improving, equipping or repairing any such project, acquiring sites necessary and convenient for such project, paying architectural, engineering, legal, financing and bond insurance expenses, and funding interest on such revenue bonds during construction of any project and for up to two years after the estimated date of completion of such project; and

WHEREAS, as security for the payment of the principal of and interest on its bonds, the Authority may assign and pledge all or any part of its interest in and rights under the loan agreements relating to the projects financed to any bonds; and

WHEREAS, the City of Memphis, Tennessee (the "Borrower"), desires the Authority to issue its Local Government Public Improvement Bonds (City of Memphis Project), Series 2021, consisting of [(a) Current Interest Bonds (the "Current Interest Bonds"), (b) Convertible Capital Appreciation Bonds (the "Convertible Capital Appreciation Bonds"), and (c) Capital Appreciation Bonds (the "Capital Appreciation Bonds," and together with the Current Interest Bonds and the Convertible Capital Appreciation Bonds, the "Bonds")], and to loan the proceeds thereof to the Borrower pursuant to the Loan Agreement dated as of [June] 1, 2021, by and between the Authority and the Borrower (as the same may from time to time be amended, supplemented and restated, the "Loan Agreement"), for the purpose of financing the Costs of various public works projects of the Borrower (collectively the "Project")[, including interest on Bonds during construction of the Project and for two (2) years after the estimated date of completion of the Project,] and paying certain expenses incurred in connection with the issuance of Bonds, all as permitted under the Act; and

WHEREAS, the Authority has determined that the public interest will be best served and that the purposes of the Act can be more advantageously obtained by the Authority's issuance of the Bonds in order to loan funds to the Borrower as aforesaid; and

WHEREAS, to secure the payment of the principal of, interest on, and redemption premium, if any, on the Bonds and the performance and observance of the covenants and conditions herein contained the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has authorized and executed the Loan Agreement with the Borrower which is being pledged and assigned by the Authority to the Trustee (except for certain rights reserved under this Indenture) with payments made thereunder by the Borrower to be used to pay principal of, interest on, and redemption premium, if any, on the Bonds; and

WHEREAS, the Authority has entered into a Bond Purchase Agreement (the "Bond Purchase Agreement") with BofA Securities, Inc. (the "Underwriter"), to provide for the purchase of the Bonds upon initial issuance and sale by the Authority; and

WHEREAS, the Bonds shall be in the form of Exhibit A attached hereto with necessary or appropriate variations, omissions and insertions, permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid and binding limited obligations of the Authority according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds issued and to be issued hereunder have been done and performed, and a valid assignment of the rights of the Authority under the Loan Agreement and the creation, execution and delivery of this Indenture and the Loan Agreement, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, to secure payment of the principal of, premium, if any, and interest on the Bonds issued hereunder according to their tenor and effect and the performance of all covenants and conditions therein and herein contained, and in consideration of the premises, and of the purchase of the Bonds by the Holders thereof, the Authority by these presents does grant, to the Trustee and its successors in trust, a lien on and a security interest in the following described property, rights, privileges and franchises with respect to the Bonds (which collectively are hereinafter called the "Trust Estate");

GRANTING CLAUSE FIRST

All right, title and interest and privilege of the Authority now owned or hereafter acquired in, to and under the Loan Agreement and any agreement supplementing, extending or modifying the same, including, without limitation, all present and future rights of the Authority to make claim for, collect and receive Loan Repayments and any other income, revenues, issues, profits, insurance proceeds and other sums of money payable to or for the account of or receivable by the Authority under the Loan Agreement (whether payable pursuant to the Loan

Agreement or otherwise), to bring actions and proceedings under the Loan Agreement or for the enforcement thereof, to pursue the remedies provided in the Loan Agreement upon the occurrence of an event of default thereunder, and to do any and all things that the Authority is or may become entitled to do under the Loan Agreement, but excluding Unassigned Rights as hereinafter defined;

GRANTING CLAUSE SECOND

All monies and securities (including the investment income therefrom) held by the Trustee in any of the funds or accounts established under this Indenture (except the Additional Payments Account of the Bond Fund referred to in Section 5.02 hereof and the Rebate Fund referred to in Section 5.12), subject, however, to the application thereof to the uses and in the manner set forth in this Indenture; and

GRANTING CLAUSE THIRD

All property which is by the express provisions of this Indenture required to be subject to the lien hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Authority or by anyone on its behalf, for the benefit of Owners of the Bonds hereunder, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder;

TO HAVE AND TO HOLD the Trust Estate unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time to the extent provided herein for the Bonds without any priority of any one Bond over any other Bond except as herein expressly provided.

PROVIDED, HOWEVER, that if (1) the Authority shall pay or cause to be paid the principal of, and the premium, if any, and interest on, the Bonds at the time and in the manner mentioned in the Bonds and this Indenture, or shall provide, as permitted hereby, for the payment thereof; (2) the Authority shall perform and observe all the covenants to be performed and observed by it hereunder with respect to the Bonds; and (3) the Authority shall pay or cause to be paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof and of the Loan Agreement; then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void with regard to the Bonds (other than such provisions hereof, if any, as may by their express terms survive any such termination); otherwise this Indenture shall be and remain in full force and effect;

AND THEREFORE, the Authority hereby covenants and agrees with the Trustee and with the respective Owners, from time to time, of the Bonds, or any part thereof, for the equal and proportionate benefit of such Owners of the Bonds as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions. Certain terms used in this Indenture are defined in this Section 1.01 and in other Sections hereof and, when and if used herein, such terms shall have the meanings

given to them in this Section 1.01 and such other Sections (except as otherwise expressly provided or unless the context otherwise requires); All terms defined in the Loan Agreement or the Bonds and used herein shall, unless the context otherwise requires, have the meanings in this Indenture respectively assigned to such terms in the Loan Agreement or the Bonds.

“Account” means any account or subaccount created pursuant to the terms of this Indenture.

“Accreted Interest” means, on any date (prior to the Conversion Date) and with respect to any Bond, the difference between that portion of the Original Principal Amount allocable to such Bond and the then current Accreted Value of such Bond.

“Accreted Value” means the value of a Capital Appreciation Bond on any date on which it is calculated as computed in accordance with the Accretion Table and the value of a Convertible Capital Appreciation Bond on any date (prior to the Conversion Date) on which it is calculated as computed in accordance with the Accretion Table.

“Accretion Date” means, with respect to the Capital Appreciation Bonds and, prior to the Conversion Date, the Convertible Capital Appreciation Bonds, each [June] 1 and [December] 1, commencing [December] 1, 202[1].

“Accretion Table” means the table set forth in Exhibit B attached hereto and incorporated by this reference herein.

“Act” means the Chapter 10 of Title 12, Tennessee Code Annotated, as amended.

“Action,” when referring to an act or action taken by any Bondholder, shall have the meaning assigned to it in Section 13.06 hereof.

“Additional Payments” means the payments required to be made by the Borrower pursuant to Section 3.02 of the Loan Agreement.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, by membership or power to appoint directors, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authority” means the New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee, and any successor to its functions hereunder.

“Authority Certificate” means a certificate signed by an Authorized Authority Representative and delivered to the Trustee.

“Authority Request”, “Authority Order” or “Authority Consent” means, respectively, a written request, order or consent of the Authority, signed by an Authorized Authority Representative and delivered to the Trustee.

“Authorized Authority Representative” means the [Chairman, Vice-Chairman, Secretary or Assistant Secretary] of the Authority, and when used with reference to any act or document also means any other person authorized by resolution of the Authority, a copy of which is filed with the Trustee, to perform such act or execute such document.

“Authorized Borrower Representative” means such Persons as, at the time, are authorized to act on behalf of the Borrower pursuant to charter, or ordinance or resolution of the governing body of such Borrower and designated in the Loan Agreement and any such other Persons from time to time authorized to act on behalf of the Borrower pursuant to charter, or ordinance or resolution of the governing body of the Borrower, a copy of which is filed with the Trustee, to perform such act or execute such document.

“Authorized Denominations” means \$5,000 each or any integral multiple thereof.

[“Authorized Investments” means any of the following, which at the time of investment are authorized pursuant to State law:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

Export – Import Bank;
Farm Credit System Financial Assistance Corporation;
Rural Economic Community Development Administration (formerly the Farmers Home Administration);
General Services Administration;
U. S. Maritime Administration;
Small Business Administration;
Government National Mortgage Association (GNMA);
U.S. Department of Housing & Urban Development (PHA’s);
Federal Housing Administration; and
Federal Financing Bank;

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

Senior debt obligations rated “AAA” by Standard & Poor’s Ratings Group (“S&P”) and “Aaa” by Moody’s Investor Services (“Moody’s”) issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC);
Senior debt obligations of the Federal Home Loan Bank System; and
Senior debt obligations of other agencies sponsored by the United States government;

(d) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(g) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow fund consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(h) Municipal Obligations rated “Aaa/AAA” or general obligation of states with a rating of at least “A2/A” or higher by both Moody’s and S&P;

“Value” of the Authorized Investments shall be determined as of the end of each Interest Payment Date, and shall be calculated using the value thereof using the Trustee’s standard market value methodology.]

“Bond Counsel” means an attorney or firm of attorneys nationally recognized on the subject of municipal bonds and the status of the income thereon for purposes of federal income taxation.

“Bond Fund” means the fund created in Section 5.02.

“Bond Register” has the meaning specified in Section 2.06.

“Bond Resolution” means the resolution duly adopted by the members of the Authority on [____], 2021, as from time to time amended or supplemented, authorizing the issuance of the Bonds.

“Bondholder”, “Owner”, “owner”, “Holder” or “holder” or any similar term, when used with reference to any of the Bonds, means any Person who shall be shown in the Bond Register as the registered owner of any then Outstanding Bonds.

“Bonds” has the meaning assigned to that term in the recitals to this Indenture.

“Borrower” means the City of Memphis, Tennessee, a Tennessee municipal corporation.

“Borrower Certificate” means a certificate signed by an Authorized Borrower Representative and delivered to the Trustee.

“Borrower Request”, “Borrower Order” and “Borrower Consent” means, respectively, a written request, order, or consent signed by an Authorized Borrower Representative and delivered to the Trustee.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in New York City or any other city where the principal United States office of the Trustee is located are required or authorized by law (including executive order) to close or on which the principal United States office of the Trustee is closed for a reason not related to financial condition, or (c) a day on which The New York Stock Exchange is closed.

“Capital Appreciation Bond” means a fixed-rate Bond, the interest on which is payable only at maturity or earlier redemption in amounts determined by reference to the Accreted Value of such Bond, and with respect to the Bonds means the Series 2021B Bonds and the Series 2021C Bonds.

“Cede & Co.” means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

“Chairman” means the Chairman of the Authority or, in the event of his or her unavailability or incapacity, the Vice-Chairman or such other Authority official who may be properly authorized to act in the place of the Chairman pursuant to the governing documents of the Authority and applicable law.

“Closing Date” means the date of the issuance and delivery of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, as it applies to the Bonds, including applicable regulations and revenue rulings thereunder. Reference herein to sections of the Code are to the sections thereof as they exist on the date of execution of this Indenture, but include any successor provisions thereof, to the extent applicable to the Bonds.

“Computation Date” means any Installment Computation Date and the Final Computation Date.

“Conversion Date” means [_____].

“Cost of Issuance Fund” means the fund established by Section 5.10.

“Cost” or “Cost of the Project” means:

(a) The cost of acquiring, erecting, extending, improving, equipping, repairing or refinancing the Project, including refunding outstanding obligations of the Borrower and of the Authority or of any other public building authority created under the Act, funding of a debt service reserve fund and payment of a fee or premium in connection with a surety bond, bond insurance or letter of credit and a debt service reserve fund, or for any combination of such purposes, demolishing structures on the Project sites, and acquiring sites or estates therein, and easements necessary or convenient for the Project;

(b) The cost of labor, materials, machinery and equipment as payable to contractors, builders and materialmen in connection with the Project;

(c) Governmental charges levied or assessed during equipping of the Project or upon any property acquired therefor, and premiums on insurance in connection with the Project during construction;

(d) Fees and expenses of architects and engineers for estimates, surveys and other preliminary investigations, environmental tests, soil borings, appraisals, preparation of plans, drawings and specifications and supervision of the Project properly chargeable to the Project, as well as for the performance of all other duties of architects and engineers in relation to the construction and installation of the Project;

(e) Expenses of administration, supervision and inspection properly chargeable to the Project, including the fees of the Borrower relating to the design, construction and equipping of the Project and all other items of expense, not elsewhere specified herein incident to the construction, installation and placing in operation of the Project;

(f) Fees and expenses incurred in connection with the issuance and administration of the Bonds and the Loan Agreement, including but not limited to, fees and expenses of the Underwriter for the Bonds and its counsel, the Authority and its counsel, Bond Counsel, Disclosure Counsel, the Trustee and its counsel, the Borrower's counsel, printing costs and rating fees;

(g) Interest on the Bonds during the construction and installation of the Project and for up to two years thereafter; and

(h) Any other cost of the Project permitted to be financed pursuant to the Act.

“Counsel” means an attorney, or firm thereof, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia.

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

“Defaulted Interest” has the meaning stated in Section 2.04(f).

“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” or “DTC Participants” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

“Eastern Time” means the prevailing time in New York, New York.

“Event of Default” means any event defined as such in Section 14.01.

“Extraordinary Services and Extraordinary Expenses” means all services rendered and all expenses incurred by the Trustee under this Indenture other than Ordinary Services and Ordinary Expenses.

“Favorable Opinion of Bond Counsel” means with respect to any action relating to the Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel to the effect that such action is permitted under this Indenture and will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (if applicable).

“Final Computation Date” means the date the Bonds are paid in full.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns; and if such corporation shall be dissolved or liquidated or shall no longer perform the function of a municipal securities rating agency, “Fitch” shall be deemed to refer to any other recognized municipal securities rating agency designated by the Authority.

“Fund” means any fund created pursuant to this Indenture, including the Bond Fund, the Loan Fund, the Rebate Fund and the Cost of Issuance Fund.

“Government Obligations” means any of the following, which at the time of investment are authorized pursuant to State law: (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in (ii)); or (ii) direct obligations (including issued or held in book entry form on the books of the Department of the Treasury) of the United States of America, or [(iii) Senior debt obligations of other agencies sponsored by the United States government].

“Indenture” means this Indenture of Trust between the Authority and the Trustee, as supplemented from time to time by Supplemental Indentures.

“Installment Computation Date” means the fifth anniversary of the issue date of the Bonds and each fifth anniversary of such date.

“Interest Payment Date” means the first day of each [June] and [December] and the Maturity of the Bonds.

“Loan” means the loan made by the Authority to the Borrower under the Loan Agreement.

“Loan Agreement” means the Loan Agreement, including the Exhibits attached thereto, entered into by the Authority and the Borrower, as the same may be from time to time amended or supplemented in accordance with the provisions thereof and hereof.

“Loan Default” means an Event of Default under Section 5.01 of a Loan Agreement.

“Loan Fund” means the fund established by Section 5.04.

“Loan Repayments” mean the payments of principal of and interest on the Loan, Additional Payments and any other amounts payable by the Borrower pursuant to the provisions of the Loan Agreement.

“Maturity” when used with respect to any Bond shall mean the earliest of (i) the Stated Maturity of such Bond, (ii) the date of optional or mandatory redemption of such Bond pursuant to the terms hereof, and (iii) the date on which the principal of such Bond otherwise becomes due and payable.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns; and if such corporation shall be dissolved or liquidated or shall no longer perform the function of a municipal securities rating agency, “Moody’s” shall be deemed to refer to any other recognized municipal securities rating agency designated by the Authority.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Opinion of Counsel” means a written opinion of Counsel, who may (except as otherwise expressly provided in the Loan Agreement or this Indenture) be counsel for the Authority and/or the Borrower.

“Ordinary Services and Ordinary Expenses” means those services normally rendered and those expenses normally incurred by a Trustee under instruments similar hereto, including, but not limited to, reasonable attorneys’ fees.

“Original Principal Amount” means the principal amount of any Capital Appreciation Bond and, prior to the Conversion Date, the principal amount of any Convertible Capital Appreciation Bond, as of the date of original issuance and, with respect to any single Bond, the original principal amount of such Bond on the date of its original issuance.

“Outstanding” when used with respect to the Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(i) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Holders of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(ii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture.

“Person” means any natural person, corporation, joint venture, cooperative, partnership, trust or unincorporated organization, government or governmental body or agency, political subdivision or other legal entity, as in the context may be appropriate.

“Project” means a “project” as defined in the Act, all or a portion of the Costs of which is financed by the Authority pursuant to this Indenture and a Loan Agreement.

“Proportionate Share” has the meaning given to such term in the Loan Agreement.

“Rating Agency” means Moody’s, S&P or Fitch.

“Rebate Fund” means the fund created pursuant to Section 5.12.

“Record Date” means the fifteenth day of the month preceding any Interest Payment Date.

“Redemption Date” when used with respect to any Bond to be redeemed means the date on which it is to be redeemed pursuant hereto.

“Redemption Price” means the price at which a Bond may be redeemed pursuant to the optional or mandatory sinking fund redemption provisions hereof, which shall be the sum of principal of such Bond, the Accreted Value thereof, as applicable, plus accrued and the unpaid interest to the date of redemption, without redemption premium.

“Responsible Officer” when used with respect to the Trustee means the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice-president, any trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and who, in any event is located at the principal corporate trust office of the Trustee and shall also mean, with respect to a particular corporate trust matter any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject; with respect to any signature on or authentication of Bonds by the Trustee, the term “Responsible Officer” shall also include any authorized signers of the Trustee.

“Secretary” means the Secretary of the Authority or, in the event of his or her unavailability or incapacity, the Assistant Secretary or such other Authority official who may be properly authorized to act in the place of the Secretary pursuant to the governing documents of the Authority and applicable law.

“Securities Depository” means DTC or such other bank or trust company providing a book-entry or similar method for the registration and transfer of Bonds.

“Special Record Date” means the date fixed by the Trustee pursuant to Section 2.04 relating to the payment of any Defaulted Interest.

“S&P” means S&P Global Ratings, a division of McGraw-Hill Financial Services Company, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, S&P shall be deemed to refer to any other nationally recognized municipal securities rating agency designated by the Authority.

“State” means the State of Tennessee.

“Stated Maturity” when used with respect to any Bond means the date specified in such Bond as the fixed date on which principal of such Bond, or Accreted Value thereof, as applicable, is due and payable.

“Supplemental Indenture” means any indenture supplemental to this Indenture entered into pursuant to Article XVII.

“Trust Estate” has the meaning specified in the Granting Clauses of this Indenture.

“Trust Funds” means all of the funds and accounts held by the Trustee pursuant to the terms hereof, excluding the Rebate Fund.

“Trust Moneys” has the meaning stated in Section 7.01.

“Trustee” means Regions Bank, an Alabama banking corporation, Nashville, Tennessee, and any successor trustee under this Indenture, acting as paying agent, bond registrar and trustee.

“Unassigned Rights” means the rights of the Authority (a) to receive payment of the Authority’s expenses and attorneys’ fees under Section 3.02 of the Loan Agreement, (b) to receive notices and other documents under the Loan Agreement and (c) to indemnification under the Loan Agreement.

“Underwriter” means BofA Securities, Inc., on behalf of itself and as representative of the other underwriters listed in the Bond Purchase Agreement.

1.02 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their Stated Maturity.

(c) All references herein to particular articles or sections are references to articles or sections of this Indenture.

(d) The headings and the table of contents herein are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(e) This Indenture shall be construed for the benefit of the Borrower as well as for the parties hereto.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

**ARTICLE II
THE BONDS**

2.01 Authorization of the Bonds. In accordance with the Act and pursuant to the Bond Resolution, there shall be issued the Bonds for the purposes hereinafter stated. The aggregate principal amount of the Bonds that may be authenticated and delivered under this Indenture is limited to and shall not exceed \$[_____]. The Bonds are being issued for the purpose of providing funds for the Loan to the Borrower pursuant to the Agreement. The Borrower has covenanted in the Loan Agreement to make payments attributable to the Bonds in the years and in the amounts set forth below.

2.02 Bond Details.

(a) Current Interest Bonds. The Current Interest Bonds in the aggregate principal amount of \$[_____] will be designated "Local Government Public Improvement Bonds (City of Memphis Project), Series 2021, and will be dated the Closing Date. The Current Interest Bonds will bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on [December] 1, 202[], and semiannually thereafter on [June] 1 and [December] 1 of each year and will mature on [December] 1, in the years and in the amounts as follows, unless earlier called for redemption:

[December] 1 of the Year	Amount	Interest Rate
202[]	\$[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%

(b) Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds in an aggregate initial principal amount of \$[_____] will be designated "Local Government Public Improvement Convertible Capital Appreciation Bonds (City of Memphis Project), Series 2021," and will be dated the Closing Date. Interest on the Convertible Capital Appreciation Bonds shall compound from the Closing Date on each Accretion Date as set forth in the Accretion Table and shall be treated as accruing in equal daily amounts between Accretion Dates, payable at maturity or earlier redemption. On the Conversion Date, the Convertible Capital Appreciation Bonds will convert to current interest bonds with interest payable on [June] 1, 20[], and on each Interest Payment thereafter. Interest on the Convertible Capital Appreciation Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The Convertible Capital Appreciation Bonds shall mature on [December] 1 of the years and in the amounts set forth below, unless earlier called for redemption.

[December] 1 of the Year	Amount	Interest Rate
202[]	\$[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%
202[]	[_____]	[_____]%

(c) Capital Appreciation Bonds. The Capital Appreciation Bonds in the aggregate principal amount of \$[] will be designated "Local Government Public Improvement Capital Appreciation Bonds (City of Memphis Project), Series 2021," and will be dated the Closing Date. Interest on the Capital Appreciation Bonds shall accrete from the Closing Date on each Accretion Date as set forth in the Accretion Table and shall be treated as accruing in equal daily amounts between Accretion Dates, payable at maturity or earlier redemption. The Capital Appreciation Bonds shall mature on [December] 1 of the years and in the amounts set forth below, unless earlier called for redemption.

[December] 1 of the Year	Amount	Interest Rate
202[]	\$[]	[]%
202[]	[]	[]%
202[]	[]	[]%
202[]	[]	[]%
202[]	[]	[]%

(d) The Bonds shall be executed by the [Chairman] and attested by the [Secretary] of the Authority and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Underwriter, but only upon receipt by the Trustee of:

- (1) Executed counterparts of the Loan Agreement;
- (2) An Opinion of Bond Counsel to the effect that (i) the Bonds are valid and binding limited obligations of the Authority and enforceable in accordance with their terms and the terms of this Indenture, subject to bankruptcy and insolvency laws, usual equity principles and police power principles; (ii) the Bonds have been duly and validly authorized and issued in accordance with law and this Indenture; (iii) the Loan Agreement relating is valid and binding on the Authority and the Borrower, subject to bankruptcy and insolvency laws, usual equity principles and police power principles; (iv) all rights of the Authority under the Loan Agreement and all payments payable under the Loan Agreement are effectively assigned to the Trustee for the security of the Bonds; and (v) subject to customary qualifications, the interest on the Bonds is, or when validly issued, will be excluded from gross income for purposes of Federal income taxation;
- (3) A certified copy of the Bond Resolution;
- (4) Executed counterparts of the Indenture and certification that it has not been amended or supplemented except by Supplemental Indentures previously furnished to the Trustee;
- (5) The Bond Purchase Agreement;
- (6) The Opinions of Counsel to the Borrower and to the Authority in form and substance satisfactory to Bond Counsel;
- (7) An Authority Certificate stating that on the date of the authentication and delivery of the Bonds neither the Authority nor the Borrower is in default in

the performance or observance of any of the covenants, conditions, agreements or provisions of this Indenture relating to the Bonds or the Loan Agreement;

(8) A copy of the initial resolution of the Borrower required under the Act and the resolution or resolutions of the Borrower authorizing or ratifying the Loan Agreement relating to the Bonds certified by an Authorized Borrower Representative;

(9) A Borrower Certificate with respect to the Bonds stating that the Borrower approves the issuance of the Bonds and is not in default in the performance or observance of any of the covenants, conditions, agreements, or provisions of the Loan Agreement;

(10) The purchase price of the Bonds;

(11) An Authority Request for the authentication and delivery of the Bonds;

2.03 Ratable Security Only for the Bonds. The Bonds from time to time Outstanding under this Indenture shall be equally and ratably secured both as to principal, premium, if any, and interest by this Indenture as to such Bonds.

2.04 Terms of Bonds.

(a) The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The principal of each Bond, the Accreted Value thereof, as applicable, and premium, if any, are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee.

(c) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Except as otherwise provided in this subsection, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the book-entry system of DTC. In such event, one Bond for each maturity of Bonds shall be issued to DTC and immobilized in the custody of the Trustee as agent for DTC. A book-entry system shall be employed, evidencing ownership of the 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 Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive 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 Bonds or such other DTC Participant as may be determined by such Beneficial Owner. Transfers of ownership interests in the 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 BONDS, THE TRUSTEE SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest, purchase price and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the Authority and the Trustee to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Authority and the Trustee shall not 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 Bonds or (2) the Authority determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Authority shall discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

THE AUTHORITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE 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 OR PURCHASE PRICE OF AND INTEREST ON THE 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 INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Section, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Authorized Denominations, shall be lettered with the prefix letter and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions hereof.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE 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. THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL SUPERSEDE THIS INDENTURE IN THE EVENT OF A CONFLICT.

(d) Upon the original issuance and delivery of the Bonds, the Bonds shall be dated the date of such issuance and delivery. Each Bond exchanged or transferred shall be dated as of the date of authentication and delivery.

(e) The Bonds shall be numbered from 1 upward in chronological order of issuance, and the Bond numbers may, but shall not be required to be preceded by a prefix identifying the Series of which such Bonds are a part.

2.05 Execution, Authentication and Delivery. Each Bond shall be executed on behalf of the Authority by the manual or facsimile signature of the [Chairman or Vice Chairman] and attested by the manual or facsimile signature of the [Secretary or Assistant Secretary], and shall be sealed with the official seal, or a facsimile thereof, of the Authority. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before delivery of the Bonds, such signature or such facsimile shall nevertheless be valid or sufficient for all purposes the same as if he had remained in office until such delivery.

Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the Authority shall bind the Authority, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time after the execution and delivery of this Indenture, the Authority may deliver Bonds executed by the proper officials of the Authority to the Trustee for authentication; and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

No Bond shall be secured by, or entitled to any lien, right or benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein executed by a Responsible Officer of the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

2.06 Registration and Transfer of Bonds.

(a) The Authority shall cause books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein to be kept by the Trustee, which is hereby constituted and appointed the bond registrar for the Bonds. The Trustee hereby agrees to keep such books for registration of the Bonds and for registration of transfer of the Bonds.

(b) Subject to the express limitations contained in this Section, any Holder of a Bond, in person or by his duly authorized attorney, may register the transfer of such Bond on the Bond Register, upon surrender thereof at the principal corporate trust office of the Trustee, together with a written instrument of transfer executed by the Holder or the Holder's duly authorized attorney; and upon surrender for registration of transfer of any Bond, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the designated transferee or transferees a new Bond or Bonds of the same Stated Maturity, aggregate principal amount and tenor as the Bond surrendered and of any Authorized Denomination.

(c) Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate Accreted Value of Bonds of the same Stated Maturity, interest rate, and tenor as the Bonds being exchanged and of any Authorized Denomination. The Authority shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then Outstanding.

(d) Such registrations of transfers or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required (i) to transfer or exchange any Bond during the period from a Record Date to an Interest Payment Date or from the Business Day prior to a Special Record Date to the date for payment of Defaulted Interest, or (ii) to make any exchange or registration of transfer of any Bonds called for redemption in whole or in part.

(e) The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of, or on account of, either principal or interest shall be made only to or upon the order of such Person or his duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f) All Bonds issued upon any transfer or exchange of Bonds shall be the valid and binding limited obligations of the Authority, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

(g) In executing any Bond upon any exchange or transfer provided for in this Section, the Authority may rely conclusively on a representation of the Trustee that such execution is required.

2.07 Mutilated, Lost or Destroyed Bonds. If any Bond is mutilated, lost or destroyed, the Authority may execute and the Trustee (upon the receipt of a written authorization from the

Authority) shall authenticate and deliver, a new Bond of the same maturity, interest rate, like aggregate principal amount or Accreted Value amount, as applicable, and tenor in lieu of and in substitution for the Bond mutilated, lost or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost or destroyed Bond, there shall be first furnished to the Trustee, the related Borrower and the Authority evidence satisfactory to each of them of the ownership of such Bond and of such loss or destruction, together with indemnity satisfactory to each of them. If any such lost or destroyed Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond, the Authority may pay the same without surrender thereof. The Authority and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in this connection. In executing a new Bond and in furnishing the Trustee with the written authorization to authenticate and deliver a new Bond as provided for in this Section, the Authority may rely conclusively on a representation of the Trustee that the Trustee is satisfied with the adequacy of the evidence presented concerning the mutilation, loss or destruction of any Bond.

2.08 Cancellation. All Bonds that have been paid shall be canceled and destroyed by the Trustee and shall not be reissued and a certificate evidencing such cancellation and destruction shall be furnished by the Trustee to the Authority.

2.09 Form of Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A, with such variations as may be necessary and appropriate for numbers, dates and other matters.

ARTICLE III
REDEMPTION OF BONDS

3.01 Optional Redemption.

(a) [TBD].

3.02 Mandatory Sinking Fund Redemption of Bonds.

(a) [TBD]

3.03 Notice of Redemption.

(a) The Trustee shall cause notice of the call for any such redemption identifying the Bonds to be redeemed to be sent not less than [30][20] days or more than 60 days prior to the Redemption Date by first-class mail postage prepaid, to the Owner of each such Bond to be redeemed at his address as it appears on the registration books of the Trustee. Failure to give any notice specified herein or any defect in any such notice, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred. Any notice mailed as provided herein shall conclusively be presumed to have been given whether or not actually received by any Holder. All Bonds called for redemption shall cease to bear interest on the specified Redemption Date, provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption.

(b) Any notice of the call for redemption of any or all of the Bonds shall state the following: (1) the name, including the Series designation, of such Bonds, (2) the CUSIP number, if any, and bond certificate number of such Bonds, (3) the original dated date of such Bonds, (4) the interest rate and Stated Maturity of such Bonds, (5) the date of the redemption notice, (6) the Redemption Date, (7) the Redemption Price, (8) if less than all of a Bond is to be redeemed, the amount and Series designation of such Bonds to be redeemed and (9) the address and telephone number of the principal corporate trust office of the Trustee, together with the name of a contact person at the Trustee; provided, however, the Trustee shall not be responsible for the accuracy of CUSIP numbers.

3.04 Deposit of Funds for Redemption. If at the time of the giving of any notice of optional or mandatory redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the notice of redemption shall state that the redemption of such Bonds is conditional upon and subject to deposit of moneys with the Trustee sufficient to redeem all such Bonds not later than the opening of business on the Redemption Date, and that such notice shall be of no effect if such moneys are not on deposit.

3.05 Partial Redemption of Bonds.

(a) If less than all the Bonds are to be redeemed, the particular Bonds or portions thereof to be redeemed shall be selected using the procedures established by the Securities Depository or if none, by the Trustee by lot, which shall be deemed to include pro rata redemption of Bonds within each Stated Maturity and mandatory sinking fund payments, and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Bonds; provided that after any partial redemption of the

Bonds, all Bonds that remain Outstanding shall be in Authorized Denominations. No portion of a Bond may be redeemed that would result in a Bond having a principal amount that is less than the minimum Authorized Denomination.

(b) Any Bond which is to be redeemed only in part shall be surrendered to the Trustee (1) for payment of the Redemption Price (including accrued interest thereon to the Redemption Date) or the portion thereof called for redemption and (2) for exchange for Bonds in any Authorized Denomination or denominations in aggregate principal amount equal to the unredeemed portion of such Bond, without charge therefor. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

3.06 Payment of Bonds Upon Redemption. Upon redemption of all or any portion of any Bond, payment of the applicable Redemption Price shall be made only upon surrender of such Bond. If, on the Redemption Date, sufficient moneys shall have been deposited with the Trustee to effect such redemption in accordance with this Indenture, then interest shall cease to accrue on all Bonds or portions thereof so called for redemption.

ARTICLE IV COVENANTS

4.01 Payment of Bonds. The Authority shall promptly pay when due the principal of (whether at maturity, call for redemption or otherwise) and premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof; provided, however, that such obligations are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the Loan Agreement, which revenues and receipts are specifically pledged to such purposes in the manner and to the extent provided in this Indenture and in any Supplemental Indentures. The Bonds and interest thereon shall not be deemed to constitute a debt of the State or any political subdivision thereof (except to the extent the Authority is obligated to pay principal of and premium, if any, and interest on the Bonds from the revenues and receipts pledged therefor in the Indenture and to the extent that the Borrower is obligated under the Loan Agreement), and neither the State nor any political subdivision thereof shall be obligated to pay the principal of, Accreted Value of, if applicable, or premium, if any, or interest on the Bonds or other costs incident thereto except as provided in this sentence. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, Accreted Value of, if applicable, or premium, if any, or interest on the Bonds or other costs incident thereto (except to the extent that the Borrower is obligated under the Loan Agreement). The Authority has no taxing power.

4.02 Covenants and Representations of Authority. The Authority shall observe and perform all covenants, conditions and agreements on its part contained in this Indenture, in every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that the liability of the Authority under any such covenant, condition or agreement for any breach or default by the Authority thereof or thereunder shall be limited solely to the revenues and receipts derived from the Loan Agreement. The Authority represents (a) that it is duly authorized under the Constitution and laws of the State, including particularly

and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture; to execute and assign the Loan Agreement; and to pledge the revenues, receipts and funds in the manner and to the extent herein set forth; (b) that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and (c) that the Bonds in the hands of the Holders thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof except as limited by bankruptcy and insolvency laws, usual equity principles and police power principles.

4.03 Further Assurances. The Authority shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Trustee all of the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. The Authority shall cooperate with the Trustee and the Bondholders in protecting the rights and security of the Bondholders.

4.04 Inspection of Books and Project. All books and documents in the Authority's possession relating to the Loan Agreement and the revenues derived therefrom shall at all times be open to inspection by such agents as the Trustee or the Holders of 25% in aggregate principal amount of Bonds then Outstanding may from time to time designate.

4.05 Rights Under Loan Agreement. The Trustee in its own name or in the name of the Authority may enforce all rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement, for and on behalf of the Bondholders, whether or not the Authority is in default hereunder.

4.06 Prohibited Activities. The Authority shall not knowingly engage in any activities or take any action that might result in (a) the income of the Authority derived from the Loan Agreement becoming taxable to it, (b) any Bond becoming an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations and rulings thereunder, or (c) any interest on the Bonds otherwise becoming includable in the gross income of the recipients thereof under the federal income tax laws or becoming taxable under the laws of the State, if applicable.

ARTICLE V APPLICATION OF TRUST MONEYS, BOND FUND, LOAN FUND, COST OF ISSUANCE FUND

5.01 "Trust Moneys" Defined. All moneys received by the Trustee with respect to the Loan Agreement or the Bonds (a) as elsewhere herein provided to be held and applied under this Article V (other than the Additional Payments Account of the Bond Fund and the Rebate Fund), or required to be paid to the Trustee and whose disposition is not elsewhere herein otherwise specifically provided for, including but not limited to the investment income of all Trust Funds held by the Trustee under this Indenture; or (b) as payments under a Loan Agreement, except Unassigned Rights (all such moneys being herein sometimes called "Trust Moneys"), shall be held by the Trustee as a part of the Trust Estate for the Bonds as and to the extent provided in the granting clauses of this Indenture, and, upon the exercise by the Trustee of any remedy specified in Article IX hereof, such Trust Moneys shall be applied in accordance with Section 9.05 hereof,

except to the extent that the Trustee is holding in trust moneys and/or Government Obligations for the payment of any of the Bonds which are no longer deemed to be Outstanding under the provisions of Article VIII hereof, which moneys and/or Government Obligations shall be applied only as provided in said Article VIII. Prior to the exercise of any such remedy, all or any part of the Trust Moneys shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in this Article V and in Article VI hereof.

The Bonds are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the Loan Agreement, which revenues and receipts are specifically pledged to such purposes in the manner and to the extent provided in this Indenture and in any Supplemental Indentures. The Bonds and interest thereon shall not be deemed to constitute a debt of the State or any political subdivision thereof (except to the extent the Authority is obligated to pay principal of and premium, if any, and interest on the Bonds from the revenues and receipts pledged therefor in the Indenture and to the extent that the Borrower is obligated under the Loan Agreement), and neither the State nor any political subdivision thereof shall be obligated to pay the principal of, Accreted Value of, if applicable, or premium, if any, or interest on the Bonds or other costs incident thereto except as provided in this sentence. Neither the full 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 premium, if any, or interest on the Bonds or other costs incident thereto (except to the extent that the Borrower is obligated under the Loan Agreement). The Authority has no taxing power.

5.02 Bond Fund.

(a) A special trust fund is hereby established with the Trustee and designated as the "Bond Fund." There shall be established within the Bond Fund a Principal Account, an Interest Account and an Additional Payments Account.

(1) There shall be credited to the Principal Account, as and when received, each Loan Repayment representing a payment of principal or Accreted Value, if applicable, under the Loan Agreement, including the Optional Prepayment Price, received by the Trustee under and pursuant to any of the provisions of this Indenture or the Loan Agreement which is required, or which is accompanied by directions that such payment is, to be credited to the Bond Fund. All income derived from the investment of such amounts as realized shall be transferred to the Additional Payments Account.

(2) There shall be credited to the Interest Account, as and when received, each Loan Repayment representing a payment of interest, including capitalized interest, under the Loan Agreement received by the Trustee under and pursuant to any of the provisions of this Indenture or the Loan Agreement. Any funds remaining in the Interest Account after an Interest Payment Date shall be credited to the next Loan Repayment representing a payment of interest. All income derived from the investment of such amounts as realized shall be transferred to the Additional Payments Account. There shall also be credited to the Interest Account the interest earnings realized from the Loan Fund as set forth in Section 5.06 hereof unless directed to be retained in the Loan Fund or transferred to the Cost of Issuance Fund as set forth in Section 5.06 hereof.

(3) There shall be credited to the Additional Payments Account, when and as received, (i) all portions of Loan Repayments constituting Additional Payments received by the Trustee under and pursuant to any of the provisions of this Indenture or the Loan Agreement, (ii) interest earnings from the Accounts in (1) and (2) above, and (iii) interest earnings realized from the Loan Fund as set forth in Section 5.06 hereof, after the required deposit to the Interest Account unless directed to be retained in the Loan Fund or transferred to the Cost of Issuance Fund as set forth in Section 5.06 hereof. All income derived from the investment of such amounts shall be retained in the Additional Payments Account. To the extent the amounts set forth in (i) through (iii) exceed the amount necessary to pay the Additional Payments next coming due, the Trustee, upon written direction of the Borrower, may transfer such excess to the Interest Account and/or Principal Account.

(b) The Trustee shall disburse, from time to time, sufficient moneys from the Bond Fund as specified below to pay the principal of, Accreted Value of, if applicable, premium if any, and the interest on, the Bonds as the same become due and payable.

(c) Funds for the payment of the principal of, Accreted Value of, if applicable, premium, if any, and interest on the Bonds shall be derived from the following sources:

(1) funds for the payment of interest on the Bonds shall be disbursed by the Trustee from the Interest Account on each Interest Payment Date; and

(2) funds for the payment of the principal of, Accreted Value of, if applicable, and premium, if any, on the Bonds shall be disbursed by the Trustee from the Principal Account upon Maturity of the Bonds.

(d) Funds for payment of Additional Payments shall be disbursed by the Trustee from the Additional Payments Account when due.

(e) If any Bond shall not be presented for payment at Maturity, provided moneys sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Authority to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, subject to the provisions of Sections 5.02(g) and 5.14, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on his part hereunder or on, or with respect to, such Bond.

(f) All moneys paid over to the Trustee for the account of the Bond Fund (except the Additional Payments Account) under any provision hereof, shall be held (subject to the provisions of Sections 5.02(g) and 5.14) in trust by the Trustee for the benefit of the Holders of the Bonds.

(g) Any moneys remaining in the Interest Account, the Principal Account, and the Additional Payments Account after payment of the Bonds and payment of the fees, charges and expenses of the Trustee which have accrued and which will accrue and all other items required to be paid hereunder with respect to the Bonds shall be paid to the Borrower.

5.03 Additional Payments. Under Section 3.02 of each Loan Agreement, the Borrower has covenanted to pay directly to the Trustee when due Additional Payments in amounts sufficient to pay the fees, costs and expenses of the Trustee, the Authority, the Rebate Analyst, the Bond Counsel, and the Rating Agencies, if any, including, without limitation, fees and expenses of their respective counsel. Such Additional Payments shall not be treated or considered as Trust Moneys for any purpose of this Indenture, and the Trustee may on its own behalf enforce such covenant against the Borrower. Additional Payments will be deposited by the Trustee to the Additional Payments Account in the Bond Fund as collected and shall be disbursed by the Trustee quarterly or as otherwise due as set forth in the Loan Agreement upon receipt of an invoice therefor.

5.04 Creation of Loan Fund. There is hereby created and ordered established with the Trustee a trust fund to be designated the "Loan Fund."

5.05 Payment Into Loan Fund; Disbursements. Proceeds from the sale of the Bonds in the amount of \$[] shall be deposited in the Loan Fund.

The Trustee is hereby authorized and directed to make each disbursement from the Loan Fund required by the provisions of this Indenture. The Trustee shall keep and maintain adequate records pertaining to the Loan Fund and all disbursements therefrom. After the Project funded under the Loan Agreement has been completed and a certificate of payment of all costs is or has been filed and the final payment from the Loan Fund has been made as provided in Section [5.08] hereof, the Trustee shall file an accounting thereof with the Authority and the Borrower.

5.06 Custody and Application of Bond Proceeds. The Trustee shall use moneys within the Loan Fund solely to pay the Cost of the Project, to redeem all or a portion of the Bonds, to pay interest on the Bonds as set forth herein to the extent permitted by the Act. Before any payment shall be made from the Loan Fund, there shall be filed with the Trustee pursuant to the Loan Agreement a requisition appropriately completed and signed by an Authorized Borrower Representative in the form attached as Exhibit A to the Loan Agreement.

The Trustee shall be entitled to conclusively rely upon the information stated in any requisition and shall not be liable for any disbursement made in accordance therewith. If any payment from the Loan Fund is made without timely filing of any document provided for above, timely filing thereof shall be deemed to have been waived by the Trustee, but only with respect to the payment so made and not with respect to any future payment.

All funds held in the Loan Fund shall be invested by the Trustee in Authorized Investments at the written direction of the Borrower. Except as otherwise set forth below, all earnings received on funds in the Loan Fund shall be credited on the twenty-fifth day of each [February, May, August and November] first to the Interest Account of the Bond Fund in an amount, which when combined with all other amounts then held therein, does not exceed interest due on the Bonds on the next succeeding Interest Payment Date computed in accordance with Section 3.04 of the Loan Agreement and then to the Additional Payments Account of the Bond Fund[; provided, however, that the transfer to occur on the twenty-fifth day of [May] of each year shall not exceed the amount necessary, together with amounts on deposit in the Interest Account of the Bond Fund and the Additional Payments Account of the Bond Fund, to make the

next succeeding interest payment on the Bonds and Additional Payments with respect to the Bonds.]

Anything in the Indenture to the contrary notwithstanding, on [June 1st] of each year the amount held in the Principal Account and the Interest Account of the Bond Fund, less the sum of (i) any amounts to be applied on such date to the payment of principal or interest on the Bonds and (ii) an amount equal to one-twelfth of the principal and interest paid on the Bonds for the twelve month period preceding such [June 1st], shall be disbursed to the Borrower.

At the written direction of an Authorized Borrower Representative, all or a portion of the earnings accruing on funds in the Loan Fund shall be retained in the Loan Fund or transferred to the Cost of Issuance Fund and to the extent so retained shall not be transferred to the Interest Account of the Bond Fund.

5.07 Payments from Loan Fund. [If all conditions precedent to payment from the Loan Fund have been performed, the Trustee shall make such payment by check or wire made payable to the Borrower as provided in the requisition. Disbursements shall be made by the Trustee from the Loan Fund to pay the Cost of the Project, and the Trustee shall make disbursements as soon as possible after receipt of a requisition but not later than the earlier of (i) seven days after receipt of the requisition and (ii) if the seventh day after receipt of the requisition is not a Business Day, then on the next succeeding Business Day. The proceeds of each disbursement hereunder shall be applied exclusively to payment, or to reimbursement of the Borrower for payment, of the Cost of the Project, which may include costs of issuance of the Bonds if not paid on the Closing Date.

5.08 Final Payment from Loan Fund; Completion of the Project. The final payment from the Loan Fund shall be made no later than three years from the Closing Date of the Loan unless that Borrower delivers to the Trustee an Opinion of Bond Counsel that the disbursement of funds from the Loan Fund more than three years from the Closing Date will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

When requesting the final payment from the Loan Fund, the Borrower shall file, in addition to the items required in Section 5.06, a certificate stating that the Project has been completed in all material respects and in the form required by Section 2.05 of the Loan Agreement unless the request for final payment fully depletes the Loan Fund.

The balance of any moneys remaining in the Loan Fund upon completion of the Project or remaining after three years from the Closing Date and no Opinion of Bond Counsel has been delivered as described above, shall be deposited in the Principal Account of the Bond Fund and applied by the Trustee to the redemption of the Bonds on the first redemption date occurring after such completion, at the optional or mandatory redemption price and/or shall be deposited in the Interest Account of the Bond Fund, for payment of interest on the next Interest Payment Date for the Bonds, as directed by the Borrower. Any funds held three years or greater from the Closing Date shall not be invested at a yield in excess of the yield on the Bonds from which such amounts were derived unless there shall be delivered to the Trustee an Opinion of Bond Counsel that amounts held for application under this Section shall not cause interest on the Bonds to be includable in gross income under Section 103 of the Code. Any Bonds purchased or redeemed by the Trustee in accordance with this Section shall be canceled, and the Borrower will receive a credit corresponding to the principal amount of such Bonds and to any deposit in the Bond Fund

as contemplated by this Section against its obligations to make Loan Repayments under the Loan Agreement; provided, however that such disbursements shall be made.

5.09 Trust Moneys; Reports. All Trust Moneys shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the Authority, the Trustee or the Borrower. Such Trust Moneys shall be held in trust and applied in accordance with the provisions of this Indenture. The Trustee shall furnish to the Borrower as of each Interest Payment Date a statement of the moneys (including all investment activity) in the Principal Account, Interest Account and Additional Payments Account of the Bond Fund, the Loan Fund, the Cost of Issuance Fund and the Rebate Fund.

5.10 Cost of Issuance Fund. There is hereby created and ordered established with the Trustee a trust fund to be designated the "Cost of Issuance Fund." Moneys in the Cost of Issuance Fund shall be used to pay the costs of issuing the Bonds. Such costs shall be paid on the date of original authentication and delivery of the Bonds, upon the submission of requisitions to the Trustee stating the amount to be paid, to whom it is to be paid and the reason for such payment, each such requisition to include a certificate signed by an Authorized Borrower Representative stating that the amount of such requisition is justly due and owing and has not been the subject of another requisition which has been paid and is a proper expense of issuing the Bonds. Moneys in the Cost of Issuance Fund shall be invested as directed by the Borrower and all earnings on moneys in the Cost of Issuance Fund shall be credited to the Cost of Issuance Fund as received.

5.11 Arbitrage. The Authority agrees that it will not knowingly commit any act that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the applicable regulations thereunder. The Trustee covenants that, should the Authority file with the Trustee, or should the Trustee otherwise receive, an Opinion of Bond Counsel requested by the Trustee, to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any instructions of the Authority or such counsel regarding such investment or use so as to prevent the Bonds from becoming "arbitrage bonds." The Trustee shall file a copy of any such Opinion of Bond Counsel with the Authority and the Borrower.

5.12 Rebate Requirements.

(a) A special trust fund is hereby established with the Trustee and designated as the "Rebate Fund." The Trustee is authorized and directed to receive and hold in the Rebate Fund (i) all payments made by the Borrower pursuant to Section 3.08 of the Loan Agreement with respect to the Bonds, and (ii) all earnings on investment of such payments and earnings on reinvestment of such investment earnings.

(b) If required, not later than 60 days after each Computation Date the Trustee shall pay to the United States on behalf of the Authority the amount on deposit in the Rebate Fund.

(c) Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Authority and are not pledged or otherwise subject to any security interest in favor of the Bondholders to secure the Bonds or any other obligation.

(d) Moneys in the Rebate Fund shall be held uninvested.

5.13 Effect of Certain Loan Defaults under Loan Agreement; Assignment of Loan Agreement. Upon the occurrence of a Loan Default under Section 5.01 of the Loan Agreement consisting of the failure to timely make Loan Repayments, and upon receipt of indemnity satisfactory to it for its fees and expenses, the Trustee may, and shall upon the direction of the requisite percentage of Bondholders, take all actions to enforce the remedies of the Authority set forth in Section 5.02 of the Loan Agreement.

5.14 Payment to Borrower Upon Payment in Full of Loan Agreement. Any moneys remaining in the Interest Account, the Principal Account, and the Additional Payments Account in the Bond Fund and the Rebate Fund after payment of (i) the Bonds, (ii) the fees, charges and expenses of the Authority and the Trustee which have accrued and which will accrue, (iii) all rebatable arbitrage, and (iv) all other items required to be paid hereunder with respect to the Bonds, shall be paid to the Borrower.

ARTICLE VI INVESTMENTS

6.01 Bond Fund, Loan Fund, Cost of Issuance Fund and Rebate Fund Investments. Except as otherwise herein provided, moneys held in the Bond Fund, the Loan Fund, the Cost of Issuance Fund and the Rebate Fund shall be invested and reinvested by the Trustee in Authorized Investments as directed by the Borrower in writing. In the absence of any such instruction, moneys in such funds shall remain uninvested. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which the moneys so invested were originally held and the interest accruing thereon and any profit realized therefrom shall be credited to and held in such fund or account and any loss resulting therefrom shall be charged to such fund or account unless otherwise set forth herein. The Trustee is directed to sell at the best price reasonably obtainable in the markets in which the Trustee is normally active and convert to cash a sufficient amount of such investments in any fund whenever the cash held in such fund is insufficient for the purposes thereof.

6.02 Use of Trustee's Departments. The Trustee may make the investments referred to in Section 6.01 through any division or department of the Trustee or any of its Affiliates.

6.03 Limitation of Liability.

(a) Since any investments permitted by this Article VI made at the request of the Borrower and the making of such investments from time to time will be subject to the Borrower's discretion, the Authority, in addition to the limit of liability set forth herein, specifically disclaims any obligation to the Trustee and the Borrower for any loss arising from investments made at the direction of any Borrower pursuant to this Article VI. The Trustee shall not be responsible for any losses on investments or for the redemption, sale or maturity of any such investments made at the direction of the Borrower in accordance with this Article VI, and the Borrower shall under the Loan Agreement specifically hold the Trustee harmless and agree to indemnify the Trustee for any claim resulting from any losses on investments made in accordance with the Borrower's instructions.

(b) Notwithstanding any provision of this Indenture or the Loan Agreement to the contrary, unless otherwise specifically agreed in a separate written agreement, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with, or for the purpose of complying with, Section 148 of the Code, or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in nonpurpose obligations having a yield higher than the yield on the Bonds, or the determination as to whether any investments are permissible under Section 148 of the Code or the regulations thereunder, and the Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Authority with any of the requirements of Section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof (other than as set forth in Section 5.12 hereof); it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be to hold and invest monies received by it pursuant to the terms hereof in accordance with this Indenture in each case pursuant to the instructions of the Borrower and the Authority, or as otherwise set forth herein. The Trustee may conclusively presume that any investment made at the request of the Borrower is permitted by applicable law.

ARTICLE VII THE LOAN

7.01 Terms and Conditions of Loans. Moneys in the Loan Fund shall be used to make the Loan to the Borrower to finance the Cost of the Project upon the terms and conditions set forth in the Loan Agreement and upon submission of the documents contained in this Article VII and not otherwise.

7.02 Loan Repayments. [The portion of each Loan Repayment constituting interest shall be calculated as set forth in the Loan Agreement and shall be paid by the Borrower on or before each Loan Repayment Date, which shall be a date prior to the date necessary to make interest payments on the Bonds. The portion of each Loan Repayment constituting principal and Accreted Value, as applicable, shall be calculated as set forth in the Loan Agreement and shall be paid on or before each Loan Repayment Date. The portion of each Loan Repayment constituting Additional Payments shall be submitted to the Trustee as set forth in Section 3.02 of the Loan Agreement and shall be payable as provided in the Loan Agreement by the Borrower on the

Loan Repayment Date which shall be a date prior to the date necessary to make such payments to the Persons to whom such payments are due.]

7.03 Defaults. Subject to Section 10.01 hereof, the Trustee may, and shall upon the direction of the requisite percentage of Bondholders, in accordance with Sections 5.13 and 9.02 hereof, enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Loan Agreement and any documents securing the Loan Agreement including the prompt payment of all Loan Repayments and all other amounts due thereunder. The Trustee shall not release the obligations of the Borrower under the Loan Agreement and shall at all times, in accordance with Section 10.01 and to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the owners of the Bonds and of the Trustee under or with respect to the Loan Agreement, provided that this provision shall not be construed to prevent the Trustee from settling a default under the Loan Agreement on terms as the Trustee shall determine to be in the best interest of the Owners of the Bonds. The Authority hereby appoints the Trustee its agent and attorney-in-fact for purposes of enforcing all rights under the Loan Agreement or any document securing it.

7.04 Requirements. In connection with its activities provided for hereunder, the Trustee upon receipt of indemnity for its liabilities, fees and expenses agrees to comply with all relevant state and federal laws and to take such reasonable acts as shall be necessary to permit recovery under the Loan Agreement and the Bonds.

7.05 Payment or Prepayment by Borrower. Upon the payment of all sums due and to become due under the Loan Agreement or the prepayment of the Loan Agreement by the Borrower by payment of the Optional Prepayment Price pursuant to Article VI of the Loan Agreement, the Trustee shall cancel the Loan Agreement on behalf of the Authority and shall take any other action required of the Trustee under the Loan Agreement and shall execute in its own name all relevant documents in connection with such actions upon receipt of indemnity for its fees and expenses (and the Trustee is hereby appointed the Authority's agent and attorney-in-fact for purposes of taking any act, including the execution and delivery of any document, required by this Section).

7.06 Loan File. All documents received by the Trustee with regard to the Loan shall be retained by the Trustee in a file pertaining to the Loan (a "Loan File"). The Loan File shall be kept at the principal corporate trust office of the Trustee and shall be available for inspection by the Authority at such reasonable times and under reasonable circumstances.

7.07 Trustee and Authority Not to Impair Tax Exemption of the Bonds. The Trustee and the Authority shall not take any action or omit to take any action or permit any action, except actions required to be taken or omitted hereunder and under the Loan Agreement, which is within their respective control to be taken or omitted which would to the actual knowledge of their respective officers impair the exclusion of interest on the Bonds from gross income of the owners thereof, for federal income tax purposes, if applicable; provided, that the Trustee shall not be deemed to have constructive knowledge of the Code or regulations, rulings and judicial decisions concerning the Code; and provided, further, that the Trustee shall not be liable for an act or omission which is required hereunder or under the Loan Agreement which act or omission is directed by the Authority or, with respect to disbursements from the Loan Fund, the Borrower,

notwithstanding that such act or omission adversely affects or impairs the exclusion of interest on the Bonds.

7.08 Incomplete Payments. If the Borrower shall pay only a portion of a Loan Repayment when due, the payment shall be applied first as interest on the Loan, then as principal of the Loan and then as Additional Payments.

ARTICLE VIII DISCHARGE OF LIEN

8.01 Discharge of Lien and Security Interests. If the Authority shall pay or cause to be paid in full the principal of, Accreted Value of, if applicable, premium, if any, and the interest on all or any portion of the Bonds, through depositing or causing to be deposited with the Trustee in trust cash and/or Government Obligations, which do not permit the redemption thereof at the option of the issuer thereof, the principal of, Accreted Value of, if applicable, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment (except as provided in (d) below), provide cash which, together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on all or such portion of the Bonds as the same become due not theretofore canceled by the Trustee or delivered to the Trustee for cancellation, for principal, Accreted Value, if applicable, and interest (and premium, if any) which have become due and payable, or to the Stated Maturity thereof or earlier Redemption Date, as the case may be, and (a) has paid or made arrangements satisfactory with the Trustee to pay, all fees and expenses (including, without limitation, counsel's fees and expenses) of the Trustee which have accrued or which the Trustee estimates will accrue prior to the final payment of all or such portion of the Bonds in full, (b) has furnished to the Trustee an Opinion of Bond Counsel to the effect that the deposit of such cash and Government Obligations is in compliance with the provisions hereof and will not adversely affect the exclusion of interest on all or such portion of the Bonds in gross income for purposes of Federal income taxation; if applicable, and (c) has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, and (d) has delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants or such other accountant verifying the sufficiency of the funds or Government Obligations deposited to pay principal of, Accreted Value of, if applicable, redemption premium, if any, and interest on all or such portion of the Bonds when due, if the amount deposited on the date of such deposit is not sufficient to pay the principal of, Accreted Value of, if applicable, redemption premium, if any, and interest on all or such portion of the Bonds when due, then the lien hereof, these presents and the Trust Estate and the security interests therein shall cease, determine and be void with respect to all or such portion of the Bonds. Upon the discharge of the lien hereof, these presents and the Trust Estate and the security interests therein ceasing, determining and being void as provided in the preceding sentence, the Trustee shall, upon receipt of evidence satisfactory to it that all conditions precedent to the satisfaction and discharge of this Indenture as to all or such portion of the Bonds have been complied with, cancel and discharge this Indenture and the security interests therein as to all or such portion of the Bonds, execute and deliver to the Authority such instruments in writing as shall be required to cancel and discharge this Indenture and the security interests therein as to all or such portion of the Bonds and apply any moneys and investments held in the Bond Fund and the Loan Fund in accordance with Sections 5.02, 5.07 or 5.08, respectively, and all moneys then held in the Bond Fund for the purpose of paying Bonds which have not yet been presented for payment to be held thereafter in

trust solely for the Holders of such Bonds pending the payment thereof to such Holders. If all or such portion of the Bonds will not be redeemed in whole within 60 days of such discharge, the Trustee shall give notice of such discharge to all Bondholders whose Bonds will not be redeemed within 60 days of such discharge.

8.02 Discharge of the Indenture. Notwithstanding the fact that the lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with Section 8.01, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal of, Accreted Value of, if applicable, and premium, if any, and the interest on, all of the Bonds shall have actually been paid in full, all amounts owed to the Trustee shall have been paid in full, and the Trustee shall have applied in accordance with Sections 5.02 or 5.08, as applicable, and all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment, which funds shall be held in trust solely for the Holders of such Bonds pending their application in accordance herewith, have been applied in accordance herewith.

ARTICLE IX DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

9.01 Events of Default. Each of the following events is hereby defined as and declared to be and to constitute an "Event of Default" hereunder with respect to the Bonds:

(a) default in the due and punctual payment of any interest on any Bond when the same shall become due and payable; or

(b) default in the due and punctual payment of the principal of or premium on any Bond at its Maturity; or

(c) the failure of the Authority to observe and perform any of the covenants, conditions, agreements, or provisions contained herein, or in the Bonds, on the part of the Authority to be observed or performed (except obligations referred to in subsections (a) or (b) of this Section), and the continuation thereof for 30 days after written notice, specifying such default and requiring the same to be remedied, is given to the Authority and the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time period prior to its expiration.

9.02 Remedies. Subject to Section 9.9, upon the occurrence of an Event of Default, the Trustee shall have the power to proceed with any right or remedy available at law or in equity or by statute, as it may deem best, including any suit, action or special proceeding in equity or at law for the collection of amounts due and to become due hereunder and under the Bonds or the Loan Agreement or the performance of any covenant or agreement contained herein or in the Loan Agreement or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law. The rights herein specified are to be cumulative to all other available rights, remedies or powers.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of

Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or the Bondholders, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

9.03 Rights of Bondholders. Upon the occurrence of an Event of Default and if requested so to do by the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of Bonds then Outstanding and if indemnified as provided in Section 10.01(h), the Trustee, subject to the provisions of Section 9.04, shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Bondholders.

9.04 Right of Bondholders to Direct Proceedings. Subject to Sections 9.9 and 10.01(h), anything herein to the contrary notwithstanding, the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder with respect to the Bonds.

9.05 Application of Moneys. Upon an Event of Default hereunder and if moneys held by the Trustee are insufficient to pay the principal of, Accreted Value, if applicable, premium, if any, and interest on the Bonds, all moneys on deposit in the Loan Fund and all moneys on deposit in the Cost of Issuance Fund shall be deposited in the Principal Account of the Bond Fund and all other moneys received by the Trustee pursuant to any right given or remedy or action taken under the provisions of this Article shall, after payment of all fees and expenses of the Trustee, including, without limitation, the costs and expenses of the proceedings resulting in the collection of such other moneys and of the related expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Principal Account of the Bond Fund, and all such moneys shall be paid to the Trustee and applied by it to the Bonds as follows:

(a) Unless the principal or Accreted Value, as applicable, of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST – to the payment to the Persons entitled thereto of all installments of interest then due on the Outstanding Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND – to the payment to the Persons entitled thereto of the unpaid principal and Accreted Value, as applicable, including mandatory redemption payments, of any of the Outstanding Bonds which shall have become due, in the order of their due dates, with interest on such Bonds at the rate last borne by the Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the principal and Accreted Value, as applicable, including mandatory redemption payments, which became due on

such Bonds on any particular date, together with such interest, then to the payment thereof ratably, according to the amount of principal and Accreted Value, as applicable, including mandatory redemption payments, due on such date, to the Persons entitled thereto; without any discrimination or privilege; and

THIRD – to the payment of any Additional Payments owed pursuant to the Loan Agreement.

(b) If the principal and Accreted Value, as applicable, including mandatory redemption payments, of all the Bonds shall have become due and payable, all such moneys shall be applied FIRST, to the payment of such principal, Accreted Value, as applicable, and the interest then due and unpaid on the Outstanding Bonds, without preference or priority of principal over Accreted Value, as applicable, or interest or of Accreted Value, as applicable, over principal or interest, or of interest over principal or Accreted Value, as applicable, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal, Accreted Value, as applicable, including mandatory redemption payments, and interest to the Persons entitled thereto without any discrimination or privilege, and SECOND, to the payment of any Additional Payments owed with respect to the Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall, in its sole discretion, deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue or accrete, as applicable, provided that such amount of principal and Accreted Value, as applicable, is in fact paid on such date. The Trustee shall give such notice to the Holders of the Bonds as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment from such moneys to the Holder of any Bonds until such Bonds shall be presented to the Trustee.

Whenever all Bonds and the interest thereon and all expenses and charges of the Trustee have been paid with respect to the Bonds, any balance remaining in the Bond Fund shall be disposed of in the manner provided in Section 5.02(g).

9.06 Rights and Remedies Vested in Trustee. All rights of action and remedies (including the right to file proofs of claim) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the terms hereof, be for the benefit of the Holders of the Bonds.

9.07 Rights and Remedies of Bondholders. No Holder of a Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof, for the execution of any trust hereof or for the appointment of a receiver or to enforce any other right or

remedy hereunder unless (a) a Default has occurred of which the Trustee has been notified as provided in subsection (e) of Section 10.01, or of which by said subsection it is deemed to have notice, (b) such Default shall have become an Event of Default and the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and (c) such Bondholders have offered to the Trustee indemnity as provided in Section 10.01(h) and the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other right or remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of the Holders of all Bonds. Nothing herein contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, and interest on, any Bond at and after the date such payment is due, or the obligation of the Authority or the Trustee to pay the principal of, and interest on, each of the Bonds issued hereunder to the respective Holders thereof at the time, place, from the source and in the manner expressed in the Bonds.

9.08 Termination of Proceedings. If the Trustee shall have proceeded to enforce any right or remedy hereunder by any action at law or in equity, by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

9.09 Waivers of Events of Default.

(a) The Trustee shall waive any Event of Default hereunder and its consequences upon the written request of the holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of all Bonds then Outstanding, provided, however, that there shall not be waived

(1) any Event of Default pertaining to the payment of the principal of any Bond at its Maturity, or

(2) any Event of Default pertaining to the payment when due of the interest on any Bond unless prior to such waiver, all arrears of interest and all principal, including mandatory redemption payments, or purchase price payments in respect of which such Event of Default shall have occurred, with interest thereon (to the extent permitted by law) for the period from the occurrence of such Event of Default until paid in full at a rate per annum equal to the interest rate payable on the Bonds from time to time during such period in accordance with the terms of the Bonds, and all expenses of the Trustee in connection with such

Event of Default, shall have been paid or provided for, and in case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

The Trustee shall not have any discretion to waive any Event of Default hereunder and its consequences except in the manner and subject to the terms expressed above.

ARTICLE X THE TRUSTEE

10.01 Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it hereby, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default of which it is required to have notice under Section 10.01(e)(4) and after the curing of all such Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied agreements or obligations shall be read into this Indenture with respect to or against the Trustee. In case an Event of Default of which it is deemed or required to have notice under Section 10.01(e)(4) has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, or receivers and shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder. The Trustee shall be entitled to advice of Counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority or the Borrower), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except with respect to the authentication certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture or the Loan Agreement or any other document, or for insuring the Trust Estate or for the validity of the execution hereof by the Authority or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, or for the value of or title in and to the Trust Estate or any part of the Trust Estate or otherwise as to the maintenance of the security hereof, except that if the Trustee enters into possession of a part or all of the Trust Estate pursuant to any provision hereof it shall use due diligence in preserving the same, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any agreements or conditions on the part of the

Authority or on the part of any Borrower under the Loan Agreement, except as hereinafter set forth; but the Trustee may require of the Authority or the Borrower full information and advice as to the performance of the agreements and conditions aforesaid and as to the condition of the Trust Estate.

(d) Except to the extent herein specifically provided, the Trustee shall not be accountable for the use of the proceeds of any of the Bonds. The Trustee, in its individual capacity, or as trustee under other indentures of trust, may in good faith buy, sell, own, hold or deal in any of the Bonds issued hereunder, and may join in any action which any Bondholder may be entitled to take with like effect as if such Person did not act in any capacity hereunder. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the Borrower, and may act as depository, trustee or agent for any committee or body of Bondholders in connection with any other indenture or similar agreement to which the Authority or the Borrower is a party and hold any bonds secured thereby or other obligations of the Authority as freely as if such Person did not act in any capacity hereunder.

(e) Except as is otherwise provided in subsection (a) above:

(1) The Trustee shall be protected in acting upon Opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee, pursuant hereto upon the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(2) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon an Authority Certificate or upon a Borrower Certificate as sufficient evidence of the facts therein contained and prior to the occurrence of a Default of which the Trustee has been notified as provided in subsection (e)(4) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Borrower Certificate or an Authority Certificate to the effect that a resolution in the form therein set forth has been adopted as conclusive evidence that such resolution has been adopted and is in full force and effect.

(3) The right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct. Further, the Trustee shall not have any liability with respect to, and the Authority hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Authority in connection with claims related to or arising under this Indenture, the Loan Agreement or the Bonds.

(4) Unless a Responsible Officer of the Trustee shall be specifically notified in writing of a Default or an Event of Default by the Borrower, the Authority or the

Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of Outstanding Bonds; the Trustee shall not be required to take notice or be deemed to have notice of such Default or Event of Default hereunder except (i) failure to pay the principal or Accreted Value, as applicable, of or interest on the Bonds when due, and (ii) an act of bankruptcy pursuant to which the Trustee has notice pursuant to Section 5.01 of the Loan Agreement. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Default or Event of Default except as aforesaid.

(f) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(g) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof, as a condition of such action by the Trustee which the Trustee deems desirable for the purpose of establishing the right to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(h) Before taking any action hereunder (other than making payment on the Bonds when due) at the request or direction of any Bondholder, the Trustee may require that a satisfactory indemnity bond be furnished by the Holders of the Bonds (or other Person acceptable to the Trustee) for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee, by reason of any action so taken.

(i) All moneys received by the Trustee for the Bonds shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required herein or by law. The Trustee shall be under no liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

10.02 Fees, Charges and Expenses of Trustee. The Borrower shall pay and/or reimburse the Trustee for reasonable fees for its Ordinary Services rendered hereunder and all advances, Counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, if it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation from the Borrower therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary

Expenses are occasioned by its gross negligence or willful misconduct, it shall not be entitled to compensation or reimbursement therefor. The Authority hereby grants to the Trustee a lien on and security interest in the Trust Estate for the Bonds to secure the payment of its reasonable fees and expenses as to the Bonds, provided that notwithstanding any provision hereof to the contrary, the Trustee shall have no lien upon or right to receive payment of any fees or expenses or other amounts from monies held for the payment of Bonds which have not been presented for payment under Section 5.02(e). Upon an Event of Default, such lien of the Trustee on the Trust Estate shall be a first lien.

10.03 Notice by Trustee.

(a) If a Default occurs of which the Trustee is by Section 10.01(e)(4) required to take notice or if notice of a Default be given as in Section 10.01(e)(4) provided, then the Trustee shall give written notice thereof by first-class mail, postage prepaid, to the Authority, the Borrower and the Holders of all Bonds then Outstanding.

(b) At any time that the Bonds are rated by a Rating Agency, the Trustee shall promptly give notice to such Rating Agency, at such address as the Rating Agency shall have furnished to the Trustee, of:

- (1) any change in the identity of the Trustee;
 - (2) any amendments of or supplements of this Indenture, the Bonds or the Loan Agreement;
 - (3) any redemption of all the Bonds or any defeasance of all Bonds;
- and
- (4) any other information that the Rating Agency may reasonably request.

It is expressly understood and agreed that the Trustee shall have no liability for its failure to furnish any notice under this paragraph (b).

10.04 Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee, which may be based upon the advice of its Counsel, has a substantial bearing on the interest of the Bondholders, the Trustee may, upon being provided indemnity as set forth in Section 10.01(h), intervene on behalf of the Bondholders and shall do so if requested in writing by the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of the Outstanding Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction if such approval is required by law as a condition to such intervention.

10.05 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer to which it is a party, *ipso facto*, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other

matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

10.06 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice by first-class mail, postage prepaid, to the Authority, the Borrower, and each Bondholder, but such resignation shall take effect only upon the appointment of a successor Trustee; provided, however, that if a successor Trustee shall not have been appointed within 60 days from the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

10.07 Removal of the Trustee. The Trustee may be removed at any time by the Authority, by an instrument or concurrent instruments in writing delivered to the Trustee, the Borrower and the Bondholders, or by the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of the Outstanding Bonds by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority and the Borrower; provided, however, that such removal shall take effect only upon the appointment of a Successor Trustee as provided in Section 10.08.

10.08 Appointment of Successor Trustee; Temporary Trustee. If the Trustee shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the Authority or by the Holders of more than fifty percent (50%) of the principal amount and Accreted Value of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed by an Authorized Representative of the Authority or by the Bondholders. Every such Trustee appointed pursuant to the provisions of this Section 10.08 shall be, if there be such an institution willing, qualified and able to accept the trusts upon reasonable and customary terms in good standing, a bank with trust company powers having a combined capital surplus and undivided profits of not less than \$[100,000,000].

10.09 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority [and each Bondholder] an instrument in writing accepting such appointment hereunder and specifying its principal corporate trust office for the purpose of this Indenture, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Authority, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee in order to more fully and certainly vest in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by

the successor Trustee wherever required by applicable law or to continue the perfection of any lien or security interest created hereby.

10.10 Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Trust Estate is not paid as required herein, the Trustee may pay (with prior notice to the Authority of such payment) such tax, assessment or charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon (to the extent permitted by law) from the date of such payment until paid to the Trustee in full at a rate per annum equal to the Prime Rate, shall become so much additional indebtedness secured hereby, and the same shall be given a preference in payment over the principal of, premium, if any, and the interest on, the Bonds and shall be paid out of the revenues and receipts from the Trust Estate, if not otherwise caused to be paid; provided, however, that payments of any such tax, assessment or charge shall not have any such preference with respect to and shall not be paid from amounts held in the Principal or Interest Accounts in the Bond Fund. The Trustee shall not be under obligation to make any such payment unless it shall have been requested to do so by the Holders of more than fifty percent (50%) in aggregate principal amount and Accreted Value of the Bonds then Outstanding and shall have been provided with sufficient moneys for the purpose of making such payment. A copy of any request to the Trustee to make a payment hereunder shall also be sent to the Borrower.

10.11 Trustee Protected in Relying Upon Resolutions, etc.. The resolutions, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of moneys hereunder.

10.12 Successor Trustee as Custodian of Funds. Upon a change in the office of Trustee, the predecessor Trustee which has resigned or has been removed shall cease to be the holder of the Rebate Fund, the Bond Fund and the Loan Fund, and the successor Trustee shall become such holder.

10.13 Trustee's Duties as Paying Agent. The Authority does hereby appoint as its agent the Trustee as the paying agent for the Bonds. The Trustee hereby accepts the duties and obligations imposed upon it hereunder:

(a) to hold all sums held by it for the payment of the principal of, premium, if any, or interest on Bonds in trust for the benefit of Owners until such sums shall be paid to such Owners or otherwise disposed of as herein provided; and

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Authority and the Borrower at all reasonable times.

10.14 Co-Trustee.

(a) In the event the Trustee determines at any time that it is necessary or desirable to appoint one or more co-trustees to exercise any of the rights, powers, or remedies granted to the Trustee hereunder, with the consent of the Authority, the Trustee may appoint an

additional Person or additional Persons to act as co-trustee or co-trustees hereunder by executing ~~an instrument of appointment for each such co-trustee~~ and by delivering such instrument of appointment to the co-trustee so appointed and the Authority. Any such instrument of appointment shall confer such rights, powers, duties, and obligations hereunder as the Trustee may deem necessary or desirable upon the co-trustee as joint tenant (or, if required by applicable law, as tenant-in-common) with the Trustee, except to the extent that, under applicable law, the Trustee is incompetent or unqualified to exercise any of such rights, powers, duties, and obligations, then such rights, powers, duties and obligations may be conferred upon, and be exercised and performed solely by, the co-trustee so appointed. If any written instrument shall be requested from the Authority by the co-trustee so appointed to more fully and certainly vest in such co-trustee such rights, powers, duties, and obligations, such instrument or instruments shall be executed, acknowledged, and delivered by the Authority.

(b) The Trustee, at any time by an instrument in writing delivered to a co-trustee and the Authority may, with or without cause, remove such co-trustee. In the event any co-trustee shall become incapable of acting, shall resign, or shall be removed, all the properties, rights, powers, duties and obligations of such co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment by the Trustee of a successor to such co-trustee.

ARTICLE XI SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental hereto which shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes, provided that in the opinion of the Trustee the change effected thereby is not to the prejudice of the interests of the Trustee or the Bondholders:

(a) to cure any ambiguity or formal defect or omission herein or between the terms and provisions hereof and the terms and provisions of any other instrument or document executed in connection herewith or with the issuance of the Bonds;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) to subject to the lien and pledge hereof additional payments, revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, including the Securities Act of 1933, and, if they so determine, to add hereto or to any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar Federal statute;

(e) to evidence the appointment of a co-Trustee or the succession of a new Trustee hereunder;

(f) to effect any other supplement to this Indenture which, in the judgment of the Trustee, will not adversely affect the interests of the Bondholders;

(g) to provide for separate accounts within the Funds established pursuant to Article VII and VIII;

(h) to make any change to reflect any provision in the Code or the interpretations thereof by the Internal Revenue Service, provided that such change does not materially adversely affect the rights of any Bondholder; or

(i) to make any change not materially adversely affecting any Bondholder's rights requested by the Rating Agency in order to maintain any rating on the Bonds.

11.02 Supplemental Indentures Requiring Consent of Bondholders.

(a) Exclusive of supplemental indentures covered by Section 11.01, and not otherwise, the Holders of not less than fifty-one percent in aggregate principal amount and Accreted Value of the Bonds Outstanding shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, (1) the alteration of any optional or mandatory redemption provisions applicable to any Outstanding Bond or an alteration in the manner in which the Accreted Value is calculated which results in a reduction of such amounts, a change in the maturity date of the Bonds, or a change in the Original Principal Amount of any Capital Appreciation Bonds or, prior to the Conversion Date, any Convertible Capital Appreciation Bonds, (2) the creation of a lien ranking prior to or on a parity with the lien of this Indenture on the property conveyed pursuant to this Indenture or the deprivation of such lien, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture without the consent of all Bondholders.

(b) If the Authority shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause written notice of the proposed execution of such supplemental indenture together with a copy of such proposed supplemental indenture or a summary thereof to be given by first class mail, postage prepaid, to the Holders of the Bonds at their addresses shown on the Trustee's books of registration. If, within 60 days following the mailing of such notice or such longer period as shall be prescribed by the Authority and specified in such notice, the Holders of not less than fifty-one percent in aggregate principal amount and Accreted Value of the Bonds then outstanding shall have consented to and approved the execution of such supplemental indenture as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or

restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, this Indenture shall be modified and amended in accordance therewith.

11.03 Trustee Authorized to Join in Supplements; Reliance on Counsel. The Trustee and the Authority are authorized to join in the execution and delivery of any supplemental indenture permitted by this Article XI and, in so doing, each shall be fully protected by an Opinion of Counsel that such supplemental indenture is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding supplemental indenture have been done. The Trustee shall not be required to enter into any supplemental indenture permitted by this Article XI if, in the sole judgment of the Trustee, such action might adversely affect its rights, remedies, privileges, protections or indemnities or might increase its liability in any respect.

ARTICLE XII AMENDMENT OF LOAN AGREEMENT

12.01 Amendment of Loan Agreement. The Trustee and the Authority may, upon written request of the Borrower, consent to any amendment to the Loan Agreement without consent of or notice to Bondholders pursuant to the same conditions set forth in Section 11.01 with respect to any Supplemental Indenture and with notice and consent of Bondholders in accordance with Section 11.01.

ARTICLE XIII MISCELLANEOUS

13.01 Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

13.02 Payments Due or Acts to Occur on Saturdays, Sundays, and Holidays. Except as may otherwise be provided in this Indenture, in any case where the date of maturity of principal of and/or the interest of the Bonds or the date fixed for the redemption of any Bonds or the last day for performance of any act or the exercising of any right under the Indenture shall not be a Business Day, then such payment of principal and/or interest may be made or such act may be performed or right may be exercised on the next succeeding Business Day with the same force and effect as if made, performed or exercised on the date otherwise provided for under the Bonds or this Indenture.

13.03 Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

13.04 Compliance Certificates and Opinions. Upon any application or request by the Authority to the Trustee to take any action under any provision of this Indenture, the Authority shall furnish to the Trustee an Authority Certificate stating that all conditions precedent, if any, provided for in this Indenture or the Loan Agreement relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of a Borrower Certificate and an Opinion of Counsel is specifically required by any provision of this Indenture or the Loan Agreement relating to such particular application or request, no additional certificate or opinion need be furnished. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

13.05 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Any certificate or opinion of an officer of the Authority or an officer of the Borrower may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Authority or an officer or officers of the Borrower stating that the information with respect to such factual matters is in the possession of the Authority or such Borrower, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous. Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument. An "application" for the authentication and delivery of Bonds, or the release of property, or the withdrawal of cash, under any provision of this Indenture, shall consist of, and shall not be deemed complete until the Trustee shall have been furnished with, all such documents, cash, Bonds, securities and other instruments as are required

by such provision to establish the right of the Authority or the Borrower to the transaction applied for, and the date of such application shall be deemed to be the date upon which such application shall be so completed.

13.06 Actions of Bondholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person and delivered to the Trustee and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Authority and the Borrower. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Action" of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee, the Authority and the Borrower if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the persons executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The Trustee shall be entitled to rely on the Bond Register as to the identities and rights of the Owners of the Bonds.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee, the Authority or the Borrower in reliance thereon, whether or not notation of such action is made upon such Bond.

13.07 Rights Under the Loan Agreement. The Loan Agreement and duly executed counterparts of which will be retained by the Trustee, as required by Section 7.06, sets forth covenants and obligations of the Authority and the Borrower, including provisions that the Loan Agreement may not be effectively amended without the concurring written consent of the Trustee, as provided in Article XII, and reference is hereby made to the Loan Agreement for a detailed statement of said covenants and obligations of the Borrower under the Loan Agreement, and the Authority agrees that the Trustee, in its name or, to the extent permitted by law, in the name of the Authority, may enforce all rights of the Authority and all obligations of the Borrower under the Loan Agreement and any documents securing them (and waive the same, except for rights expressly granted to the Authority and not assigned to the Trustee hereunder) on behalf of the Bondholders, whether or not the Authority is in default hereunder.

13.08 Possession and Inspection of Loan Agreement. The Trustee shall retain possession of an executed copy of the Loan Agreement and or any other document securing the Loan, and release them only in accordance with the provisions of this Indenture.

13.09 Notices to Trustee and the Authority. Except as otherwise provided in this Indenture, any request, demand, authorization, direction, notice, consent, waiver or Action of Bondholders or other document provided or permitted by this Indenture shall be sufficient for any purpose under this Indenture and shall be deemed given when [mailed certified mail, return receipt requested, postage prepaid (with a copy to the other parties) at the following addresses (or such other address as may be provided by any party by notice)]:

To the Authority: New Memphis Arena Public Building Authority of Memphis and
Shelby County, Tennessee
[ADDRESS]
Memphis, Tennessee [ZIP]
Attention: [____]
Telephone: [____]
Email: [____]

with a copy to the Authority's Counsel:

Carpenter Law, PLLC
Three Eight Six Beale Street
Memphis, Tennessee 38103
Attention: [____]
Telephone: [____]
Email: [____]

To the Trustee: Regions Bank
Corporate Trust Services
150 Fourth Avenue North, Suite 1500
Nashville, Tennessee 37219
Attention: Corporate Trust Service
Telephone: [____]
Email: [____]

Any notice given as provided above shall be deemed received upon the earlier of (i) the actual receipt by the party to whom such notice is addressed, as may be evidenced by the return receipt, or (ii) five days after mailing.

13.10 Notices to Bondholders; Waiver. Where this Indenture provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Bondholder at his address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, if any, prescribed for the first mailing of such notice. Any notice may be waived in writing by the Person entitled to receive such notice, either before or after the event. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

13.11 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

13.12 Successors and Assigns. All covenants and agreements in this Indenture by the Authority and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

13.13 Governing Law. This Indenture shall be construed in accordance with the laws of the State.

13.14 Benefit of Indenture. Nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, and their successors hereunder, the Borrower and the Holders of Bonds, any benefit or other legal or equitable right, remedy or claim under this Indenture.

13.15 Limitation of Liability. No recourse under or upon any obligation, covenant or agreement or in any Bond, or under any judgment obtained against the Authority or the Trustee, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director or officer, employee or agent as such, past, present, or future, of the Authority or the Trustee, either directly or through the Authority or the Trustee, or otherwise, for the payment for or to the Authority or the Trustee or any receiver thereof, or for or to the holder of any Bond, of any sum that may be due and unpaid by the Authority or the Trustee upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, or officer, employee or agent as such, to respond by reason of any act or omission on his part or otherwise for the payment for or to the Authority or the Trustee or any receiver thereof, or for or to the Holder of any Bond, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issue of such Bonds.

13.16 Respecting the Loan Agreement. Certain of the covenants of the Authority hereunder will be assumed by the Borrower in the Loan Agreement, and while the Loan Agreement remains in full force and effect, the obligations contained in such covenants shall be the responsibility of the Borrower, or if the Loan Agreement is terminated pursuant to Article VI thereof, then such covenants are enforceable only to the extent of the revenues derived from such Loan Agreement, from the Trust Moneys held by the Trustee or otherwise from the Trust Estate but shall not constitute an obligation of the Authority, except to the extent of the Trust Estate. The rights and duties of the Authority given under this Indenture to the Borrower shall be applicable only while the Loan Agreement is in full force and effect.

(signatures on following page)

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed in their respective corporate names by their respective authorized officers, all as of the date first above written.

SEAL:

NEW MEMPHIS ARENA PUBLIC
BUILDING AUTHORITY OF MEMPHIS
AND SHELBY COUNTY, TENNESSEE

ATTEST:

[Secretary]

By: _____
[Chairman]

REGIONS BANK
as Trustee

By: _____
[Authorized Signatory]

**EXHIBIT A
FORM OF BOND**

No. R-__

\$ _____

As provided in the Indenture referred to herein, until the termination of the system of Book-Entry-Only transfers through The Depository Trust Company (together with any successor securities depository appointed pursuant to the Indenture, "DTC") and notwithstanding any other provision of the Indenture to the contrary, a portion of the principal amount of this bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC as owner of this bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Indenture and indicated on the books of the Bond Trustee.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE BOND TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF TENNESSEE
NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY
OF MEMPHIS AND SHELBY COUNTY, TENNESSEE
LOCAL GOVERNMENT PUBLIC IMPROVEMENT BOND
(CITY OF MEMPHIS PROJECT), SERIES 2021
[CURRENT INTEREST BOND][CONVERTIBLE CAPITAL APPRECIATION
BOND][CAPITAL APPRECIATION BOND]**

[ACCRETION RATE] / [INTEREST RATE]	<u>MATURITY DATE</u>	<u>[ACCRETED VALUE ON [CONVERSION]][MATURITY [DATE]</u>	<u>ORIGINAL ISSUE DATE</u>	<u>CUSIP</u>
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%

REGISTERED HOLDER: CEDE & CO.

[INITIAL] PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, THE NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE (the "Authority"), a public nonprofit corporation organized and existing under the laws of the State of Tennessee (the

“State”), and [a public instrumentality of the City of Memphis, Tennessee (the “Borrower,” and the County of Shelby, Tennessee the “County,”) hereby promises to pay, but solely from the sources hereinafter described and from no other source, to the registered holder named above, or registered assigns, on the maturity date specified above (or upon earlier redemption as set forth herein), upon the presentation and surrender hereof, the

[CURRENT INTEREST BONDS: principal sum specified above and to pay, solely from said sources, interest on such principal sum (computed on the basis of a 360-day year of twelve 30-day months) from the date hereof until the principal hereof is paid or duly provided for at the rates and on the dates provided herein. The principal of and premium, if any, on this Bond shall be payable at the corporate trust office in Nashville, Tennessee, of Regions Bank, an Alabama banking corporation, as trustee under the Indenture (hereinafter defined) (together with each successor trustee under the Indenture, the “Trustee”), or if a successor trustee is hereafter appointed, then at the principal corporate trust office of such successor, upon surrender of this Bond at such office. Interest on this Bond (other than Defaulted Interest, as hereinafter defined) is payable from the Interest Payment Date to which interest on this Bond has been paid or duly provided for next preceding the date of authentication hereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the date of original issue of Bond set forth above, or (b) such date of authentication shall be an Interest Payment Date to which interest on this Bond has been paid or duly provided for, in which case interest shall be computed from such Interest Payment Date, or (c) such date of authentication shall be after any Record Date and before the next succeeding Interest Payment Date, in which case interest shall be computed from the next succeeding Interest Payment Date.]

[CONVERTIBLE CAPITAL APPRECIATION BONDS: principal sum specified above, plus Accreted Interest thereon. The “Accreted Interest” is the amount of interest to accrue on the [principal amount] of this Bond from the dated date to [November 30], 20[___], including all interest accruing thereto as a result of compounding semi-annually on each [June] 1 and [December] 1 prior to (but not including) [December] 1, 20[___] (the “Conversion Date”), and the principal amount of this Bond plus any Accreted Interest thereon is the “Accreted Value.” In like manner, the Authority hereby promises to pay, solely from said sources, interest on such Accreted Value (computed on the basis of a 360-day year of twelve 30-day months) from the date hereof until the Accreted Value is paid or duly provided for at the rates and on the dates provided herein. The Accreted Value of and premium, if any, on this Bond shall be payable at the corporate trust office in Nashville, Tennessee, of Regions Bank, an Alabama banking corporation, as trustee under the Indenture (hereinafter defined) (together with each successor trustee under the Indenture, the “Trustee”), or if a successor trustee is hereafter appointed, then at the principal corporate trust office of such successor, upon surrender of this Bond at such office. Interest on this Bond (other than Defaulted Interest, as hereinafter defined) is payable from the Interest Payment Date to which interest on this Bond has been paid or duly provided for next preceding the date of authentication hereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the date of original issue of the Bond set forth above, or (b) such date of authentication shall be an Interest Payment Date to which interest on this Bond has been paid or duly provided for, in which case interest shall be computed from such Interest Payment Date, or (c) such date of authentication shall be after any Record Date and before the next succeeding Interest Payment Date, in which case interest shall be computed from the next succeeding Interest Payment Date. Prior to the

Conversion Date, interest on this Bond shall accrete from its dated date on each Accretion Date as set forth in the schedule attached to this Bond and shall be treated as accruing in equal daily amounts between Accretion Dates, payable at maturity or earlier redemption. On the Conversion Date, the Bonds shall, without any action necessitated on the part of the Authority, or any Holder, or any other Person, cease to be capital appreciation bonds and automatically convert to current interest bonds. On and after such Conversion Date and until maturity or prior redemption, the Bond shall bear interest at the rate provided herein (computed on the basis of a 360-day year of twelve 30-day months) on each Interest Payment Date, commencing [December] 1, 20[___].]

[CAPITAL APPRECIATION BONDS: principal sum specified above, plus Accreted Interest thereon. The "Accreted Interest" is the amount of interest to accrue on the [principal amount] of this Bond from the dated date to the Maturity Date, and the principal amount of this Bond plus any Accreted Interest thereon is the "Accreted Value." In like manner, the Authority hereby promises to pay, solely from said sources, interest on such Accreted Value (computed on the basis of a 360-day year of twelve 30-day months) from the date hereof until the Accreted Value is paid or duly provided for at the rates and on the dates provided herein. The Accreted Value of and premium, if any, on this Bond shall be payable at the corporate trust office in Nashville, Tennessee, of Regions Bank, an Alabama banking corporation, as trustee under the Indenture (hereinafter defined) (together with each successor trustee under the Indenture, the "Trustee"), or if a successor trustee is hereafter appointed, then at the principal corporate trust office of such successor, upon surrender of this Bond at such office. Interest on this Bond (other than Defaulted Interest, as hereinafter defined) is payable from the Interest Payment Date to which interest on this Bond has been paid or duly provided for next preceding the date of authentication hereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the date of original issue of the Bond set forth above, or (b) such date of authentication shall be an Interest Payment Date to which interest on this Bond has been paid or duly provided for, in which case interest shall be computed from such Interest Payment Date, or (c) such date of authentication shall be after any Record Date and before the next succeeding Interest Payment Date, in which case interest shall be computed from the next succeeding Interest Payment Date. Interest on this Bond shall accrete from the dated date shown above on each Accretion Date as set forth in the schedule attached to this Bond and shall be treated as accruing in equal daily amounts between Accretion Dates, until payable at maturity or earlier redemption.]

All payments of interest shall be paid by check drawn upon the Trustee, and paid to the person in whose name this Bond is registered on the Bond Register maintained by the Trustee, as bond registrar and paying agent, as of the close of business on the Record Date (hereinafter defined) next preceding the relevant Interest Payment Date (hereinafter defined); provided, that on written request to the Trustee by any person who is the registered holder of Bonds in an aggregate [principal][Accreted Value] amount of \$1,000,000 or more received by the Trustee on or before fifteen days prior to such Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), interest on such Bonds shall be payable by wire transfer of immediately available funds to an account at a bank located in the continental United States. The term "Record Date" means the fifteenth day of the month preceding any Interest Payment Date. The term "Interest Payment Date" means the first day of each [June] and [December] and the Maturity of this Bond; provided, however, if such scheduled Interest Payment Date is not a Business Day, then such interest shall be payable on the next succeeding Business Day calculated as though paid on the scheduled Interest Payment Date. The term

“Business Day” means with respect to the Bonds any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in New York City or any other city where the principal United States office of the Trustee is located are required or authorized by law (including executive order) to close or on which the principal office of the Trustee is closed for a reason not related to financial condition, or (c) a day on which The New York Stock Exchange is closed.

Any interest on any Bond which is payable but which is not punctually paid or duly provided for (“Defaulted Interest”) shall cease being payable to the Person in whose name such Bond is registered at the close of business on the Record Date and instead shall be payable to the Person in whose name such Bond is registered in the Bond Register at the close of business on a Special Record Date selected by the Trustee and which shall be at least 10 days but not more than 30 days before the date selected by the Trustee for payment of such Defaulted Interest. The Trustee shall give notice by mail of the Special Record Date and date for payment of Defaulted Interest at least 10 days before the Special Record Date.

The Bonds and interest thereon are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the Loan Agreement, which revenues and receipts are specifically pledged to such purposes in the manner and to the extent provided in this Indenture and in any Supplemental Indentures. The Bonds and interest thereon shall not be deemed to constitute a debt of the State or any political subdivision thereof (except to the extent the Authority is obligated to pay [principal][Accreted Value] of and premium, if any, and interest on the Bonds from the revenues and receipts pledged therefor in the Indenture and to the extent that the Borrower is obligated under the Loan Agreement), and neither the State nor any political subdivision thereof shall be obligated to pay the [principal][Accreted Value] of or premium, if any, or interest on the Bonds or other costs incident thereto except as provided in this sentence. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the [principal][Accreted Value] of or premium, if any, or interest on the Bonds or other costs incident thereto (except to the extent that the Borrower is obligated under the Loan Agreement). The Authority has no taxing power.

No covenant or agreement contained in this Bond shall be deemed to be a covenant or agreement of any officer, agent, or employee of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

Except as otherwise provided herein or in the Indenture, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Authority and the Trustee shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Indenture, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain

actions hereunder. Payments of principal and interest with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the Authority nor the Trustee 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 Bonds or (2) the Authority determines that the continuation of the book-entry system of evidence and transfer of ownership of the would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Authority may discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Authority nor the Trustee shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the 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 and interest on the 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 the Indenture to be given to Beneficial Owners; or (v) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

Purpose; Pledge; Incorporation by Reference

This Bond is one of the Authority's duly authorized Bonds (the "Bonds") of the Authority, in the aggregate principal amount of \$[_____] issued under and pursuant to Tennessee Code Annotated, Sections 12-10-101 *et seq.*, (the "Act"), a resolution (the "Resolution") adopted by the Authority on [____], 2021, and an Indenture of Trust dated as of [June] 1, 2021, between the Authority and the Trustee (as further supplemented and amended from time to time, the "Indenture"), to make a loan to the Borrower pursuant to a Loan Agreement dated as of [June] 1, 2021, between the Authority and the Borrower (as further supplemented and amended from time to time, the "Loan Agreement"), for the purpose of financing the Costs of various public works projects of the Borrower (collectively the "Project")[, including interest on Bonds during construction of the Project and for two (2) years after the estimated date of completion of the Project,] and paying certain expenses incurred in connection with the issuance of Bonds, all as permitted under the Act. The Authority's Local Government Public Improvement [Current Interest][Convertible Capital Appreciation][Capital Appreciation] Bonds, Series 2021 (the "Bonds"), of which this Bond is one, are issued in the aggregate principal amount of \$_____ pursuant to the Resolution, the Act, and the Indenture for the purpose of providing a loan in such amount under the Loan Agreement.

The Bonds will be solely secured by a pledge and assignment to the Trustee pursuant to the Indenture of (i) all right, title and interest and privilege of the Authority now owned or hereafter acquired in, to and under the Loan Agreement and any agreement supplementing, extending or modifying the same, including, without limitation, all present and future rights of the Authority to make claim for, collect and receive any income, revenues, issues, profits, and other sums of money payable to or for the account of or receivable by the Authority under the Loan Agreement (whether payable pursuant to the Loan Agreement or otherwise), to bring actions and proceedings under the Loan Agreement or for the enforcement thereof, to pursue the

remedies provided in the Loan Agreement upon the occurrence of an event of default thereunder, and to do any and all things that the Authority is or may become entitled to do under the Loan Agreement, but excluding the rights of the Authority (a) to receive payment of the Authority's expenses and attorneys' fees, (b) to receive notices and other documents, (c) to indemnification and (d) to amounts payable by the Borrower in reimbursement to the Authority for certain payment of fees; (ii) all monies and securities (including the investment income therefrom) held by the Trustee in any of the funds or accounts established under the Indenture with respect to the Bonds (except the Additional Payments Account of the Bond Fund and the Rebate Fund), subject, however, to the application thereof to the uses and in the manner set forth in the Indenture; and (iii) all property which is by the express provisions of the Indenture required to be subject to the lien of the Indenture and any additional property that may, from time to time hereafter be subjected to the lien of the Indenture.

All moneys received by the Trustee with respect to the Loan Agreement or the Bonds (a) as provided in the Indenture be held and applied (other than the Additional Payments Account of the Bond Fund and the Rebate Fund), or required to be paid to the Trustee and whose disposition is not elsewhere provided for in the Indenture, including but not limited to the investment income of all Trust Funds (as defined in the Indenture) held by the Trustee under the Indenture; or (b) as payments under the Loan Agreement (except the right to receive payment of certain expenses and attorney's fees, to receive notices and certain other documents, to indemnification, and to receive amounts payable in reimbursement for certain payment of fees, if any (all such moneys being called "Trust Moneys")), shall be held by the Trustee as a part of the Trust Estate for the Bonds to which the Loan Agreement is pledged, and, upon the exercise by the Trustee of any remedy specified in the Indenture, such Trust Moneys shall be applied in accordance with the Indenture, except to the extent that the Trustee is holding in trust moneys and/or Government Obligations for the payment of any specified Bonds which are no longer deemed to be Outstanding under the provisions of the Indenture, which moneys and/or Government Obligations shall be applied only as provided in the Indenture. Prior to the exercise of any such remedy, all or any part of the Trust Moneys shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in the Indenture.

Redemption

Optional Redemption. The Bonds maturing before [December]1, 20[___], are not subject to optional redemption. The Bonds maturing on or after [December]1, 20[___], are subject to redemption prior to maturity upon a Borrower Request at any time on or after [December]1, 20[___], out of amounts deposited in the Optional Redemption Fund, in whole or in part from time to time in any order of maturity determined by the Borrower, on any date, at a redemption price equal to one hundred percent (100%) of the [principal amount][Accreted Value] of Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption. [The Bonds maturing on [December]1, 20[___], and [December]1, 20[___], are subject to mandatory sinking fund redemption, prior to maturity, in part, on [December]1 of the respective years and in the respective principal amounts set forth below, at a redemption price equal to the principal amounts of Bonds, plus accrued interest to the date of redemption.

<u>% Series</u>	<u>Bonds Maturing</u>	<u>% Series</u>	<u>Bonds Maturing</u>
-----------------	-----------------------	-----------------	-----------------------

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
	1, xxxx		1, xxxx

Notice of Redemption

The Trustee shall cause notice of the call for redemption identifying the Bonds to be redeemed to be sent not less than [30][20] days prior to the redemption date by first-class mail postage prepaid to the Holder hereof to be redeemed at his address as it appears on the registration books of the Trustee. Failure to give any such notice shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred. Any notice mailed as provided herein shall conclusively be presumed to have been given whether or not actually received by the Holder. All Bonds called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption.

Payment of Bonds Upon Redemption

Upon redemption of all or any portion of this Bond, payment of the applicable redemption price shall be made only upon surrender of this Bond. If, on the redemption date, sufficient moneys shall be held by the Trustee to effect such redemption in accordance with the Indenture, then interest shall cease to accrue on all Bonds or portions thereof so called for redemption.

Events of Default

The Holder hereof shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Transfer and Exchange of Bonds

Subject to the express limitations set forth herein and in the Indenture, the registered Holder of this Bond may register the transfer of this Bond on the Bond Register kept by the Trustee as bond registrar, upon surrender thereof at the principal corporate trust office of the Trustee, with a written instrument of transfer in a form reasonably satisfactory to the Trustee duly executed by the registered holder hereof or his attorney duly authorized in writing. Upon payment of any required tax or other governmental charge and surrender thereof at the principal corporate trust office of the Trustee, this Bond may at the option of the registered Holder hereof, be exchanged for an equal aggregate [principal amount][Accreted Value] of Bonds of any other Authorized Denomination, in the manner and subject to the conditions provided in the Indenture.

Tennessee Taxation Exemption

This 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 this Bond during the period this Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State, and (c) State franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State.

General

Reference is hereby made to the Indenture, copies of which are on file in the office of the Authority and to all of the provisions of which any holder of this Bond by acceptance hereof thereby assents, for definitions of terms; a description of and the nature and extent of the security for the Bonds issued or to be issued under the Indenture, including this Bond; the revenues, income and other moneys of the Authority pledged to the payment of the interest on and principal of the Bonds and the priorities of the lien of the Bonds on such revenues, income and other moneys; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which the Bonds are issued; the conditions upon which the Indenture may be amended or supplemented with or without the consent of the holders of the Bonds; the rights and remedies of the Holder hereof with respect hereto; the rights, duties and obligations of the Authority and the Trustee under the Indenture; the terms and provisions upon which the liens, pledges, charges, trusts, assignments and covenants of the Authority made in the Indenture may be discharged at or prior to the maturity or redemption of this Bond, and this Bond thereafter shall no longer be secured by the Indenture or be deemed to be outstanding thereunder, if moneys or certain specified securities shall have been deposited with the Trustee sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by endorsement, executed by the manual signature of a duly authorized signatory of the Trustee, of the Trustee's certificate of authentication hereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law and the Indenture.

04.22.2021 DRAFT

IN WITNESS WHEREOF, as provided by the Act, the NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE, has caused this Bond to be executed in its name and on its behalf by the signatures of its President and Secretary, all as of the dated date specified above.

NEW MEMPHIS ARENA PUBLIC
BUILDING AUTHORITY
OF MEMPHIS AND SHELBY COUNTY,
TENNESSEE

By: _____
Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____, 20__.

REGIONS BANK, as Bond Trustee

By: _____
Authorized Officer

ASSIGNMENT

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

_____, Attorney, to transfer the said Bond on

the Bond Register thereof with full power of substitution in the premises.

Dated: _____

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 whatever. Furthermore, such signature must be guaranteed by a member firm of a Medallion Program acceptable to the Bond Trustee.

58033332.v2

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2017 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

DAC Bond®

PRELIMINARY OFFICIAL STATEMENT DATED [____], 2021

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: See "RATINGS" herein.

This cover page contains limited information for quick reference only. It is not a summary of the matters relating to the Series 2021 Bonds (as defined herein). Potential investors must read the entire Official Statement (including the cover page and all appendices attached hereto) to obtain information essential to the making of an informed investment decision.

[\$____]*

**NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY
OF MEMPHIS AND SHELBY COUNTY, TENNESSEE**

**LOCAL GOVERNMENT PUBLIC IMPROVEMENT
CAPITAL APPRECIATION BONDS
(CITY OF MEMPHIS PROJECT), SERIES 2021**

Dated: Date of Delivery Due: June 1, as shown on the inside front cover page

Tax Treatment: *[To be provided by Co-Bond Counsel]*

Authority for Issuance: This Official Statement relates to the issuance and sale by the New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee (the "Issuer") of the Issuer's **[\$____]*** Local Government Public Improvement Capital Appreciation Bonds (City of Memphis Project), Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds are being issued by the Issuer pursuant to, among other things, that certain Trust Indenture (the "Indenture"), to be dated as of [____], 2021, between the Issuer and Regions Bank, as Trustee (the "Trustee"). See "SECURITY AND SOURCES OF PAYMENT" herein and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

Terminology: All capitalized terms used in this Official Statement and not otherwise defined herein will have the meanings ascribed to such terms in the Indenture. See "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

Purpose: Pursuant to the Indenture, the proceeds of the Series 2021 Bonds will be used to, among other things, provide funds to make a loan

(the "Loan") to the City of Memphis, Tennessee (the "City") pursuant to the Loan Agreement dated as of [_____] 2021 (the "Loan Agreement"), between the Issuer and the City. The City will use the proceeds of the Loan, together with other money, to: (i) finance the Costs of various public works projects of the City (collectively the "Project")[, **including interest on the Series 2021 Bonds during construction of the Project and for [two (2) years] after the estimated date of completion of the Project**], and (ii) pay certain expenses incurred in connection with the issuance of Series 2021 Bonds, all as permitted under the provisions of Sections 12-10-101, *et seq.*, of the Tennessee Code Annotated (as the same may from time to time be amended, the "Act"). See "THE PROJECT," "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Book-Entry Only System: The Series 2021 Bonds will be dated their date of delivery and will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof. The Series 2021 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Series 2021 Bonds. Purchases of beneficial ownership interests in the Series 2021 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of certificates representing their beneficial ownership interests in the Series 2021 Bonds unless the book-entry only system is discontinued. See "THE SERIES 2021 BONDS" and "BOOK-ENTRY ONLY SYSTEM" herein.

Payment Dates: The Series 2021 Bonds will be payable at the Stated Maturity dates set forth on the inside front cover page of this Official Statement. Interest on the Series 2021 Bonds will not be paid prior to the Stated Maturity of the Series 2021 Bonds, but will accrete from the date of their delivery and be compounded on each June 1 and December 1, commencing [_____] 1, 20[____]*, and will be payable only at Stated Maturity. The amount of the Series 2021 Bonds payable at each Stated Maturity will be the Accreted Value of such Series 2021 Bonds on such Stated Maturity date. The "Accreted Value" for each Stated Maturity is the total principal and interest as set forth on the inside cover page of this Official Statement and in the Accretion Table for the Series 2021 Bonds set forth in APPENDIX F hereto for such Stated Maturity date. Payments due under the Series 2021 Bonds will be made to purchasers of beneficial interests in the Series 2021 Bonds by DTC Participants (as defined herein). See "THE SERIES 2021

* Preliminary, subject to change.

BONDS" herein and "APPENDIX F – ACCRETION TABLE" hereto.

Security:

The Series 2021 Bonds are limited obligations of the Issuer payable solely from the revenues and receipts derived from the Loan Agreement pledged to the Series 2021 Bonds, which revenues and receipts are specifically pledged to such purpose in the manner and to the extent provided in the Indenture. Pursuant to the Loan Agreement, the City has pledged its full faith and credit to the payment of obligations under the Loan Agreement in an amount sufficient to pay the Accreted Value of and the premium, if any, on the Series 2021 Bonds when due. The City's payments and prepayments payable to the Issuer under the Loan Agreement (excluding Unassigned Rights) have been assigned by the Issuer to the Trustee as part of the Trust Estate to secure payment of the Series 2021 Bonds. Pursuant to the Indenture, the Trust Estate is pledged to the payment of the Accreted Value of and premium, if any, on the Series 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT" and "CERTAIN INVESTMENT CONSIDERATIONS" herein and also "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT", "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT), AND THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE ACCRETED VALUE OF OR PREMIUM, IF ANY, ON THE SERIES 2021 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY

KIND WHATSOEVER THAT MAY BE UNDERTAKEN BY THE ISSUER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NO BREACH BY THE ISSUER OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT SHALL IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR ANY CHARGE UPON THEIR GENERAL CREDIT OR TAXING POWER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). THE ISSUER HAS NO TAXING POWER, AND THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER.

Redemption:

The Series 2021 Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2021 BONDS – Redemption Provisions" herein.

The Series 2021 Bonds are being offered when, as, and if issued by the Issuer and received by the Underwriters (as defined herein) subject to prior sale and to withdrawal or modification of the offer without notice and subject to the approving opinions of Carpenter Law, PLLC, Memphis, Tennessee, and Butler Snow LLP, Memphis, Tennessee, as Co-Bond Counsel to the City. Certain legal matters will be passed upon for the City by Jennifer Sink, Chief Legal Officer / City Attorney. Certain legal matters will also be passed upon for the City by Bass, Berry & Sims PLC, Nashville, Tennessee, and Bruce Turner, PLLC, Memphis, Tennessee, as Co-Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by [Underwriter's Counsel Name], Memphis, Tennessee, as Underwriters' Counsel. ComCap Partners, Memphis, Tennessee, and PFM Financial Advisors LLC, Memphis, Tennessee, are serving as Co-Financial Advisors to the City for the issuance of the Series 2021 Bonds. The Series 2021 Bonds are expected to be delivered through the book-entry only system of DTC on or about _____, 2021.

BofA Securities, Inc.

[Insert Co-Manager Names]

Dated: _____, 2021

**MATURITIES, PRINCIPAL AMOUNTS, ACCRETED VALUES,
PRICES OR YIELDS AND CUSIPS[†]**

\$[]*

**New Memphis Arena Public Building Authority
of Memphis and Shelby County, Tennessee**

**Local Government Public Improvement Capital Appreciation Bonds
(City of Memphis Project), Series 2021**

Stated Maturity (June 1)*	Original Principal Amount*	Accreted Value at Maturity	Yield to Maturity	Initial CUSIP No.[†]
2027	\$			
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				

\$[]* Original Principal Amount - ___% Term Bond, Due [] 1, 20[]*,
Accreted Value at Maturity \$ _____ Initial CUSIP No. _____

[†] Copyright, American Bankers Association (the "ABA"). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Series 2021 Bonds only at the time of issuance of the Series 2021 Bonds, and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

* Preliminary, subject to change.

**NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY
OF MEMPHIS AND SHELBY COUNTY, TENNESSEE**

Board of Directors

[David Levine, Chairman]

**CITY OF MEMPHIS, TENNESSEE
ELECTED OFFICIALS**

Mayor

Jim Strickland

City Council

Frank Colvett, Jr., Chairman

Jamita Swearengen, Vice Chair

J. Ford Canale

Chase Carlisle

Michalyn Easter-Thomas

Edmund Ford, Sr.

Cheyenne Johnson

Martavious Jones

Rhonda Logan

Worth Morgan

Patrice Robinson

JB Smiley, Jr.

Dr. Jeff Warren

CONSULTANTS TO THE ISSUER AND THE CITY

Co-Bond Counsel to the City

Carpenter Law, PLLC
Memphis, Tennessee

Butler Snow LLP
Memphis, Tennessee

General Counsel to the Issuer

Carpenter Law, PLLC
Memphis, Tennessee

Co-Disclosure Counsel to the City

Bruce Turner, PLLC
Memphis, Tennessee

Bass Berry & Sims PLC
Nashville, Tennessee

Co-Financial Advisors to the City

ComCap Partners
Memphis, Tennessee

PFM Financial Advisors, LLC
Memphis, Tennessee

External Auditors to the City

Banks, Finley, White & Co.
Memphis, Tennessee

This Official Statement does not constitute a contract among the Issuer, the City or the Underwriters and any one or more owners of the Series 2021 Bonds, nor does it constitute an offer to sell or the solicitation of an offer to buy the Series 2021 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

No dealer, salesman or any other person has been authorized by the Issuer, the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2021 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the City or any other person. The information and expressions of opinion in this Official Statement are subject to change without notice, and this Official Statement speaks only as of its date. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. Except as otherwise indicated, the information contained in this Official Statement, including in the appendices attached hereto, has been obtained from representatives of the Issuer and the City and from public documents, records and other sources considered to be reliable.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE ISSUER FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2021 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2021 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2021 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the Issuer, the City and the terms of the offering, including the merits and risks involved. The Series 2021 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices attached hereto, are not an indication of relevance, materiality or relative importance and this Official Statement, including the appendices attached hereto, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

References to website addresses presented herein, if any, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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OFFICIAL STATEMENT

relating to

\$[]*

NEW MEMPHIS ARENA PUBLIC BUILDING AUTHORITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE

LOCAL GOVERNMENT PUBLIC IMPROVEMENT CAPITAL APPRECIATION BONDS (CITY OF MEMPHIS PROJECT), SERIES 2021

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the appendices attached hereto, is to provide certain information in connection with the issuance and sale by the New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee (the "Issuer") of its \$[]* Local Government Public Improvement Capital Appreciation Bonds (City of Memphis Project), Series 2021 (the "Series 2021 Bonds"), pursuant to, among other things, that certain Trust Indenture (the "Indenture"), to be dated as of [], 2021, between the Issuer and Regions Bank, as Trustee (the "Trustee"). The proceeds of the Series 2021 Bonds will be loaned by the Issuer to the City pursuant to that certain Loan Agreement to be dated as of [], 2021, between the City and the Issuer (the "Loan Agreement"). See "SECURITY AND SOURCES OF PAYMENT" herein and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in the entire Official Statement, including the cover page and the appendices attached hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. No person is authorized to detach this Introduction from this Official Statement or to otherwise use it without the entire Official Statement, including the appendices attached hereto.

All capitalized terms used herein and not otherwise expressly defined herein shall have the respective meanings set forth in "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND

* Preliminary, subject to change.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

The Issuer

The Issuer is a public nonprofit corporation organized under the laws of the State of Tennessee (the "State") created under the provisions of Sections 12-10-101, *et seq.*, of the Tennessee Code Annotated (as the same may from time to time be amended, the "Act"). The Issuer was created pursuant to State law by the City of Memphis (the "City") and Shelby County (the "County") for the original purpose of acquiring, constructing, equipping, leasing, and disposing of the FedEx Forum Arena Complex, the area's downtown arena. Pursuant to the Act, the Issuer is also authorized to issue and sell its bonds for the purpose of financing, acquiring, erecting, extending, improving, equipping or repairing any project (as defined in the Act), including related expenses, and for any other authorized purpose under the Act. The Issuer's board of directors consists of no more than fifteen members who are duly qualified electors of the City and the County. Board member terms are staggered, and except where otherwise necessary to provide for staggered terms, each term is for six years. All members are jointly appointed by the City Mayor and the County Mayor, and confirmed by both the Memphis City Council and the Shelby County Commission. See "THE ISSUER" herein.

The City

The City is a municipal corporation organized under the laws of the State. The City is located on the east bank of the Mississippi River in the southwest corner of the State. The City is the State's largest city not having a metropolitan form of government and is the county seat of the County. For information regarding the economics, demographics and governance of the City, see "THE CITY" herein. See also "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

Authority for Issuance

The Series 2021 Bonds are being issued in accordance with the provisions of the Act, the Indenture, and resolutions adopted and approved by the Issuer and the City, authorizing, among other things, the execution and delivery of the Indenture and the Loan Agreement and the issuance and sale of the Series 2021 Bonds. See "THE SERIES 2021 BONDS – Authority for Issuance" herein.

Purpose of the Series 2021 Bonds

The proceeds of the Series 2021 Bonds will be loaned to the City and will be used to: (i) finance the Costs of various public works projects of the City (collectively the "Project")], **including interest on the Series 2021 Bonds during construction of the Project and for [two (2) years] after the estimated date of completion of the Project]**, and (ii) pay certain expenses incurred in connection with the issuance of Series 2021 Bonds, all as permitted under the provisions of the Act. See "THE PROJECT," "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Description of the Series 2021 Bonds

The Series 2021 Bonds will be dated their date of delivery, be issued in the Original Principal Amount for each Stated Maturity and have the Accreted Value at Maturity, all as set forth on the inside cover page of this Official Statement. The Series 2021 Bonds will be issued as capital appreciation bonds paying no current interest but accreting in value at an interest rate which, when applied to the Original Principal Amount of the Series 2021 Bonds issued for each Stated Maturity and compounded semiannually on each June 1 and December 1 (an "Interest Payment Date"), produces a total Accreted Value for such Stated Maturity as shown on the inside cover of this Official Statement. The Accreted Value of the Series 2021 Bonds shall be payable in lawful money of the United States of America at their Stated Maturity. In calculating the Accreted Value of the Series 2021 Bonds, interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Accreted Value of any Series 2021 Bond on any date shall be computed in accordance with the applicable Accretion Table set forth in "APPENDIX F – ACCRETION TABLE." The Accreted Value for any Series 2021 Bond with respect to any date other than a date stated in the Accretion Table shall be determined conclusively by the Underwriter by interpolating such Accreted Value, using the straight line method, by reference to the Accreted Value for the date listed in the Accretion Table which is immediately prior to and immediately subsequent to such date, and the number of calendar days elapsed since the date listed which is immediately prior to such date. All references herein (i) to interest on any Series 2021 Bond shall, unless the context clearly indicates otherwise, refer to the excess of the Accreted Value over the Original Principal Amount of such Series 2021 Bond, as of any relevant date; (ii) to principal of the Series 2021 Bonds, shall be construed to mean the Original Principal Amount thereof; and (iii) to principal of and accrued interest on the Series 2021 Bonds, or words of similar import, shall be construed to mean the Accreted Value of the Series 2021 Bonds as of the relevant date.

The Series 2021 Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Series 2021 Bonds. Purchases of beneficial ownership interests in the Series 2021 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of certificates representing their beneficial ownership interests in the Series 2021 Bonds unless the book-entry only system is discontinued. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2021 Bonds are subject to redemption prior to maturity as more fully described herein. See "THE SERIES 2021 BONDS - Redemption Provisions" herein.

For a more complete description of the Series 2021 Bonds, see "THE SERIES 2021 BONDS" herein.

Security and Sources of Payment

The Series 2021 Bonds are not general obligations of the Issuer but are limited obligations of the Issuer payable solely from the revenues and receipts derived from the Loan Agreement

pledged to the Series 2021 Bonds, which revenues and receipts are specifically pledged to such purpose in the manner and to the extent provided in the Indenture and in the Loan Agreement. The Series 2021 Bonds and interest thereon shall not be deemed to constitute a debt or a pledge of the full faith and credit of the Issuer or the State or any political subdivision thereof (except to the extent that the City is obligated under the Loan Agreement). The Issuer shall not be obligated to pay the Accreted Value of or premium, if any, on the Series 2021 Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the full faith and credit nor the taxing power, if any, of the Issuer or the State or any political subdivision thereof (except to the extent that the City is obligated under the Loan Agreement) is pledged to the payment of the Accreted Value of and premium, if any, on the Series 2021 Bonds or other costs incident thereto. The Issuer has no taxing power. Payment of the Series 2021 Bonds is not secured by a mortgage lien or other security interests in the Project or any portion thereof or any other assets of the Issuer or the City other than the Trust Estate.

The City has pledged its full faith and credit to the payment of its obligations under the Loan Agreement in an amount sufficient to pay the Accreted Value of and premium, if any, on the Series 2021 Bonds when due.

See "SECURITY AND SOURCES OF PAYMENT" and "CERTAIN INVESTMENT CONSIDERATIONS" herein and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT", "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT), AND THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE ACCRETED VALUE OF OR PREMIUM, IF ANY, ON THE SERIES 2021 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER THAT MAY BE UNDERTAKEN BY THE ISSUER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NO BREACH BY THE ISSUER OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT SHALL IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR ANY CHARGE UPON THEIR GENERAL CREDIT OR TAXING POWER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). THE ISSUER HAS NO TAXING POWER, AND THE SERIES 2021 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER.

See "SECURITY AND SOURCES OF PAYMENT" and "CERTAIN INVESTMENT CONSIDERATIONS" herein and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

Trustee, Paying Agent and Registrar

Regions Bank, Nashville, Tennessee, will serve as Trustee and as paying agent and registrar for the Series 2021 Bonds (the "Paying Agent and Registrar").

Continuing Disclosure

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2021 Bonds, and the Issuer will not provide any such information. The City will undertake all responsibility for providing continuing disclosure with respect to the Series 2021 Bonds, and the Issuer will have no liability to the holders of the Series 2021 Bonds or any other person with respect to the obligations undertaken by the City under the Disclosure Agreement (as defined herein).

In order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC") promulgated pursuant to the Securities Exchange Act of 1934, as in effect on the date hereof (the "Rule"), simultaneously with the issuance of the Series 2021 Bonds, the City will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") with Digital Assurance Certification, L.L.C. ("DAC") for the benefit of the Beneficial Owners (as defined herein), under which the City will provide continuing disclosure with respect to the Series 2021 Bonds. The City has designated DAC as the initial disclosure dissemination agent in the Disclosure Agreement. The annual continuing disclosure report and notices of certain enumerated events (as described in the Disclosure Agreement) will be filed by DAC, on behalf of the City, with the repository designated by the SEC, presently the Municipal Securities Rulemaking Board (the "MSRB"), through the Electronic Municipal Market Access system ("EMMA") in an electronic format prescribed by the MSRB. See "CONTINUING DISCLOSURE" herein and "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and the appendices attached hereto contain brief descriptions of, among other matters, the Issuer, the City, the Series 2021 Bonds, the security and sources of payment for the Series 2021 Bonds, the Indenture, the Loan Agreement and the Disclosure Agreement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Loan Agreement, the Series 2021 Bonds, the Disclosure Agreement and other documents are intended as summaries only and are qualified in their entirety by reference to such documents. References herein to the Series 2021 Bonds are qualified in their entirety to the form thereof included in the Indenture. Copies of the Indenture, the Loan Agreement, the Disclosure Agreement and other relevant

documents and information are available, upon written request and payment of a charge for copying, mailing and handling, from Mr. André D. Walker, Deputy Chief Financial Officer of the City, 125 North Main Street, Room 368, Memphis, Tennessee 38103, (901) 636-6324.

THE ISSUER

The Issuer was created by the City and the County as a public building authority under the Act for the original purpose of acquiring, constructing, equipping, leasing, and disposing of the FedEx Forum Arena Complex. Under the Act, public building authorities may, among other things, acquire, improve, operate and manage a wide variety of projects. Pursuant to the Act, the Issuer is also authorized to issue and sell its bonds for the purpose of financing various projects, including related expenses, and for any other authorized purpose under the Act.

The Issuer's board of directors consists of no more than fifteen members who are duly qualified electors of the City and the County, one of whom shall be a State senator and one of whom shall be a State representative. Director terms are staggered, and except where otherwise necessary to provide for staggered terms, each term is for six years. All directors are jointly appointed by the City Mayor and the County Mayor and confirmed by both the Memphis City Council and the Shelby County Commission. Pursuant to the Act, directors serve without compensation, except that they shall be reimbursed for their actual expenses in and about the performance of their duties.

The present members of the board of directors of the Issuer and their respective offices are as follows:

Name	Office
[David Levine	Chairman]

Except for the information contained under the captions "THE ISSUER" and "LITIGATION - The Issuer," the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the City or any other person. While the Issuer has no reason to believe that such information is incomplete or inaccurate, the Issuer has not independently investigated or confirmed the accuracy or completeness thereof. The Issuer makes no representation or warranty whatsoever concerning the

creditworthiness of the City and no such representation or warranty is to be inferred from the issuance of the Series 2021 Bonds or the other transactions described or contemplated herein. The Issuer's role is limited to the issuance of the Series 2021 Bonds.

Neither the members of the board of directors of the Issuer nor any person executing the Series 2021 Bonds are liable personally on the Series 2021 Bonds by reason of the issuance thereof.

The Issuer has no taxing power.

THE CITY

The City is located on the east bank of the Mississippi River in the southwest corner of the State. The City is the State's largest city not having a metropolitan form of government and is the county seat of the County. The City currently occupies a land area of approximately 315 square miles and has an estimated population of 651,073, according to the 2020 Comprehensive Annual Financial Report of the City (the "2020 Audited Financial Statements").

The City was incorporated as a city in 1826. The City operated under a commission form of government from 1909 until January 1, 1968. At that time, a mayor-council form of government was established. The City Council is composed of thirteen representative citizens who are elected for four-year terms. Six council members are elected at large in multi-member districts, the territorial boundaries of which are determined by dividing the City in half with each multi-member district having three council member numbered positions. Single member districts, numbered 1-7, elect the remaining seven council members. The City Council elects its own chairperson, exercises legislative powers, approves budgets and establishes the tax rate. The Mayor is elected to a four-year term. The Mayor carries out the policies of the City and, with City Council approval, appoints City board members, officers and division directors. The Mayor may veto an action of the City Council, but a simple majority can override any veto.

The current fiscal year of the City is the 12-month period beginning on July 1 and ending on June 30 (a "Fiscal Year").

For additional information regarding the City, see "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

PLAN OF FINANCING

The proceeds of the Series 2021 Bonds will be loaned to the City and will be used to: (i) finance the Costs of various public works projects of the City (collectively the "Project")], **including interest on the Series 2021 Bonds during construction of the Project and for [two (2) years] after the estimated date of completion of the Project,** and (ii) pay certain expenses incurred in connection with the issuance of Series 2021 Bonds, all as permitted under the Act. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2021 Bonds are expected to be applied as follows:

Sources:

Par Amount of Series 2021 Bonds	\$
[Net] Original Issue Discount / Bond Premium	\$
Total Sources:	\$

Uses:

[Deposit to Interest Account to pay capitalized interest]	\$
Deposit to Loan Fund to pay Costs of the Project	\$
Costs of Issuance ⁽¹⁾	\$
Total Uses:	\$

⁽¹⁾ Includes, without limitation, the Underwriters' discount, legal and advisory fees, printing costs and other costs associated with the issuance of the Series 2021 Bonds.

THE SERIES 2021 BONDS

Authority for Issuance

The Series 2021 Bonds are being issued by the Issuer pursuant to, among other things, the Act and the Indenture. See "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

General Description of the Series 2021 Bonds

The Series 2021 Bonds will be dated their date of delivery, be issued in the Original Principal Amount for each Stated Maturity and have the Accreted Value at Maturity, all as set forth on the inside cover page of this Official Statement. The Series 2021 Bonds will be issued as capital appreciation bonds paying no current interest but accreting in value at an interest rate which, when applied to the Original Principal Amount of the Series 2021 Bonds issued for each Stated Maturity and compounded semiannually on an Interest Payment Date, produces a total Accreted Value for such Stated Maturity as shown on the inside cover of this Official Statement. The Accreted Value of the Series 2021 Bonds shall be payable in lawful money of the United States of America at their Stated Maturity. In calculating the Accreted Value of the Series 2021 Bonds, interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Accreted Value of any Series 2021 Bond on any date shall be computed in accordance with the applicable Accretion Table set forth in "APPENDIX F – ACCRETION TABLE." The Accreted Value for any Series 2021 Bond with respect to any date other than a date stated in the Accretion Table shall be determined conclusively by the Underwriter by interpolating such Accreted Value, using the straight line method, by reference to the Accreted Value for the date listed in the Accretion Table which is immediately prior to and immediately subsequent to such

date, and the number of calendar days elapsed since the date listed which is immediately prior to such date.

The Series 2021 Bonds are subject to redemption prior to maturity. For a discussion of applicable redemption provisions, see "THE SERIES 2021 BONDS – Redemption Provisions" herein.

The Series 2021 Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2021 Bonds. Purchases of beneficial ownership interests in the Series 2021 Bonds will be made in book-entry form only and purchasers will not receive physical delivery of certificates representing the beneficial ownership interests in the Series 2021 Bonds unless the book-entry only system is discontinued. Transfers of ownership interests in the Series 2021 Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the indirect participants of DTC and the Beneficial Owners (as defined herein) of the Series 2021 Bonds.

Unless the City and the Paying Agent and Registrar agree otherwise, so long as DTC or its nominee is the registered owner of the Series 2021 Bonds at such securities depository, payments due under the Series 2021 Bonds will be made by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Series 2021 Bonds, which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2021 Bonds. Transfers of such payments to DTC Participants will be the responsibility of DTC. Transfers of such payments to Beneficial Owners of the Series 2021 Bonds by DTC Participants will be the responsibility of such participants and other nominees of such Beneficial Owners. If the book-entry only system is discontinued, the Series 2021 Bonds will be delivered as described in the Indenture, the Beneficial Owners or their nominees will become the registered owners of the Series 2021 Bonds and interest on the Series 2021 Bonds will be payable and ownership of the Series 2021 Bonds may be transferred as described in the Indenture. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption Provisions

*Optional Redemption**. [To be inserted.]

Mandatory Sinking Fund Redemption. [To be inserted.]

Partial Redemption. If less than all the Series 2021 Bonds are to be redeemed, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot or in such other manner as the Trustee shall deem fair, which shall be deemed to include pro rata redemption of Series 2021 Bonds within each Stated Maturity and mandatory sinking fund payments, and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Series 2021 Bonds; provided that after any partial redemption of the Series 2021 Bonds, all Series 2021 Bonds that remain Outstanding shall be in Authorized

* Preliminary, subject to change.

Denominations. No portion of a Series 2021 Bond may be redeemed that would result in a Series 2021 Bond having a principal amount that is less than the minimum Authorized Denomination.

Notice of Redemption. The Trustee shall cause notice of the call for any such redemption identifying the Series 2021 Bonds to be redeemed to be sent not less than 30 days or more than 60 days prior to the Redemption Date by first-class mail postage prepaid, to the Owner of each such Series 2021 Bond to be redeemed at her or his address as it appears on the registration books of the Trustee. Failure to give any notice specified herein or any defect in any such notice, shall not affect the validity of any proceedings for the redemption of any Series 2021 Bonds with respect to which no such failure has occurred. Any notice mailed as provided herein shall conclusively be presumed to have been given whether or not actually received by any Holder. All Series 2021 Bonds called for redemption shall cease to bear interest on the specified Redemption Date, provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption.

If at the time of the giving of any notice of optional or mandatory redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2021 Bonds called for redemption, the notice of redemption shall state that the redemption of such Series 2021 Bonds is conditional upon and subject to deposit of moneys with the Trustee sufficient to redeem all such Series 2021 Bonds not later than the opening of business on the Redemption Date, and that such notice shall be of no effect if such moneys are not on deposit.

Registration and Transfer Provisions

The Issuer shall cause books for the registration of the Series 2021 Bonds and for the registration of transfer of the Series 2021 Bonds as provided in the Indenture to be kept by the Trustee, which is constituted and appointed the bond registrar for the Series 2021 Bonds. Pursuant to the Indenture, the Trustee agrees to keep such books for registration of the Series 2021 Bonds and for registration of transfer of the Series 2021 Bonds.

Subject to the express limitations contained in the Indenture, any Holder of a Series 2021 Bond, in person or by her or his duly authorized attorney, may register the transfer of such Bond on the Bond Register, upon surrender thereof at the principal corporate trust office of the Trustee, together with a written instrument of transfer executed by the Holder or the Holder's duly authorized attorney. Upon surrender for registration of transfer of any Series 2021 Bond, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the designated transferee or transferees a new Series 2021 Bond or Series 2021 Bonds of the same Stated Maturity, aggregate principal amount and tenor as the Series 2021 Bond surrendered and of any Authorized Denomination.

Series 2021 Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate Accreted Value of Series 2021 Bonds of the same Stated Maturity, interest rate, and tenor as the Series 2021 Bonds being exchanged and of any Authorized Denomination. The Issuer shall execute and the Trustee shall authenticate and deliver Series 2021 Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then Outstanding.

Such registrations of transfers or exchanges of Series 2021 Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Series 2021 Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required (i) to transfer or exchange any Series 2021 Bond during the period from a Record Date to an Interest Payment Date or from the Business Day prior to a Special Record Date to the date for payment of Defaulted Interest, or (ii) to make any exchange or registration of transfer of any Series 2021 Bonds called for redemption in whole or in part.

The Person in whose name any Series 2021 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of, or on account of, either principal or interest shall be made only to or upon the order of such Person or her or his duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2021 Bond to the extent of the sum or sums so paid.

All Series 2021 Bonds issued upon any transfer or exchange of Series 2021 Bonds shall be the valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Series 2021 Bonds surrendered upon such transfer or exchange.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the Issuer does not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds as set forth on the inside front cover page of this Official Statement, each in the Original Principal Amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between accounts of Direct Participants. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with the Direct Participants, the "DTC Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date, as identified in a listing attached to the Omnibus Proxy.

Payments of the Accreted Value of and premium, if any, on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent and Registrar on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Paying Agent and Registrar or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2021 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer and/or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2021 Bonds certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bonds certificates will be printed and delivered to the Holders of the Series 2021 Bonds.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE ISSUER AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE ISSUER NOR THE PAYING AGENT AND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (B) DISTRIBUTION OF CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021

BONDS; (C) THE PAYMENT BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCRETED VALUE OR REDEMPTION OR PURCHASE PRICE OF ANY SERIES 2021 BONDS; (D) THE DELIVERY OF ANY NOTICE BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (E) THE ELECTION OF THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2021 BONDS; OR (F) ANY CONSENT GIVEN OR ANY OTHER ACTION TAKEN BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee for DTC, references herein to the registered owners of the Series 2021 Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021 Bonds.

SECURITY AND SOURCES OF PAYMENT

General

The Series 2021 Bonds are limited obligations of the Issuer secured by an assignment and pledge of the Trust Estate, consisting primarily of the payments and prepayments payable by the City under and pursuant to the Loan Agreement. Pursuant to the Loan Agreement, the City has pledged its full faith and credit to the payment of its obligations under the Loan Agreement in an amount sufficient to pay the Accreted Value of and the premium, if any, on the Series 2021 Bonds when due.

See "CERTAIN INVESTMENT CONSIDERATIONS" herein and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT", "APPENDIX B – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

All moneys received by the Trustee with respect to the Loan Agreement or the Series 2021 Bonds, (a) as provided to be held and applied under the Indenture (other than the Additional Payments Account of the Bond Fund and the Rebate Fund), or required to be paid to the Trustee and whose disposition is not otherwise specifically provided for in the Indenture, including but not limited to the investment income of all Trust Funds held by the Trustee under the Indenture; or (b) as payments under the Loan Agreement (except for the right to receive payment of certain expenses and attorney's fees, to receive notices and certain other documents, to indemnification, and to receive amounts payable in reimbursement for certain payment of fees (the "Unassigned Rights") (collectively, the "Trust Moneys") shall be held by the Trustee as a part of the Trust Estate for the Series 2021 Bonds to which the Loan Agreement is pledged, as and to the extent provided in the Indenture, and, upon the exercise by the Trustee of any remedy specified in the Indenture, such Trust Moneys shall be applied in accordance with the Indenture, except to the extent that the Trustee is holding in trust moneys and/or Government Obligations for the payment of any specified Series 2021 Bonds which are no longer deemed to be Outstanding under the provisions of the

Indenture, which moneys and/or Government Obligations shall be applied only as provided in the Indenture.

The Series 2021 Bonds, are not general obligations of the Issuer but are limited obligations of the Issuer payable solely from the revenues and receipts derived from the Loan Agreement pledged to the Series 2021 Bonds, which revenues and receipts are specifically pledged to such purpose in the manner and to the extent provided in the Indenture. The Series 2021 Bonds and interest thereon shall not be deemed to constitute a debt or a pledge of the full faith and credit of the Issuer, the State, or any political subdivision thereof (except to the extent that the City is obligated under the Loan Agreement). The Issuer shall not be obligated to pay the Accreted Value of or premium, if any, on the Series 2021 Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the full faith and credit nor the taxing power, if any, of the Issuer, the State, or any political subdivision thereof (except to the extent that the City is obligated under the Loan Agreement) is pledged to the payment of the Accreted Value of or premium, if any, on the Series 2021 Bonds or other costs incident thereto. The Issuer has no taxing power, and the Series 2021 Bonds do not now and shall never constitute a charge against the general credit of the Issuer. Payment of the Series 2021 Bonds is not secured by a mortgage lien or other security interests in the Project or any portion thereof or any other assets of the Issuer or the City other than the Trust Estate.

In the case of a Loan Default by the City under the Loan Agreement consisting of the failure to timely make Loan Repayments, and upon receipt of indemnity satisfactory to it for its fees and expenses, the Trustee is authorized by the Indenture to take all actions to enforce the remedies of the Issuer set forth in the Loan Agreement.

See "CERTAIN INVESTMENT CONSIDERATIONS" herein and "APPENDIX A DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

Trust Estate

Pursuant to the Indenture and for the purpose of securing the payment of the Series 2021 Bonds and the performance of all covenants and conditions therein contained, the Issuer grants to the Trustee, and its successors in trust, a lien on and a security interest in the following described property, rights, privileges and interests with respect to the Series 2021 Bonds (which, collectively, are hereinafter referred to as the "Trust Estate"):

(a) All right, title and interest and privilege of the Issuer now owned or hereafter acquired in, to and under the Loan Agreement and any agreement supplementing, extending or modifying the same, including, without limitation, all present and future rights of the Issuer to make claim for, collect and receive Loan Repayments and any other income, revenues, issues, profits, insurance proceeds and other sums of money payable to or for the account of or receivable by the Issuer under the Loan Agreement (whether payable pursuant to the Loan Agreement or otherwise), to bring actions and proceedings under the Loan Agreement or for the enforcement thereof, to pursue the remedies provided in the Loan Agreement upon the occurrence of an event

of default thereunder, and to do any and all things that the Issuer is or may become entitled to do under the Loan Agreement, but excluding the Unassigned Rights;

(b) All monies and securities (including the investment income therefrom) held by the Trustee in any of the funds or accounts established under the Indenture (except the Additional Payments Account of the Bond Fund and the Rebate Fund), subject, however, to the application thereof to the uses and in the manner set forth in the Indenture; and

(c) All property which is by the express provisions of the Indenture required to be subject to the lien thereof and any additional property that may, from time to time, by delivery or by writing of any kind, be subjected to the lien thereof, by the Issuer or by anyone on its behalf, for the benefit of Owners of the Bonds thereunder, and the Trustee is authorized to receive the same at any time as additional security thereunder.

Priority of Right, Lien and Privilege under the Indenture

The Series 2021 Bonds rank and have a right of payment from the Trust Estate equal to each other.

Flow of Funds Under the Indenture

All Trust Moneys, including but not limited to payments to be received by the Trustee under the Loan Agreement (excluding the Unassigned Rights), will be held by the Trustee as part of the Trust Estate pursuant to the terms of the Indenture until disbursed as provided therein. **[Pursuant to the assignment and pledge of payments under the Loan Agreement set forth in the Indenture, the Issuer will direct the City to make such payments to the Trustee when and as the same become due and payable by the City under the Loan Agreement.]**

Under the Indenture, there is established with the Trustee a special trust fund known as the "Bond Fund." There shall be established within the Bond Fund: a Principal Account, an Interest Account and an Additional Payments Account, which Fund and Accounts are more fully described as follows:

(a) *Principal Account.* There shall be credited to the Principal Account, as and when received, each Loan Repayment representing a payment of principal under the Loan Agreement, including the Optional Prepayment Price, received by the Trustee under and pursuant to any of the provisions of the Indenture or the Loan Agreement which is required, or which is accompanied by directions that such payment is, to be credited to the Bond Fund. All income derived from the investment of such amounts as realized shall be transferred to the Additional Payments Account.

(b) *Interest Account.* There shall be credited to the Interest Account, as and when received, each Loan Repayment representing a payment of interest, including capitalized interest, under the Loan Agreement received by the Trustee under and pursuant to any of the provisions of the Indenture or the Loan Agreement. Any funds remaining in the Interest Account after a Maturity Date shall be credited to the next Loan Repayment representing a payment of interest. All income derived from the investment of such amounts as realized shall be transferred to the Additional Payments Account. There shall also be credited to the Interest Account the interest earnings

realized from the Loan Fund as set forth in the Indenture unless directed to be retained in the Loan Fund or transferred to the Cost of Issuance Fund as set forth in the Indenture.

(c) Additional Payments Account. There shall be credited to the Additional Payments Account, when and as received, (i) all portions of Loan Repayments constituting Additional Payments received by the Trustee under and pursuant to any of the provisions of the Indenture or the Loan Agreement, (ii) interest earnings from the Accounts in (a) and (b) above, and (iii) interest earnings realized from the Loan Fund as set forth in the Indenture, after the required deposit to the Interest Account unless directed to be retained in the Loan Fund or transferred to the Cost of Issuance Fund as set forth in the Indenture. All income derived from the investment of such amounts shall be retained in the Additional Payments Account. To the extent the amounts set forth in (i) through (iii) exceed the amount necessary to pay the Additional Payments next coming due, the Trustee, upon written direction of the City, may transfer such excess to the Interest Account and/or Principal Account.

The Trustee shall disburse, from time to time, sufficient moneys from the Bond Fund as specified below to pay the Accreted Value of and premium if any, on the Series 2021 Bonds as the same become due and payable.

Funds for the payment of the Accreted Value of and premium, if any, on the Series 2021 Bonds shall be derived from the following sources: (i) funds for the payment of interest on the Series 2021 Bonds shall be disbursed by the Trustee from the Interest Account; and (ii) funds for the payment of the Original Principal Amount of and premium, if any, on the Series 2021 Bonds shall be disbursed by the Trustee from the Principal Account [upon Maturity of such Series of Bonds]. Funds for payment of Additional Payments shall be disbursed by the Trustee from the Additional Payments Account when due.

If any Series 2021 Bond shall not be presented for payment at Maturity, provided moneys sufficient to pay such Series 2021 Bond shall have been made available to the Trustee, all liability of the Issuer to the Holder thereof for the payment of such Series 2021 Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, subject to the provisions of the Indenture, without liability for interest thereon, for the benefit of the Holder of such Series 2021 Bond, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on her or his part thereunder or on, or with respect to, such Series 2021 Bond. All moneys paid over to the Trustee for the account of the Bond Fund (except the Additional Payments Account) under any provision of the Indenture, shall be held (subject to the provisions of the Indenture) in trust by the Trustee for the benefit of the Holders of the Series 2021 Bonds. Any moneys remaining in the Interest Account, the Principal Account, and the Additional Payments Account after payment of the Series 2021 Bonds and payment of the fees, charges and expenses of the Trustee which have accrued and which will accrue and all other items required to be paid under the Indenture with respect to the Series 2021 Bonds shall be paid to the City.

Under the Loan Agreement, the City has covenanted to pay directly to the Trustee when due Additional Payments in amounts sufficient to pay the fees, costs and expenses of the Trustee, the Issuer, the Rebate Analyst, the Bond Counsel, and the Rating Agencies, if any, including, without limitation, fees and expenses of their respective counsel. Such Additional Payments shall

not be treated or considered as Trust Moneys for any purpose of the Indenture, and the Trustee may on its own behalf enforce such covenant against the City. Additional Payments will be deposited by the Trustee to the Additional Payments Account in the Bond Fund as collected and shall be disbursed by the Trustee as set forth in the Loan Agreement upon receipt of an invoice therefor.

Other Funds

Loan Fund. There is established with the Trustee a separate trust fund to be known as the "Loan Fund." Proceeds from the sale of the Series 2021 Bonds in the amount of \$[] shall be deposited in the Loan Fund. The Trustee shall use moneys within the Loan Fund solely to pay the Cost of the Project, to redeem all or a portion of the Series 2021 Bonds, to pay interest on the Series 2021 Bonds as set forth in the Indenture and to the extent permitted by the Act. Before any payment shall be made from the Loan Fund, there shall be filed with the Trustee pursuant to the Loan Agreement a requisition appropriately completed and signed by an Authorized Borrower Representative in the form attached to the Loan Agreement.

The balance of any moneys remaining in the Loan Fund upon completion of the Project shall be deposited in the Principal Account of the Bond Fund and applied by the Trustee to the redemption of the Series 2021 Bonds on the first redemption date occurring after such completion, at the optional or mandatory redemption price [and/or shall be deposited in the Interest Account of the Bond Fund, for payment of interest when due, as directed by the City].

Cost of Issuance Fund. There is established with the Trustee a separate trust fund to be known as the "Cost of Issuance Fund." Moneys in the Cost of Issuance Fund shall be used to pay the costs of issuing the Series 2021 Bonds. Such costs shall be paid on the date of original authentication and delivery of the Series 2021 Bonds, upon the submission of requisitions to the Trustee stating the amount to be paid, to whom it is to be paid and the reason for such payment, each such requisition to include a certificate signed by an Authorized Authority Representative stating that the amount of such requisition is justly due and owing and has not been the subject of another requisition which has been paid and is a proper expense of issuing the Series 2021 Bonds. Moneys in the Cost of Issuance Fund shall be invested as directed by the City and all earnings on moneys in the Cost of Issuance Fund shall be credited to the Cost of Issuance Fund as received.

Rebate Fund. There is established with the Trustee a separate fund to be known as the "Rebate Fund." The Trustee is authorized and directed to receive and hold in the Rebate Fund (i) all payments made by the City pursuant to the Loan Agreement in connection with rebate amounts owed to the United States under Section 148(f)(2) of the Internal Revenue Code of 1986, as amended, and Section 1.148-3 of the Treasury Regulations issued thereunder, and (ii) all earnings on investment of such payments and earnings on reinvestment of such investment earnings. If required, not later than 60 days after each Computation Date the Trustee shall pay to the United States on behalf of the Issuer the amount on deposit in the Rebate Fund. Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Issuer and are not pledged or otherwise subject to any security interest in favor of the Bondholders to secure the Series 2021 Bonds or any other obligation.

Limited Obligations of the Issuer; General Obligation of the City Pursuant to Loan

The Series 2021 Bonds are limited obligations of the Issuer payable solely from and secured by an assignment and pledge of the Trust Estate.

THE SERIES 2021 BONDS AND THE INTEREST THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT), AND THE SERIES 2021 BONDS AND THE INTEREST THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING, WITHOUT LIMITATION, THE CITY AND THE COUNTY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, THE CITY AND THE COUNTY, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER THAT MAY BE UNDERTAKEN BY THE ISSUER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). NO BREACH BY THE ISSUER OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT SHALL IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY POLITICAL SUBDIVISION THEREOF INCLUDING, WITHOUT LIMITATION, THE CITY AND THE COUNTY, OR ANY CHARGE UPON THEIR GENERAL CREDIT OR TAXING POWER (EXCEPT TO THE EXTENT THAT THE CITY IS OBLIGATED UNDER THE LOAN AGREEMENT). THE ISSUER HAS NO TAXING POWER, AND THE BONDS AND THE INTEREST THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER.

As provided herein, pursuant to the Loan Agreement, the City has pledged its full faith and credit to the payment of obligations under the Loan Agreement in an amount sufficient to pay the Accreted Value of and the premium, if any, on the Series 2021 Bonds when due. The City's payments and prepayments payable to the Issuer under the Loan Agreement (excluding Unassigned Rights) have been assigned by the Issuer to the Trustee as part of the Trust Estate to secure payment of the Series 2021 Bonds.

FISCAL OVERVIEW

The following is a fiscal overview of the City, which includes: (a) audited condensed financial results for Fiscal Year 2020; (b) a summary of the audited General Fund for Fiscal Years ended June 30, 2016 through 2020; (c) audited total fund balances/retained earnings trends for Fiscal Years ended June 30, 2016 through 2020; and (d) a statement of debt and net debt ratios. For additional financial information relating to the City, see "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto. See also "CERTAIN INVESTMENT

CONSIDERATIONS – COVID-19" herein for additional information on the impact of COVID-19 to the City's financial condition.

Condensed Financial Results

For Fiscal Year 2020, the audited net operating results for the General Fund revenues/other financing sources were approximately [\$732,973,000] and expenditures/other financing uses were approximately [\$742,824,000]. **[The result was a decrease of approximately \$9,851,000 in the General Fund total fund balance from Fiscal Year 2019.]**

In Fiscal Year 2020, General Fund revenues were higher than the amount of such revenues in Fiscal Year 2019, primarily as a result of greater than expected revenue from current property taxes. Current property taxes as a percentage of General Fund revenues remained steady over the previous year at 36%.

With 68% of the City's expense budget dedicated to personnel expenditures for the provision of City services, employment, healthcare and retirement costs are a constant source of concern. For retirement costs, Tennessee state laws required the City to significantly increase annual contributions to the pension fund, specifically requiring the City to pay the full Actuarially Determined Contribution ("ADC") by the year 2020.

In Fiscal Year 2020, total General Fund expenditures increased by 2%. This increase was due to \$8.4 million in emergency COVID-19 related expenditures for various divisions.

The City adopted a \$708,700,000 General Fund operating budget for Fiscal Year 2021, with a planned Use of General Fund Balance of approximately \$53,444,169, which includes the Use of Restricted Fund Balance (CARES Act funds (as defined herein)) of \$15,500,000, Use of Assigned Fund Balance of \$20,000,000 and Use of Unassigned Fund Balance of \$17,944,169.

The City has established a goal of maintaining at least a 10% unassigned fund balance, as a percent of General Fund expenditures. The City exceeded its goal for Fiscal Year 2020 at 11% but does not expect to meet its goal for Fiscal Year 2021.

The following table presents a summary of the City's audited General Fund for the Fiscal Years ended June 30, 2016 through 2020.

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SUMMARY OF GENERAL FUND⁽¹⁾
Fiscal Years Ended June 30
(In Thousands of Dollars)

	2016	2017	2018	2019	2020
Beginning Fund Balance	\$ 132,266	\$ 145,373	\$ 147,383	\$ 141,201	\$ 135,992
Revenues and Other Sources	652,341	665,007	706,450	718,423	736,657
Expenditures and Other Uses	(639,234)	(662,997)	(712,632)	(725,494)	(745,653)
Adjustments	-	-	-	1,862	2,829
Ending Fund Balance	<u>\$ 145,373</u>	<u>\$ 147,383</u>	<u>\$ 141,201</u>	<u>\$ 135,992</u>	<u>\$ 129,825</u>
Ending Unassigned Fund Balance	<u>\$ 94,674</u>	<u>\$ 95,343</u>	<u>\$ 98,283</u>	<u>\$ 91,541</u>	<u>\$ 79,047</u>

⁽¹⁾ Numbers include the Life Insurance Fund and the Park Special Services Fund.

Source: City of Memphis, Tennessee.

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The following table presents the City's total fund balances/retained earnings trends for the Fiscal Years ended June 30, 2016 through 2020.

TOTAL FUND BALANCES / RETAINED EARNINGS TRENDS⁽¹⁾
Fiscal Years Ended June 30
(In Thousands of Dollars)

	2016	2017	2018	2019	2020
General Fund					
Restricted	\$ 7,210	\$ 8,281	\$ 10,768	\$ 12,725	\$ 13,912
Assigned	43,489	43,759	32,150	31,726	36,866
Unassigned	94,674	95,343	98,283	91,541	79,047
Total General Fund	\$ 145,373	\$ 147,383	\$ 141,201	\$ 135,992	\$ 129,825
All other Governmental Funds					
Restricted	\$ 62,616	\$ 46,688	\$ 54,815	\$ 52,711	\$ 147,551
Committed	43,083	63,954	261,003	217,353	108,959
Unassigned	794	-	-	-	-
Total All Other Governmental Funds	\$ 106,493	\$ 110,642	\$ 315,818	\$ 270,064	\$ 256,510
Total Governmental Funds	\$ 251,866	\$ 258,025	\$ 457,019	\$ 406,056	\$ 386,335
Enterprise	\$ 484,357	\$ 482,988	\$ 520,027	\$ 553,972	\$ 570,541
Internal Service Funds	20,254	23,105	17,563	15,611	15,163
Total Proprietary Funds	\$ 504,611	\$ 506,093	\$ 537,590	\$ 569,583	\$ 585,704
Total Funds	\$ 756,477	\$ 764,118	\$ 994,609	\$ 975,639	\$ 972,039

⁽¹⁾ Numbers may not add due to rounding.

⁽²⁾ Enterprise does not include the Memphis Light, Gas and Water Division ("MLGW").

Source: City of Memphis, Tennessee.

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Statement of Debt

The following table presents the City's total direct and overlapping debt and the related debt ratios as of [October 15, 2020].

STATEMENT OF DEBT⁽¹⁾
As of [October 15, 2020][To be updated]
(Unaudited)

Direct Debt	
General Improvement Bonds ⁽²⁾	\$1,274,985,000
Appropriation Obligations ⁽³⁾	48,597,801
General Obligation Commercial Paper	75,000,000
Total Direct Debt	<u>\$1,398,582,801</u>
Less: Self Supporting Debt ⁽⁴⁾	(188,903,186)
Net Direct Debt	<u>\$1,209,679,615</u>
Plus: City's Share of Shelby County Net Overlapping Debt ⁽⁵⁾	540,289,000
Net Direct and Overlapping Debt	<u><u>\$1,749,968,615</u></u>

DEBT RATIOS

	<u>Net Direct Debt</u>	<u>Net Direct and Overlapping Debt</u>
Net Debt Per Capita ⁽⁶⁾	\$1,858	\$2,688
Net Debt/Assessed Valuation ⁽⁷⁾	9.53%	13.79%
Net Debt/Appraised Valuation ⁽⁸⁾	3.02%	4.37%

(1) This Statement of Debt does not include settlement obligations, tax increment financings, bond premiums and discount or the following outstanding revenue bonds, as they are payable solely from net revenues derived from the respective systems or projects: (a) the City's Sanitary Sewerage Bonds, (b) the City's Storm Water System Revenue Bonds (c) the City's Electric System Revenue Bonds, (d) the City's Water System Revenue Bonds, (e) the City's Gas System Revenue Bonds, (f) the Memphis-Shelby County Airport Authority Revenue Bonds, (g) the Memphis-Shelby County Airport Authority Special Facility Revenue Bonds, and (h) the City's Storm Water System Revenue Bonds. This Statement of Debt also does not include the following bonds, as they are not general obligations of the City but rather are required to be paid solely from Non-Tax Revenues (as defined herein) appropriated by the City for such payments: (i) the Series 2017A EDGE Bonds (as defined herein); and (ii) the Sports Authority Senior Lien Bonds (as defined herein).

(2) Excludes the Series 2020A Bonds.

(3) Includes capital leases, including the 2015 QECB Bonds (as defined herein) and the Series 2017 QECB Bonds (as defined herein) (\$16,405,301), the City's portion of the Port Commission Electrolux Bonds (as defined herein) (\$15,547,500) and the Stadium Project Bonds (as defined herein) (\$16,645,000).

(4) This Statement of Debt is prepared to reflect that the portion of the General Improvement Bonds, Series 2018, issued to finance improvements to the Convention Center (\$171,345,000), certain capital leases (\$9,585,231) and 47.9% of the Stadium Project Bonds (\$7,972,955) are considered to be self-supporting.

(5) Net Debt outstanding for the County as of June 30, 2020, was approximately \$868,633,000 of which approximately \$540,289,000, or 62.2%, is applicable to the City.

(6) The City's estimated population was 651,073, as reported in the 2020 Financial Statements.

(7) The City's assessed valuation was approximately \$12,694,209,000 for the Fiscal Year ended June 30, 2020, as reported in the 2020 Financial Statements.

(8) The City's appraised valuation was approximately \$40,073,124,000 for the Fiscal Year ended June 30, 2020, as reported in the 2020 Financial Statements.

Source: City of Memphis, Tennessee, except as noted above.

OUTSTANDING GENERAL OBLIGATION DEBT

General Improvement Bonds

The following table presents the outstanding par amount of the City's general obligation bonds (the "Outstanding General Improvement Bonds") prior to the issuance and delivery of the Series 2021 Bonds.

Outstanding General Improvement Bonds As of [_____, 2021][To be updated]

Bond Name	Outstanding Par Amount	Final Maturity Date
General Improvement Bonds, Series 2020A	\$24,470,000	December 1, 2030
General Improvement Refunding Bonds, Series 2020	214,675,000	June 1, 2045
General Improvement Bonds, Series 2018	299,165,000	June 1, 2048
General Improvement Bonds, Series 2016	62,455,000	May 1, 2041
General Improvement Refunding Bonds, Series 2015C	67,845,000	April 1, 2045
General Improvement Refunding Bonds, Series 2015B (Federally Taxable)	54,390,000	April 1, 2025
General Improvement Refunding Bonds, Series 2015A	76,820,000	April 1, 2026
General Improvement Refunding Bonds, Series 2014B	185,610,000	April 1, 2044
General Improvement Refunding Bonds, Series 2014A	68,075,000	November 1, 2025
General Improvement and Refunding Bonds, Series 2012B	1,465,000	April 1, 2024
General Improvement and Refunding Bonds, Series 2012A	71,050,000	April 1, 2042
General Improvement and Refunding Bonds, Series 2011	67,045,000	May 1, 2036
General Improvement Bonds, Series 2010F (Recovery Zone Economic Development Bonds)	11,160,000	July 1, 2034
General Improvement Bonds, Series 2010C (Direct Payment Build America Bonds)	55,280,000	July 1, 2032
General Improvement Bonds, Series 2010B (Direct Payment Build America Bonds)	39,950,000	May 1, 2030
Total Outstanding General Improvement Bonds	<u>\$1,274,985,000</u>	

Source: City of Memphis, Tennessee.

[The City has authorized but not yet issued additional general obligation [refunding] bonds in an [approximate] amount [of][not to exceed] \$_____ for the purpose of [financing certain public works projects in the City][paying the principal of outstanding General Obligation Commercial Paper (as hereinafter defined) at their respective maturities][achieving debt service savings].]

General Obligation Commercial Paper

In addition to the Outstanding General Improvement Bonds, the City is authorized to issue, from time to time, its general obligation commercial paper (the "General Obligation Commercial Paper"), pursuant to an initial resolution duly adopted by the City Council on March 24, 2020, in a maximum aggregate principal amount outstanding at any time of not to exceed \$150,000,000 to finance, on an interim basis, the cost of all or any of the public works projects of the City or paying at maturity other General Obligation Commercial Paper.

General Obligation Commercial Paper is currently outstanding in the aggregate principal amount of **[\$150,000,000]**. **[A portion of the proceeds of the Series 2021 Bonds may be used to pay the principal of such outstanding General Obligation Commercial Paper at their respective maturities.]** Any outstanding interest on the General Obligation Commercial Paper will be paid from other available moneys of the City. The City expects to issue additional General Obligation Commercial Paper in the future.

ADDITIONAL OBLIGATIONS

Contingent Obligations

As of the date of this Official Statement, the City has the following outstanding contingent obligations payable from the hereinafter defined Non-Property Tax Revenues (collectively, the "Contingent Obligations"). "Non-Property Tax Revenues" include the City's legally available revenues, other than ad valorem tax revenues, on deposit in the City's General Fund.

Sports Authority Senior Lien Bonds. The Memphis and Shelby County Sports Authority, Inc. (the "Sports Authority") issued certain senior lien bonds (the "Sports Authority Senior Lien Bonds"), the proceeds of which were used to finance and refinance the acquisition, construction and equipping of a multi-purpose arena that is the home of the National Basketball Association's franchise known as the Memphis Grizzlies (the "FedExForum"). Pursuant to an interlocal agreement by and among the City and the County and the Sports Authority (the "Interlocal Agreement"), in the event the revenues pledged to the support of the Sports Authority Senior Lien Bonds prove to be insufficient to pay debt service on the Sports Authority Senior Lien Bonds in any bond year (ending on October 31), the County and the City have covenanted to timely appropriate from legally available non-ad valorem tax revenues, not later than October 31 of the Fiscal Year ending June 30 following the date of such deficit, sufficient money to replenish draws from the debt service reserve fund relating to the Sports Authority Senior Lien Bonds (the "Senior Lien Bonds Reserve Fund") used to make scheduled debt service on the Sports Authority Senior Lien Bonds in the prior bond year.

Principal and interest on the Sports Authority Senior Lien Bonds are payable from (a) seat rental fees derived from the FedExForum, (b) certain sales tax rebate revenues to the City and to the County, (c) City hotel/motel tax revenues derived from certain hotel/motel taxes imposed by the City, (d) County hotel/motel tax revenues derived from certain hotel/motel taxes imposed by the County, (e) certain payments in lieu of taxes from MLGW, and (f) certain car rental taxes collected in the County.

The obligation of the County and the City to replenish draws on the Senior Lien Bonds Reserve Fund is apportioned on an equal basis (i.e., 50% by the City and 50% by the County) but is not a joint obligation. The Interlocal Agreement provides that the maximum amount of the County's or City's respective replenishment obligation relating to the Sports Authority Senior Lien Bonds is the debt service payments on not to exceed one-half of a maximum of \$230,000,000 in principal amount of Sports Authority Senior Lien Bonds. The Sports Authority initially issued \$202,290,000 in aggregate principal amount of Sports Authority Senior Lien Bonds (leaving \$27,710,000 of authorized but unissued Sports Authority Senior Lien Bonds for which the City and County would have a replenishment obligation under the Interlocal Agreement). As of June 2, 2021, the Sports Authority Senior Lien Bonds were outstanding in an aggregate principal amount of \$118,235,000 and the maximum annual contingent obligation of the City to replenish draws from the Senior Lien Bonds Reserve Fund was \$7,262,500. The obligation to replenish the Senior Lien Bonds Reserve Fund is not a general obligation of the City but rather is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments. The final maturity of the Sports Authority Senior Lien Bonds is November 1, 2028.

As of the date of this Official Statement, the City has not been called upon to make a payment under the Interlocal Agreement. HOWEVER, THE CITY CAN OFFER NO ASSURANCE AS TO WHETHER THERE WILL BE FUTURE CALLS ON THE CITY TO MAKE A PAYMENT UNDER THE INTERLOCAL AGREEMENT. No feasibility report with respect to the FedExForum was prepared.

Series 2017 EDGE Bonds. Pursuant to a Trust Indenture dated as of June 1, 2017 (the "EDGE Indenture"), the Economic and Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (also known as "EDGE") issued its \$36,215,000 TDZ Revenue Refunding Bonds, Series 2017A (Federally Taxable) (the "Series 2017A EDGE Bonds"), its \$87,725,000 TDZ Revenue Refunding Bonds, Series 2017B (the "Series 2017B EDGE Bonds"), and its \$34,300,000 TDZ Revenue Refunding Bonds, Series 2017C (Federally Taxable) (the "Series 2017C EDGE Bonds" and, together with the Series 2017A EDGE Bonds and the Series 2017B EDGE Bonds, the "Series 2017 EDGE Bonds"). The Series 2017B EDGE Bonds and the Series 2017C EDGE Bonds are hereinafter referred to, collectively, as the "Series 2017 EDGE Non-Property Tax Revenue Supported Bonds." The proceeds of the Series 2017 EDGE Bonds were used by EDGE to fund a loan to the City under a loan agreement, dated June 1, 2017 (the "EDGE Loan Agreement"), the proceeds of which loan, together with certain other funds of the City, were used to: (a) refund and defease certain prior obligations of the City incurred in connection with the financing of a portion of the costs associated with the redevelopment of the Pyramid Arena, the acquisition and renovation of certain properties in the center city area of the City adjacent to the Pyramid Arena and the acquisition of the interest of the County in the Renasant Convention Center; and (b) pay certain costs of issuance related to the Series 2017 EDGE Bonds. The Series 2017 EDGE Bonds are payable primarily from distributions of state and local sales and use taxes in a tourist development zone which includes the Pyramid Arena, the Pinch District of the City and the Renasant Convention Center (the "TDZ Revenues"). The Series 2017A EDGE Bonds, and any other senior bonds subsequently issued under the EDGE Indenture, are payable solely from TDZ Revenues and have a right of payment from the TDZ Revenues superior to that of the Subordinated EDGE Bonds (hereinafter defined).

Pursuant to the EDGE Loan Agreement, in the event the TDZ Revenues prove to be insufficient to pay debt service on the Series 2017 EDGE Non-Property Tax Revenue Supported Bonds and any other subordinate bonds subsequently issued under the EDGE Indenture (the "Subordinated EDGE Bonds"), the City has covenanted and agreed to appropriate from legally available non-ad valorem tax revenues, on or prior to the time required in the EDGE Loan Agreement, sufficient money to pay the principal of, premium, if any, and interest payable on the Subordinated EDGE Bonds. As of June 2, 2021, the Subordinated EDGE Bonds were outstanding in an aggregate principal amount of \$122,025,000. The City's obligation to pay the principal of, premium, if any, and interest on the Subordinated EDGE Bonds in the event the TDZ Revenues are insufficient is not a general obligation of the City but, rather, is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments. The final maturity of the Series 2017 Non-Property Tax Revenue Supported Bonds is November 1, 2030.

As of the date of this Official Statement, the City has not been called upon to make any payment of Non-Property Tax Revenues under the EDGE Loan Agreement. HOWEVER, THE CITY CAN OFFER NO ASSURANCE AS TO WHETHER THERE WILL BE ANY FUTURE CALL ON THE CITY TO MAKE A PAYMENT FROM ITS NON-PROPERTY TAX REVENUES UNDER THE EDGE LOAN AGREEMENT.

Pending Contingent Obligations - Series 2021 EDGE Bonds. The City anticipates that EDGE will issue [up to \$__] million of revenue bonds (the "Series 2021 EDGE Bonds") to fund a portion of the costs of the Memphis Fairgrounds – Liberty Park redevelopment in the City, including the costs of financing the construction a 230,000 square-foot sports and events center, site preparation for a proposed private development and various campus improvements. The Series 2021 EDGE Bonds are anticipated to be paid primarily from the proceeds of incremental state and local sales taxes collected within a Tourism Development Zone ("Liberty Park TDZ") approved by the State and encompassing the Fairgrounds – Liberty Park development. In the event of a shortfall in the Liberty Park TDZ revenues, the Series 2021 EDGE Bonds would be payable from appropriations of the City's Non-Property Tax Revenues.]

Additional Contingent Obligations. The City expects to fund, from time to time, special projects related to economic development which largely will be payable from specific dedicated revenues. To the extent the City elects to fund all or a portion of such projects, the City may incur additional debt which may be supported by Non-Property Tax Revenues.

For more information regarding the Contingent Obligations, see Note V.C to the 2020 Audited Financial Statements, which is available through EMMA.

Unconditional Obligations

As of the date of this Official Statement, the City has the following outstanding non-contingent obligations payable from Non-Property Tax Revenues (collectively, the "Unconditional Obligations").

Port Commission Electrolux Bonds. The Memphis and Shelby County Port Commission (the "Port Commission"), the State, the County, the City, and the Memphis and Shelby County

Industrial Development Board entered into a Site Location and Development Agreement dated December 15, 2010 (the "Development Agreement"), whereby each committed to support the development of a new appliance manufacturing and assembly facility, warehouse and distribution facility and regional headquarters facility for Electrolux Home Products, Inc. (the "Electrolux Development") located in the City and the County, within the Port Commission's boundaries and jurisdiction. The City and the County agreed to match funds of the State to subsidize or assist in the Electrolux Development.

The Port Commission issued its \$40,795,000 Development Revenue Bonds, Series 2011 (the "Port Commission Electrolux Bonds") on September 7, 2011. The Port Commission Electrolux Bonds are secured, in part, by all of the Port Commission's right, title and interest in an interlocal agreement by and among the Port Commission, the County and the City under which the City and the County covenanted to timely appropriate from legally available non-ad valorem tax revenues sufficient money to pay scheduled debt service on the Port Commission Electrolux Bonds.

The obligation of the City and the County to support the payment of debt service on the Port Commission Electrolux Bonds is apportioned on an equal basis (i.e., 50% by the City and 50% by the County). The maximum amount of the City's or the County's respective support obligation under the Development Agreement is equal to the debt service payments on not to exceed \$22,000,000 of the principal amount of the Port Commission Electrolux Bonds. As of June 2, 2021, the Port Commission Electrolux Bonds were outstanding in an aggregate principal amount of \$29,740,000, the City's portion of which is \$14,870,000, and the maximum annual debt service due on the Port Commission Electrolux Bonds and payable by the City is \$1,401,075. The obligation of the City and the County to support the payment of debt service on the Port Commission Electrolux Bonds is not a general obligation of the County or the City. The obligation of the City is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments.

The Electrolux Development was completed and the facility commenced operations, including the production of appliances, in June 2013. **[Electrolux Home Products, Inc., announced that it expects to close the Electrolux Development in 2021.]** The City's obligations with respect to the Port Commission Electrolux Bonds will continue after closure of the Electrolux Development.

Stadium Project Bonds. Pursuant to an Indenture of Trust, dated as of March 1, 2014, the Memphis Center City Revenue Finance Corporation (the "Corporation") issued its \$17,925,000 Sports Facility Revenue Bonds, Series 2014A (Stadium Project) and its \$5,720,000 Sports Facility Revenue Bonds, Series 2014B (Stadium Project) (Federally Taxable) (collectively, the "Stadium Project Bonds"). The proceeds of the Stadium Project Bonds were used to, among other things, provide funds for the purpose of (a) acquiring the Memphis Redbirds Baseball Foundation's interest in and to a AAA minor league baseball stadium and related facilities, known as AutoZone Park (the "Stadium") and certain real property owned by the City on and adjacent to which the Stadium is located (the "Site") in connection with the sale of the Memphis Redbirds franchise and the lease of the Stadium to an affiliate of the St. Louis Cardinals and (b) making a capital contribution for certain improvements to the Stadium and the Site. The Stadium Project Bonds are secured by an assignment and pledge of, among other things, rents payable by the lessee of the

Stadium, certain sales tax rebates and other payments to the Corporation (collectively, the "Other Payments") and amounts payable by the City (the "Lease Payments") to the Corporation pursuant to that certain Sublease Agreement, dated as of March 1, 2014, between the Corporation and the City (the "Financing Lease"). The City covenanted and agreed to timely appropriate from legally available non-ad valorem tax revenues sufficient money to pay the Lease Payments after taking into account the credits against such Lease Payments, including the Other Payments. As of June 2, 2021, the Stadium Project Bonds were outstanding in the aggregate principal amount of \$15,290,000 and the maximum annual debt service due and payable is \$2,487,754. The obligation of the City to make the Lease Payments is not a general obligation of the City but rather is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments after taking into account the credits against such Lease Payments, including the Other Payments.

During Fiscal Year 2021, the City made a payment under the Financing Lease in the amount of \$1,391,177. Such amount represented 67.5% of the Stadium Project Bond debt service for the year, which was higher than the City's historical payments of 3% to 14% of annual debt service on the Stadium Project Bonds. Due to the COVID-19 pandemic, the 2020 Minor League Baseball season was cancelled, resulting in a significant decrease in revenues available to pay debt service on the Stadium Project Bonds. The City was required under the Financing Lease to cover the shortage in revenues.

2015 QECB Bonds. Pursuant to an Indenture of Trust, dated as of February 18, 2015, the Corporation issued its \$8,316,000 Memphis Center City Revenue Finance Corporation, Qualified Energy Conservation Bonds, Series 2015A (Federally Taxable) (the "Series 2015A QECB Bonds"). In addition, pursuant to an Indenture of Trust, dated as of April 29, 2015, the Corporation issued its \$2,015,300 Memphis Center City Revenue Finance Corporation, Qualified Energy Conservation Bonds, Series 2015B (Federally Taxable) (the "Series 2015B QECB Bonds") and \$340,700 Memphis Center City Revenue Finance Corporation, Qualified Energy Conservation Bonds, Series 2015C (Federally Taxable) (the "Series 2015C QECB Bonds" and together with the Series 2015A QECB Bonds and the Series 2015B QECB Bonds, the "2015 QECB Bonds"). The proceeds of the 2015 QECB Bonds were used to, among other things, provide funds for loans to certain developers under the City's Green Communities Program, which was established to finance loans and grants to eligible participants for energy conservation installations and improvements to designated facilities. The 2015 QECB Bonds are secured by amounts payable by the City (the "2015 QECB Payments") pursuant to certain lease agreements between the Corporation and the City. The City covenanted and agreed to timely appropriate from legally available non-ad valorem tax revenues sufficient money to pay the 2015 QECB Payments after taking into account indirect subsidy payments received from the U.S. Treasury on account of the 2015 QECB Bonds being qualified energy conservation bonds under Section 54D of the Internal Revenue Code of 1986, as amended (the "2015 Subsidy Payments"). As of June 2, 2021, the QECB Bonds were outstanding in the aggregate principal amount of \$4,033,200 and the maximum annual debt service due and payable was \$1,218,578. The obligation of the City to make the 2015 QECB Payments is not a general obligation of the City but rather is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments after taking into account the 2015 Subsidy Payments.

Pending Unconditional Obligations – Series 2021A EDGE Bonds. The City anticipates making application to EDGE for the issuance by EDGE of up to \$[] million of revenue

bonds (the "Series 2021A EDGE Bonds") to fund a portion of the costs of making improvements to the FedEx Forum Arena, AutoZone Park baseball stadium, the Historic Melrose development and multifamily affordable housing facilities. The Series 2021A EDGE Bonds are anticipated to be payable from annual appropriations of the City's Non-Property Tax Revenues.]

Additional Unconditional Obligations. The City expects to fund, from time to time, special projects related to economic development which largely will be payable from specific dedicated revenues. To the extent the City elects to fund all or a portion of such projects, the City may incur additional debt which may be supported by Non-Property Tax Revenues.

For more information regarding the Unconditional Obligations see Note IV.G to the 2020 Audited Financial Statements, which is available through EMMA.

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Tax Increment Financing

The City expects to participate, from time to time, in tax increment financings ("TIFs") related to economic development. In a TIF, an instrumentality of the City or the County (e.g. EDGE or the Community Redevelopment Agency ("CRA")) will issue its tax increment financing bonds and grant the proceeds to a developer to incentivize the completion of an economic development project. The City, and in some cases the County, agree to divert all or a portion of the incremental real and personal property tax revenues related to the project to the payment of debt service on the tax increment financing bonds. As of the date of this Official Statement, the City is obligated to divert certain incremental real and personal property taxes to the payment of debt service on the following TIFs:

EDGE – Graceland TIF. In 2017, EDGE issued approximately \$95 million of bonds to incentivize the development of a 450-room hotel and other tourist facilities located on the Graceland campus – the former home of Elvis Presley. The bonds are payable from (i) City and County incremental property taxes collected on Graceland properties, (ii) a 5% sales tax surcharge levied on sales made on the Graceland campus and (iii) certain incremental state and local sales taxes collected within the “tourism development zone” comprising the Graceland campus. The City's obligation to divert incremental property taxes to the payment of the bonds expires in 2035.

EDGE – UNDC-Highland Strip TIF. In 2016, EDGE issued approximately \$21 million of bonds to incentivize the development along South Highland Street, between Poplar Avenue and Park Avenue, in the City. The bonds are payable from City and County incremental property taxes collected on properties within the redevelopment area. The City's obligation to divert incremental property taxes to the payment of the bonds expires in 2036.

EDGE – Parkside at Shelby Farms TIF. EDGE approved a resolution authorizing a TIF for the development of parts of Shelby Farms in 2016 and amended the resolution in 2017. To date, the TIF has not been activated and no bonds have been issued for this TIF. EDGE plans to borrow not to exceed \$96,400,000, (which represents the total amount necessary to pay for the planned improvements, the cost of financing the planned improvements and related eligible costs) through the issuance and sale of notes, bonds or other obligations of EDGE. Proceeds will be used to make developments and improvements to public promenades, public open spaces, pedestrian connections to the Greenline and an improved Gateway along Mullins Station Road, which is an important cornerstone for the community. The planned development will include a 130-room hotel, approximately 33,000 square feet of commercial space, office space and approximately 1,700 structured parking spaces. In addition, approximately 1,400 multi-family residential units will be included in the development, but are not part of the project. The EDGE obligations will be payable from TIF revenues collected within the redevelopment area.

CRA – Highland Row TIF. In 2016, the CRA issued approximately \$12.5 million of bonds for the Highland Row TIF to incentivize a project which includes a mixed-use development with structured parking. The project was substantially complete as of December 2017. The bonds are payable from City and County incremental property taxes collected on properties within the redevelopment area. The City's obligation to divert incremental property taxes to the payment of the bonds expires in 2038.

CRA – Uptown TIF. The CRA approved a pay-as-you-go TIF for use in and around the Uptown area in 2001. The TIF has been actively used in the rehabilitation of the neighborhoods around Uptown and St. Jude Hospital. In 2017, the City approved an extension and expansion of the TIF with a cap of \$95 million. The TIF was similarly expanded, with the cap raised by an additional \$30 million, in 2019. There are no bonds issued for the TIF. Projects funded by the TIF are payable from City and County incremental property taxes collected on properties within the redevelopment area. The City's obligation to divert incremental property taxes to the TIF expires in 2032.

CRA – Binghampton TIF. This pay-as-you-go TIF was approved by the CRA in 2017 to finance development in the Binghampton neighborhood. The TIF has been actively used in the rehabilitation of the Binghampton neighborhood. The TIF has a cap of \$26 million. There are no bonds issued for the TIF. Projects funded by the TIF are payable from City and County incremental property taxes collected on properties within the redevelopment area. The City's obligation to divert incremental property taxes to the TIF expires in 2048.

For more detailed descriptions of the TIF and payments in lieu of taxes ("PILOTs") programs offered within the City, see Note IV.C to the 2020 Audited Financial Statements in "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

City of Memphis Retirement System

Employees of the City participate in the City's retirement system, which provides retirement as well as death and disability benefits. The City's retirement system is described below.

GASB 68. In the Fiscal Year ended June 30, 2015, the City adopted the new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pension Plans. Statement No. 68, Accounting and Financial Reporting for Pension Plans, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 is effective for financial statements for the Fiscal Years beginning after June 15, 2014. Prior to implementing GASB 68, employers participating in a cost-sharing plan recognized annual pension expense equal to their contractually required contribution to the plan. Pension liabilities resulted from the difference between contributions required and contributions made. GASB 68 requires employers to recognize a liability as employees earn their pension benefits. For the first time, employers participating in cost-sharing plans will recognize their proportionate share of the collective pension amounts for all benefits provided through the plans. Pension amounts to be recognized by employers include the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The employer's proportionate share of the collective net pension liability will appear on the face of the employer's accrual-based financial statements along with the employers' other long-term liabilities.

General. The City of Memphis Retirement System (the "City Retirement System") is a single employer public employee retirement system administered by a Board of Administration (the "Board") under the direction of the Mayor. The Board has established and given authority to a Pension Investment Committee to exercise authority and control of investments solely in the

interest of participants of the City Plan and their beneficiaries. The Pension Investment Committee consists of seven members: the Chief Financial Officer, the Deputy Finance Director, the City Treasurer, the Comptroller, the Investment Manager, a Senior Investment Analyst and a citizen member. Additionally, the Board executes its policies with the aid of external investment advisors. Separate financial statements are available and can be obtained from The City of Memphis, Human Resources Division, 125 North Main Street, Memphis, Tennessee 38103.

The City Retirement System pension trust fund accounts for the activity of the City Retirement System and separate retirement systems are operated by MLGW and the Memphis Library System. A small portion of the hourly rate employees are covered under the Social Security program instead of the retirement systems. In addition to being governed under the Social Security program, certain employees receive a contribution paid by the City to a 457 Deferred Compensation Plan.

Substantially all permanent full-time salaried employees of the City (excluding component units) are required to participate in either of three contributory defined benefit pension plans, which are the 1948 Plan for salaried employees hired prior to July 1, 1978 (the "1948 Plan"), the 1978 Plan for salaried employees hired after June 30, 1978, but prior to July 1, 2016 (the "1978 Plan"), and the 2016 Plan for salaried employees hired after June 30, 2016 (the "2016 Plan" and, together with the 1948 Plan and the 1978 Plan, the "Plans"). All non-grandfathered employees in the 1978 Plan began to participate in the 2016 Plan on July 1, 2016. For this purpose, a non-grandfathered employee is any employee with less than 7 1/2 years of service as of July 1, 2016. The 2016 Plan is a new hybrid plan using a hybrid defined benefit formula that includes both a market based cash balance component and a defined contribution component. For more information about the 2016 Plan, see "ADDITIONAL OBLIGATIONS – Pension Plan Reform – *Pension Ordinance*" herein.

The Plans provide retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of service. Under the applicable ordinances of the City, trust assets are reported in one trust fund and not segregated between the Plans. Permanent, full-time employees in job classifications covered by contract with the Social Security Administration are not participants of the City Retirement System, as they are covered under the Federal Insurance Contribution Act (Social Security).

At June 30, 2020, there were [12,662] participants in the City Retirement System, [4,696] of whom were retirees and beneficiaries who are currently receiving benefits, [718] of whom were disabled participants receiving benefits, [1,126] of whom were terminated employees entitled to benefits but not yet receiving same, [3,105] of whom were fully vested active employees and [3,017] of whom were non-vested active employees. As of the Fiscal Year ended June 30, 2020, the City Retirement System had a net position of approximately [\$2,262,361,000].

Actuarial Methods and Assumptions. The City obtains annually an actuarial valuation of the City Retirement System for the purpose of calculating the necessary information for accounting and reporting requirements in accordance with Governmental Accounting Standards. The actuarial asset valuation method is the Entry Age Normal Actuarial Cost Method. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the Plans (or would have

entered, if the Plans had always been in effect and the participant had entered at the earliest possible date) until retirement; would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5% per year for GASB 67 and GASB 68 purposes; (b) projected future salary increases on a scale that varies by age and service with a weighted average of 4.25% per year; (c) results from a May, 2014, experience study based on 10 years of census data (between 2003 through 2012); (d) no COLA increases; and (e) measurement and valuation date as of June 30, 2020.

Mortality rates for general employees are based on the Fully Generational RP-2014 Mortality Table for males and females with 1-year set forward. Police and Fire mortality rates are based on the Fully Generational RP-2014 Mortality Table with Blue Collar adjustment for males and females and a 1-year set forward. Disabled employees' rates are based on the Fully Generational RP-2014 Disabled Mortality Table with a 3-year set back.

The discount rate used to measure the total pension liability was 7.5% as of July 1, 2020, and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that City contributions would be made at the actuarially calculated amount computed in accordance with the current funding policy adopted by the City, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed-period approach. Pursuant to the Public Employee Defined Benefit Act (as defined herein), the City phased into funding 100% of the actuarially calculated amount over a 5-year period beginning with the Fiscal Year commenced July 1, 2015. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The following presents the net pension liability of the City calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$778,084 ⁽¹⁾	\$480,124 ⁽¹⁾	\$ 229,756 ⁽¹⁾

⁽¹⁾ In thousands of dollars.

Plan Description. General employees in the 1948 Plan must contribute 5% of compensation. Under the 1948 Plan, general employees may retire after completion of 25 years of service or, if earlier, after age 60 and the completion of 10 years of service. General employees in the 1978 Plan must contribute 8% of compensation. Under the 1978 Plan, general employees may retire after completion of 25 years of service or, if earlier, after meeting either of the following: (a) after age 65 and the completion of 5 years of service, or (b) after age 60 and the completion of 10 years of service. Fire and Police employee contributions range from 5% to 8% of compensation, depending on the plan and date of hire. Police officers and firefighters under the 1948 Plan and the 1978 Plan may retire after completion of 25 years of service or, if earlier, after

age 55 and the completion of 10 years of service. Elected and appointed participants hired prior to November 1, 2004, may retire after 12 years of service. The employer contribution is 6% of compensation, as required by the Pension Ordinance (as defined herein). Any difference in the actual employer contribution and the ADC affects the unfunded liability, which is amortized over future years.

Schedule of Employer Contributions. The Plans' funding policy provided for actuarially determined periodic contributions at rates of 5% per annum for General city employees and up to 7% for Police and Fire employees. The City is required to contribute the remaining amounts necessary to fund the Plans using the actuarial basis specified by statute. The City is also required to appropriate funds for the trust fund as necessary to pay all costs and expenses of the Plans. The employer contribution is 6% of compensation, as determined by the Pension Ordinance. Employer contributions as a percentage of annual payroll for the year ended June 30, 2020, were 14.5%. For the Fiscal Year ended June 30, 2020, the City Retirement System reported total employer and plan member contributions of approximately \$54,194,000 and \$17,884,000, respectively. Benefits paid to plan members totaled approximately \$191,109,000 during the Fiscal Year ended June 30, 2020. Cost of living increases are determined annually by the City Council as part of the budgeting process.

The schedule of employer contributions for the two years ended June 30, 2020, is as follows (numbers in thousands):

**Schedule of Contributions
City Retirement System⁽¹⁾**

Year Ending June 30	Actuarially Determined Contribution ⁽²⁾ (a)	Actual Employer Contributions (b)	Contribution Excess/(Deficiency) (c) = (b) – (a)	Actual Covered Employee Payroll ⁽³⁾ (d)	Contributions as a Percentage of Covered Payroll (b) / (d)
2019	\$62,499	\$58,896	\$(3,603)	\$338,373	17.4%
2020	53,719	54,194	475	372,817	14.5

(1) This schedule was prepared prospectively to satisfy the requirements of GASB 68.

(2) The actuarially determined contribution is based on a discount rate assumption of 7.50%.

(3) Actual Covered Employee Payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. Because pensionable pay is used to determine contributions under City Retirement System, pensionable pay is shown, instead of gross payroll. Actual covered employee payroll is for the year immediately preceding the valuation date.

Source: 2020 Audited Financial Statements.

Pension Expense. The pension expenses of the City under GASB 68 for Fiscal Year ended [June 30, 2020], were as follows (numbers in thousands):

Employer Service Cost	\$ 269
Interest Cost	5,022
Expected Return on Assets	(3,927)
Changes of Benefit Terms	-
Recognition of Deferred (Inflows)/Outflows	1,373
Total collective pension expense	\$ 2,737

Source: Note V.F to the 2020 Audited Financial Statements.

Net Pension Liability. Following is five-year trend information relating to net pension liability for the City Retirement System (numbers in thousands):

**City Retirement System
Net Pension Liability**

Year Ending June 30	Total Pension Liability (a)	Net Fiduciary Position (b)	Net Pension Liability (c) = (a) - (b)	Fiduciary Net Position as % of Total Pension Liability (b) / (a)	Actual Covered Employee Payroll ⁽¹⁾ (d)	Net Pension Liability as a Percentage of Covered Payroll (c) / (d)
2016	\$2,618,812	\$2,091,586	\$527,226	79.9%	\$300,123	175.7%
2017	2,680,855	2,261,585	419,270	84.4	336,505	124.6
2018 ⁽²⁾	2,664,367	2,343,781	320,586	88.0	333,171	96.2
2019	2,773,138	2,337,399	435,739	84.3	338,373	128.8
2020	2,742,485	2,262,361	480,124	82.5	372,817	128.8

- (1) The Actual Covered Employee Payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used to determine contributions under the plan, pensionable pay is shown above starting June 30, 2016. Prior to June 30, 2016, the gross payroll is shown consistent with the requirements prior to the release of GASB 82. Note, actual covered employee payroll is for the year immediately preceding the valuation date.
- (2) Subsequent to the issuance of the Audited Financial Statements of the City of Memphis, Tennessee, for the Fiscal Year Ended June 30, 2018, an error was discovered in the reporting of the net fiduciary position. Thus, the data presented in this table for 2018 is restated.

Source: 2020 Audited Financial Statements.

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The following is a five-year historical summary of principal valuation results for the City Retirement System:

HISTORICAL SUMMARY OF PRINCIPAL VALUATION RESULTS

Fiscal Years 2016-2020
(In Thousands of Dollars)

	2016	2017	2018	2019	[2020]
Annual Funding:					
Annual Required Contribution	\$ 73,913	\$ 58,185	\$ 62,433	\$ 62,499	\$ 53,719
Percent of Anticipated Payroll	17.3%	16.5%	16.5%	16.8%	%
Government Accounting Standards Board Statement #27:					
End of Year Net Pension Obligation	\$ 527,226	\$ 419,270	\$ 320,586	\$ 435,739	\$ 480,124
Assets at beginning of plan year:					
Market Value of Assets	\$2,200,549	\$2,091,586	\$2,261,585	\$2,388,109	\$
Participation at beginning of plan year:					
Number of participants:					
Active Participants	5,691	5,710	5,858	5,941	
Terminated Vested Participants	704	798	867	958	
Retiree and Beneficiary Participants	4,046	4,133	4,180	4,243	
Disabled Participants	642	632	664	684	
DROP Participants	302	294	265	259	
TOTAL	11,385	11,567	11,834	12,085	
Covered payroll of Active Participants ⁽¹⁾	\$ 300,123	\$ 336,505	\$ 333,171	\$ 338,373	\$
Annual benefits in pay status	169,585	171,489	174,803	180,447	
Average attained age for active participants	44.2	44.0	43.9	43.5	

(1) The actual covered employee payroll is defined under GASB 82 to be payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting June 30, 2016. Prior to June 30, 2016 the gross payroll is shown consistent with the requirements prior to the release of GASB 82.

Source: 2020 Audited Financial Statements.

Pension Plan Reform

Public Employee Defined Benefit Act. The Tennessee "Public Employee Defined Benefit Financial Security Act of 2014" (the "Public Employee Defined Benefit Act") was signed into law on May 22, 2014, and was codified as Title 9, Chapter 3, Part 5, Tennessee Code Annotated. In order to improve financial security of public defined benefit plans, the Public Employee Defined Benefit Act, among other things, requires each political subdivision which has established and maintains, directly or indirectly, a defined benefit pension plan for the benefit of its employees not administered by the Tennessee Consolidated Retirement System to: (a) adopt a resolution delineating a funding policy for financing the obligations under the pension plan for Fiscal Years beginning after June 15, 2015 (the "Funding Policy Resolution"); (b) utilize the level dollar amortization method for financing the unfunded accrued liability beginning no later than the plan Fiscal Year commencing after June 15, 2020; and (c) annually make a payment to the pension plan of no less than 100% of the actuarially determined annual required contribution that incorporates both the normal cost of benefits and the amortization of the pension plan's unfunded accrued liability (the "ADC"), provided however, the affected political subdivision may make a payment of more than 100% of the ADC. If the political subdivision fails to fund the ADC, the Public

Employee Defined Benefit Act permits the State Commissioner of the Department of Finance and Administration, at the direction of the Comptroller of the Treasury, to withhold such amount or part of such amount from any state-shared taxes that are otherwise apportioned to such political subdivision. The money withheld from state-shared taxes will be paid to the political subdivision's pension plan. Notwithstanding the foregoing, if the political subdivision is unable to meet the annual funding progress percentage it may submit a plan of correction to the State Treasurer for consideration. If the State Treasurer determines the plan of correction is sufficient to comply with the requirements of the Public Employee Defined Benefit Act, the State Treasurer will submit the plan of correction to the state funding board for approval.

The Public Employee Defined Benefit Act further provides that (a) for all affected employees of the political subdivision hired on or after the later of the effective date of the Public Employee Defined Benefit Act or the date that the funding plan is authorized by the political subdivision's governing body, the political subdivision may freeze, suspend or modify benefits, employee contributions and plan terms and design on a prospective basis; and (b) for any pension plan that is funded below 60%, the affected political subdivision may not establish benefit enhancements unless approved by the State Treasurer.

Pension Ordinance. In order to comply with the Public Employee Defined Benefit Act's requirements to improve the financial security and actuarial soundness of the City's Retirement Plans, the City Council adopted Ordinance No. 5573 (the "Pension Ordinance") on December 16, 2014. Pursuant to the Pension Ordinance, the City's previously existing defined benefit plan was closed, as of July 1, 2016, to employees who then had 7.5 years or less of service. Such employees and all subsequently hired employees are subject to the 2016 Plan, which is a hybrid plan consisting of a market based cash balance plan (the "Market Based Plan") and a 401(a) defined contribution plan (the "401(a) Plan"). Currently, general employees in the 1978 Plan must contribute 8% of compensation and Fire and Police employee contributions range from 6.2% to 8% of compensation, depending on the date of hire. The employer contribution is 6% of compensation. Under the Market Based Plan, employees will contribute 2% of compensation and the employer contribution is 3% - 16% of compensation, depending on years of service, position and status as a General or Fire and Police employee. Under the 401(a) Plan, employees will contribute 6% of compensation and the employer contribution is 1.5% of compensation. The City currently expects that the 2016 Plan will reduce its ADC and will mitigate the exposure of the Plan's participants to increased funding costs caused by reduction in the value of plan assets due to adverse market conditions.

For the Fiscal Year ended June 30, 2020, the City contributed \$53.7 million to fund 100% of its ADC, as required by the Public Employee Defined Benefit Act.

2019 Sales Tax Referendum. On October 3, 2019, pursuant to § 67-6-706(a) and § 67-6-707 of the Tennessee Code Annotated, the citizens of the City voted to increase the local option sales tax rate in the City by one-half of a percent, from 2.25% to 2.75%, to fund the restoration of pensions and benefits for police and firefighters hired prior to July 1, 2016 to the levels in the 1978 Plan, and to restore the health care benefits in effect as of July 1, 2014, for police and fire employees (the "Voter Approved Ordinance"). The Voter Approved Ordinance became effective January 1, 2020. Though the stated purpose of the Voter Approved Ordinance is to fund the restoration of such benefits, the City is not obligated to use the increased tax proceeds for that

purpose.

City of Memphis Other Post-Employment Benefits (OPEB) Plan

In the Fiscal Year ended June 30, 2017, the City adopted the new statement of financial accounting standards issued as the Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74") and also adopted the early implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 74 established new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. GASB 74 replaces GASB Statements No. 43 and No. 57. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension. GASB 75 replaces the requirements of GASB Statements No. 45 and No. 57 and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses / expenditures.

Plan Description. The City's OPEB Plan (the "OPEB Plan") is a single-employer plan for GASB accounting purposes. This Plan provides medical and life insurance benefits to eligible retired City of Memphis General, Police, Fire and Airport Authority employees and their dependents based on firmly-established past practices. At June 30, 2020, the number of active participants in the OPEB Plan was 7,145. There were 4,995 inactive participants eligible, of which 2,904 were enrolled. Eligibility for OPEB benefits is based on two pension options: normal retirement or disability retirement. Requirements for eligibility under the OPEB Plan are as follows:

General Employees – 1948 Plan Participants

Normal – Age 60 and 10 years of service, or 25 years of service

Disability – Non-Line of Duty, 5 years of service

General Employees – 1978 Plan Participants

Normal – Age 60 and 10 years of service, or age 65 and 5 years of service, or 25 years of service

Disability – Non Line-of-Duty, 5 years of service

General Employees 2012 and 2016 Plan Participants

Normal – Age 65 and 5 years of service, or 25 years of service

Disability – Non Line-of-Duty, 5 years of service

Police and Fire (Uniform) 1948 Plan Participants

Normal – Age 55 and 10 years of service, or 25 years of service

Disability – Line-of-Duty, no service requirement

Police and Fire (Uniform) 1978, 2012 and 2016 Plan Participants

Normal – Age 55 and 10 years of service, or 25 years of service

Disability – Line-of-Duty, no service requirement

Spouses of eligible retirees may receive postretirement medical benefits. Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree's death. Working spouses with available coverage elsewhere do not receive postretirement medical benefits.

Actuarial Methods and Assumptions. The City retained PricewaterhouseCoopers LLP ("PwC") to perform an actuarial valuation of the OPEB Plan for the purpose of calculating accounting results in accordance with GASB 74 and GASB 75) for the Plan's fiscal year ending December 31, 2019, and the City's Fiscal Year ended June 30, 2020, respectively. GASB 74 and GASB 75 require that each significant assumption reflect the best estimate of the City's future experience solely with respect to that assumption. The valuation year spanned from July 1, 2019 to June 30, 2020. The date of the census data used for that valuation was July 1, 2020.

For the July 1, 2020, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. This method determines a normal cost rate as a fixed percentage of compensation for each active participant. The current year's normal cost is the participant's compensation multiplied by the normal cost rate. Annual contributions in this amount, from the date the participant entered the plan (or would have entered, if the plan had always been in effect and the participant had entered at the earliest possible date) until retirement, would be sufficient to provide for the actuarial present value of the participant's plan benefits. The total normal cost is the sum of the normal costs for all active participants.

Summary of Plan Provisions. With respect to medical benefits, effective January 1, 2015, the City amended the OPEB Plan to grandfather the following participants:

- Post-65 Medicare A only eligible inactive
- Post-65 Medicare B only eligible inactive
- Post-65 Non-Medicare A and B eligible inactive
- Pre-65 deceased line-of-duty beneficiaries inactive
- Pre-65 disabled line-of-duty inactive

The remaining participants are non-grandfathered. Previously the non-grandfathered participants Pre-65 coverage was Access Only for a Preferred Provider Organization (PPO/Basic) or a Point of Service Plan (POS/Premier). Post 65-coverage was through a variety of Medicare plans, including the Medicare Supplemental Plan, Prescription Drug Plans (PDPs) and Medicare Advantage plans for Medicare-eligible retirees. The City subsidized 25% and paid for costs in excess of the required retiree premiums.

The per capita claims cost for the self-insured preferred and premier plans were developed by PwC based on the historical 2018 – July 2020 claims experience for the City's retired participants, adjusted for future assumed enrollment and plan design provisions. This assumption is set using prior year costs and expected effects of aging on the per capita cost curve.

Funding Policy. The contribution requirements of the plan members and the City are established by and may be amended by the City. The City pays for medical costs in excess of required retiree premiums and may elect through adoption of the City's annual budget ordinance to contribute an amount in excess of the total annual benefit payments to a qualified trust for the purpose of funding future OPEB benefits. The City's receipt of Medicare Part D prescription drug subsidies is included in operating income.

In the Fiscal Year ended June 30, 2009, the City adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the OPEB Plan. At June 30, 2020, the value of the trust assets within the OPEB Fund was approximately \$4,223,000. The current Fiscal Year includes interest at 2.66% at the beginning of the year on the total OPEB liability and service cost offset by a half-year of interest on benefit payments. For the Fiscal Year ended June 30, 2020, the net investment return was \$190,000, compared to the expected return on assets of \$0.

Schedule of Contributions. Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the contractual contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The City is contractually required to pay benefits as they come due and make Health Reimbursement Arrangement ("HRA") contributions to participants enrolled in OneExchange or an allowable plan.

The Schedule of Contributions under GASB 74 and GASB 75, presented as Exhibit RSI-4 in the Required Supplementary Information section of the 2020 Audited Financial Statements, is presented for those years for which it is available and was prepared prospectively from the OPEB Plan's fiscal year ending June 30, 2020, for GASB 75 purposes. The City is contractually required to pay benefits as they come due and to make HRA contributions to participants enrolled in an allowable plan. The actual covered payroll of approximately \$410,167,000 represents the total covered payroll for the prior calendar year, increased at a salary scale of [4.25]%. For calendar year 2020, the average salary was \$55,144. The net OPEB liability as a percentage of covered payroll was 162.5% for the year ending June 30, 2020.

Calculations of total OPEB liability, plan fiduciary net position and net OPEB liability are presented below. For more information regarding these calculations and the schedule of contributions, see Exhibit RSI-1, Exhibit RSI-2 and Exhibit RSI-3 of the 2020 Audited Financial Statements.

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Schedule of Changes in Net OPEB Liability and Related Ratios under GASB 74 and GASB 75¹
 Fiscal Year Ended June 30, 2020
 (In Thousands of Dollars)

Total OPEB Liability

Total OPEB Liability - beginning balance	\$ 304,554
Total Service Cost	4,176
Interest Cost ²	8,437
Experience (Gains)/Losses	(2,264)
Assumption Changes ³	21,629
Changes of Benefit Terms ⁴	346,334
Net Benefit Payments ⁵	(12,678)
Total OPEB Liability - ending balance	\$ 670,188

OPEB Plan Fiduciary Net Position

OPEB Fiduciary Net Position - beginning balance	\$ 4,015
Employer Contribution ⁶	12,263
Employee Contribution	1,807
Investment Return	190
Benefit Payments ⁷	(7,222)
Administrative Expenses	(7,263)
Fiduciary Net Position - ending balance	\$ 3,790

Net OPEB Liability

Total OPEB Liability	\$ 670,188
Net Fiduciary Position	3,790
Net OPEB Liability	\$ 666,398

Fiduciary Net Position as a Percent of Total OPEB Liability	0.6%
Actual Covered Employee Payroll ⁸	\$ 410,167
Net OPEB Liability as a Percent of Covered Payroll	162.5%

- (1) This Schedule was prepared to satisfy the requirement to show information regarding the net OPEB liability and related ratios. It was prepared prospectively from the OPEB Plan's fiscal year ended June 30, 2020, for GASB 75 purposes.
- (2) For the fiscal year ended June 30, 2020, includes interest at 2.79% on the beginning of year Total OPEB Liability and service cost offset by a half year of interest on benefit payments.
- (3) Assumption changes for the fiscal year ended June 30, 2020, reflect changes to the mortality, turnover, retirement, salary scale, per capita costs and discount rate assumptions.
- (4) Benefit term changes were reflected, which include the plan amendments effective January 1, 2021 as well as the impact of changing the participation assumptions.
- (5) Depicts paid claim, including administrative expenses less retiree contributions.
- (6) Includes employer contributions and transfers from other funds.
- (7) Includes benefits paid less Medicare D subsidies and pharmacy Rx rebates received.
- (8) Actual covered employee payroll represents the total payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average salary of the participants for the year was assumed. For calendar year 2020, the average salary was \$55,144.

Source: 2020 Audited Financial Statements.

Changes in Plan Provisions. The following changes have been made to the provisions of the OPEB Plan.

- Effective March 1, 2017, the City changed the medical coverage options for the majority of non-disabled retirees and future retirees. The new coverage provides a specified HRA amount to each participant, where the amount varies based on the retiree's coverage election. Pre-65 line-of-duty disabled and grandfathered post-65 retirees with Medicare are still eligible to elect the plan sponsor's self-insured medical plans.
- Effective July 1, 2017, the City required all participants eligible to receive Medicare Part B coverage to enroll in Medicare Part B. The City then agreed to pay the cost of any Medicare Part B penalties for those participants who were not previously enrolled in Medicare Part B but were eligible.
- Effective January 1, 2018, the City made plan design changes to the self-insured Premier and Preferred plans that are offered to pre-65 line-of-duty disabled and grandfathered post-65 retirees who do not have Medicare. In addition, effective January 1, 2018, the City switched third party administrators from Cigna to BCBS of Tennessee. This change impacts the administrative fee component of the claims cost.

There have been no other changes in plan provisions since the end of the 2016 calendar year.

Compensated Absence Liabilities

Governmental Accounting Standards require recognition of the liability for compensated absences which have been earned and are reasonably expected to be paid to existing employees. The City has recognized the non-current portion of this liability for City employees in the amount of approximately \$90,144,000 as of June 30, 2020. See Note II.A to the 2020 Audited Financial Statements in "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

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PRINCIPAL AND INTEREST REQUIREMENTS

The following table presents the principal and interest payment requirements with respect to the Outstanding General Improvement Bonds prior to the issuance and delivery of the Series 2021 Bonds.

Long-Term Debt Service Schedule⁽¹⁾⁽²⁾
(In Thousands of Dollars)

Fiscal Year	Existing Debt Service ⁽³⁾⁽⁴⁾			Series 2021 Bonds			Total Debt Service ⁽⁴⁾		
	Principal	Interest	Total	Initial Principal	Compound Interest	Total	Principal	Interest	Total
2021				\$	\$	\$	\$	\$	\$
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2029									
2040									
2041									
2042									
2043									
2044									
2045									
2046									
2047									
2048									
Total				\$	\$	\$	\$	\$	\$

⁽¹⁾ Excludes debt service on the General Obligation Commercial Paper.

⁽²⁾ Totals may not add due to rounding.

⁽³⁾ [As of October 15, 2020.]

⁽⁴⁾ Does not include subsidy payments for the City's General Improvement Bonds, Series 2010B (Direct Payment Build America Bonds), General Improvement Bonds, Series 2010C (Direct Payment Build America Bonds) or General Improvement Bonds, Series 2010F (Recovery Zone Economic Development Bonds).

Source: City of Memphis, Tennessee.

CERTAIN INVESTMENT CONSIDERATIONS

General

The purchase of the Series 2021 Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could affect the ability of the Issuer to pay the Accreted Value of and premium, if any, on the Series 2021 Bonds and which could also affect the marketability of, or the market price for, the Series 2021 Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the appendices attached hereto. Each prospective purchaser of any Series 2021 Bond should read this Official Statement, including the appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2021 Bonds.

Enforceability of Remedies

The remedies available to the owners of the Series 2021 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Series 2021 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (federal bankruptcy code), certain remedies specified by the Indenture or the Loan Agreement may not be readily available or may be limited.

Under existing law, municipalities must obtain the consent of state government in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. However, there is currently no State law granting such consent. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

Early Payment Prior to Maturity

The Series 2021 Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "THE SERIES 2021 BONDS - Redemption Provisions" herein. A prospective investor should consider these redemption rights when making any investment decision. Following redemption, the owners of the Series 2021 Bonds may not be able to reinvest their funds at a comparable interest rate.

General Obligation of City Pursuant to Loan; Non-Recourse Obligation Against Issuer

The Series 2021 Bonds are limited obligations of the Issuer payable solely from and secured by an assignment and pledge of the Trust Estate, which consists primarily of the payments and prepayments to be received by the Issuer from the City under and pursuant to the Loan Agreement (excluding the Unassigned Rights). Payment of the Series 2021 Bonds is not secured by a mortgage lien or other security interests in the Project or any portion thereof or any other assets of the Issuer or the City other than the Trust Estate. Holders of Series 2021 Bonds will have no recourse against any assets of the Issuer. The City, however, has pledged its full faith and credit to the payment of obligations under the Loan Agreement in an amount sufficient to pay the Accreted Value of and premium, if any, on the Series 2021 Bonds when due. The Issuer has no taxing power. In the case of a Loan Default under the Loan Agreement consisting of the failure to timely make Loan Repayments, and upon receipt of indemnity satisfactory to it for its fees and expenses, the Trustee is authorized by the Indenture to take all actions to enforce the remedies of the Issuer set forth in the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT" and "APPENDIX A – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT" attached hereto.

Limitations on Remedies

The occurrence of an event of default under the Indenture or the Loan Agreement will not permit the acceleration of the maturity of, or allow immediate payment for, the entire outstanding principal balance of the Series 2021 Bonds. As payment of the Series 2021 Bonds is not secured by a mortgage lien or other security interests in the Project or any portion thereof or any other assets of the Issuer or the City, Holders of Series 2021 Bonds will be limited to seeking remedies against the Trust Estate.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2021 Bonds will be available and no assurance can be given that the initial offering prices for the Series 2021 Bonds will continue for any period of time.

The Series 2021 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2021 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2021 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2021 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2021 Bonds, depending on existing market conditions and other factors.

Seismic Risks

The City is located adjacent to the New Madrid seismic zone, which is the most seismically active and well-studied region in the Central and Eastern United States. The last major earthquakes located within this seismic zone, believed to have ranged between 7.0 and 7.7 in magnitude, occurred in 1811 and 1812. According to the U.S. Geological Survey, there is a 7-10% chance that a repeat of earthquakes of similar scale to the 1811 and 1812 earthquakes will occur within the next 50 years and a 25-40% risk of a still dangerous earthquake in the low-

6 magnitude. During the past 25 years, building codes in the City and the County have been gradually upgraded to require stricter seismic construction standards. However, many older buildings, particularly in the downtown area, are masonry structures built long before seismic requirements and are believed to be highly vulnerable to shaking from an earthquake.

In addition to the potential damage to the Project and to other buildings and facilities within the City, due to the importance of the City as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake may cause significant temporary and possibly long-term harm to the City's economy, tax receipts and residential and business real property values.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City's location in the southern United States and next to the Mississippi River increases its vulnerability to flooding and extreme heat. In addition to flooding and extreme heat, the City faces other threats due to climate change, including both drought and damaging wind that could become more severe and frequent. The City and the County have collaborated to develop a Climate Action Plan, which is intended to measure and lessen the City's contributions to climate change. The Issuer and the City cannot predict the timing, extent or severity of climate change and its impact on the Project or the City's operations and finances, including revenues used to support the Series 2021 Bonds.

Cyber Security

The City utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information. As a result, the City may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the City to legal action. The City has no knowledge of, nor historical record of, any successful cyber security breach or related attack. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the City. To mitigate against such risks, the City has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber security training and awareness for all employees. The City also maintains insurance against cyber security incidents. Despite the City's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

COVID-19

[TO BE UPDATED]

The worldwide spread of COVID-19, a respiratory illness caused by a novel strain of coronavirus, is a pandemic that has affected the entire world, including the City, and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The

Governor of the State issued a state of emergency for the State in March 2020 in response to the COVID-19 pandemic. The spread of COVID-19 has led to "quarantine and other "social distancing" measures throughout the United States, including the City. These measures have included (i) the closure, from time to time, of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduced capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments and (v) the closure, from time to time, of school buildings. In response to the pandemic, many of the City's notable tourist attractions have, from time to time, closed or operated at reduced capacity. Similarly, travel to the City and hotel stays within the City have decreased since the onset of the pandemic. The State continues to be under a state of emergency and the Governor of the State may continue to issue executive orders to facilitate continued response to the COVID-19 pandemic. The County and the City may also issue future restrictions in response to the pandemic. **[As of [____], 2021, there were approximately [__] confirmed cases of COVID-19 in the County and [__] deaths.]**

Multiple vaccines for the virus that causes COVID-19 were developed in late 2020. To date, **[three]** vaccines have been approved for distribution in the United States with **[each of these vaccines having an efficacy rate exceeding 65%]**. Multiple variants of the virus that causes COVID-19 have been documented in the United States and globally, but studies so far suggest that antibodies generated through vaccination with approved vaccines recognize these variants to varying extents. COVID-19 vaccines are currently available to all residents within the State, including the City, who are over the age of 16. **[It is estimated [by the State of Tennessee Department of Health][by the [City][County] Health Department] that approximately [__%] of the [City's][County's] population has been partially or fully vaccinated.]**

The Issuer and the City are unable to predict: (i) the extent or duration of the COVID-19 outbreak, any recurrence thereof or any other epidemic or pandemic; (ii) the extent or duration of existing or additional quarantines, closures, restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the City; or (iv) the impact of, or the timing of distribution of, the COVID-19 vaccines. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the City cannot accurately predict the magnitude of the impact of COVID-19 on the operations and financial condition of the City. The City is proactively taking steps to mitigate the spread of COVID-19 within the City, including but not limited to the above-mentioned distribution of COVID-19 vaccines to eligible residents.

Although the City cannot predict the magnitude of the impact of the COVID-19 pandemic, the City is monitoring its operations and finances. From an operations perspective, the City's primary concern is ensuring that its employees remain healthy and capable of managing the City's operations. The City has enacted policies, based on guidelines issued by the Centers for Disease Control and Prevention, requiring the isolation of any employees who may have contracted or been exposed to the virus. At the outset of the COVID-19 pandemic, the City implemented policies and procedures for limiting access to certain government facilities, including City Hall, the rotation of employees, social distancing and telecommuting, where possible, as well as the following changes:

(i) instituting a hiring freeze for all employees except uniformed fire and police officers through June 30, 2020, (ii) instituting a vacation freeze and suspending travel for all employees through June 30, 2020, (iii) increasing salaries for certain essential employees (a portion of the costs of which **[are to be][have been]** reimbursed from relief funds received from the federal government in connection with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")); (iv) acquiring personal protective equipment for essential employees and disinfection supplies for City facilities (a portion of the costs of which **[are to be][have been]** reimbursed from CARES Act funding) and (v) creating employee reassignment pools whereby certain non-essential City employees are reassigned to tasks relating to the City's response to the pandemic (a portion of the costs of which **[are to be][have been]** reimbursed from CARES Act funding). In Fiscal Year 2021, the City has reduced certain part-time workers in the Memphis Public Library System and Public Works and Parks Departments and has also reduced certain non-essential professional services. To date, the City's operations have not been materially impacted.

Financially, the City has experienced some fluctuations in General Fund revenues and expenditures resulting from COVID-19, although the overall unassigned General Fund balance for Fiscal Year 2020 was consistent with forecast expectations. There was no material change in property tax collections in Fiscal Year 2020 as a result of the pandemic, as most property taxes for the applicable tax year were due prior to March 2020. **[Similarly, there has not been a material change in property tax collections for Tax Year 2020 / Fiscal Year 2021, though no assurances may be made as to future years.]** As set forth below, property tax revenues for the City for Fiscal Year 2021 were budgeted for a year-over-year decrease of 1%.

As the pandemic has restricted commercial activity throughout the City, including but not limited to activity related to retail, tourism and entertainment, City revenues from sales taxes, hotel/motel taxes, licenses and permits, and charges for services all decreased at the onset of the pandemic. Though no assurances can be made as to future revenues, state and local sales tax revenues currently appear to be rebounding. State and local sales tax revenues collected by the City from **[June 2020 through December 2020]** were % **[higher]** than such sales tax revenues collected by the City during this same period in **[2019]**. The latest state and local sales tax revenue numbers available for the month of **2021** show a year-over-year increase of %. Though not a major source of City revenue, hotel/motel taxes (including the bed tax) for the City from **[June 2020 through December 2020]** were % lower than such revenues collected by the City during the same period in **[2019]**. City revenues from fines and forfeitures from **[June 2020 through December 2020]** were % lower than the amount collected by the City during the same period in **[2019]**, due to the initial suspension of court in response to COVID-19. Court has since resumed. The year-over-year revenue comparisons presented above include amounts that are unadjusted and unaudited.

While the course of the pandemic and its impact on the City remain unclear, the City has forecast a significant decrease in Fiscal Year 2021 General Fund revenues primarily as a result of COVID-19. For Fiscal Year 2021, revenues were budgeted with a year-over-year decrease of approximately 25%. Property tax revenues and state and local sales tax revenues for Fiscal Year 2021 were budgeted for year-over-year decreases of 1% and 25%, respectively. Collectively, other fees of the City for Fiscal Year 2021 were budgeted for a 10% decrease from the prior year. The City has not experienced any delays in the collection of its fees and tax revenues as a result of the pandemic and does not expect any disruption, though no assurances can be made. In light of the

economic uncertainty caused by the pandemic and at the direction of the Mayor, the City has reallocated, for Fiscal Year 2021, the property tax rate allocation for the Affordable Housing Trust Fund and the Community Catalyst Fund to be redirected and reallocated to the General Fund. This reallocation increases the General Fund property tax rate allocation from \$2.163984 to \$2.177318. See "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE - FINANCIAL INFORMATION - Property Tax Rates, Levies and Collections" for historical information on the allocation of the City's property tax rates.

City personnel costs increased in Fiscal Year 2020 as a result of the pandemic, but most of these increased costs were reimbursed with federal funds resulting from the CARES Act. The pandemic also resulted in the reduction of certain City costs, as the onset of COVID-19 led to a delay in project personnel needs and the City suspended employee travel and froze employee vacation. The City does not expect a significant increase in expenditures for Fiscal Year 2021 as a result of the pandemic, though no assurances can be made. Any increased expenditures may be mitigated by the City's CARES Act funds. Budgeted expenditures for Fiscal Year 2021 were adjusted to include an additional \$40 million, reflecting the City's disbursement of its CARES Act funds.

To date, the City has received approximately [**\$113.6 million**] in CARES Act funds. The City has used these funds to cover unbudgeted City costs caused by COVID-19 as well as to provide economic relief for organizations, businesses and individuals within the City. Per the American Rescue Plan Act of 2021 (the "Rescue Plan"), the City anticipates receiving approximately \$168 million in additional federal aid, with half of this aid being received during Fiscal Year 2021 and the remaining half being received a year after the first distribution. Funds from the Rescue Plan may be used by the City to **[(i) respond to the health or economic impacts of COVID-19 within the City, including assistance to households, small businesses, nonprofits and impacted industries such as hospitality, travel and tourism, (ii) provide premium pay for essential workers, (iii) cover lost revenue in providing services and (iv) make investments in certain utility infrastructure]**. It is unknown at this time whether the City will receive additional funds from either the State or the federal government.

The City is liable, both contingently and unconditionally, for the payment of certain obligations incurred to finance or incentivize capital improvements within the City, including certain of the City's sports, entertainment and tourist venues. These obligations are generally primarily payable from revenues of certain sales and tourism-related taxes and fees, which revenues have been and are expected to continue to be significantly affected by the restriction of commercial and social activity resulting from the pandemic. As the revenues from these taxes and fees decrease, it becomes more likely that the City may be required to use its Non-Property Tax Revenues (as defined herein) to support these payment obligations. See "ADDITIONAL OBLIGATIONS" herein for a description of these contingent and unconditional obligations, the payment streams therefor and the City's obligations in connection therewith.

Though no assurances can be made, the City expects its current liquidity position to be adequate to fund essential services and to make timely payments on its debt service when due. For Fiscal Year 2021, the City has budgeted to use \$17,944,169 of its unassigned General Fund balance to cover anticipated revenue shortfalls and other adverse financial effects caused by COVID-19. The City's General Fund unassigned fund balance was approximately \$78 million at June 30, 2020.

As of June 30, 2020, the General Fund cash position was \$208,518,000. The City's Debt Service Fund was approximately \$174 million at June 30, 2020. The City does not anticipate needing any other source of liquidity, though circumstances may change.

See "FISCAL OVERVIEW" herein for more information on the City's Fiscal Year 2021 budget and use of its General Fund balance and the financial results of Fiscal Year 2020. See also APPENDIX B for additional economic information regarding the impact of COVID-19 to the City, including but not limited to changes to the City's employment rate. As provided in this Section and in APPENDIX B, due to the constantly evolving nature of the pandemic and its impact to the City, information related to the pandemic cannot be predicted with any assurance and is subject to change without notice.

Recently Adopted and Pending Legislation

The IMPROVE Act. The Improving Manufacturing, Public Roads and Opportunities for a Vibrant Economy Act (the "IMPROVE Act"), the primary purpose of which is to raise taxes to fund transportation and road projects, has been adopted by the Tennessee General Assembly and was executed into law by the Governor on April 26, 2017. The IMPROVE Act eliminated the Hall income tax, which is a tax on income derived from dividends on stock and interest on bonds, for tax years beginning on or after January 1, 2022. The rate at which the Hall income tax is reduced in the tax years prior to January 1, 2022, is determined through the State's annual budgeting process. Because three-eighths of the proceeds derived from the Hall income tax is distributed to local governments, elimination of the Hall income tax will eliminate a source of income for the City.

Internet Sales Tax. In light of a 2018 decision by the U.S. Supreme Court that a physical presence is no longer required in order for a person to have a substantial nexus subjecting the person to taxation by a state, the Tennessee General Assembly enacted House Bill 667, which provides that the Tennessee Department of Revenue is no longer prohibited from collecting internet sales and use taxes from certain persons having no physical presence in the State but who sell to consumers located in the State. To implement the State's new authorization to collect internet sales and use taxes, the Tennessee General Assembly adopted Senate Bill 0082 and its companion, House Bill 0733 (together, the "Internet Sales Tax Law"). Effective January 1, 2020, the Internet Sales Tax Law requires a dealer with no physical presence in the State to collect and remit sales tax if, in the previous 12-month period, the dealer's gross revenues from sales in the State exceed \$100,000 or the dealer made 200 or more separate sales transactions in the State. The Internet Sales Tax Law further provides that proceeds of such internet sales taxes must be distributed among counties in proportions reflecting the amount of such sales taxes collected for each county. Because the City will share in the sales taxes distributed to the County, the sales taxes authorized under the Internet Sales Tax Law should result in an increase in sales tax revenue for the City.

Increased Share of Sales Tax. Senate Bill 1158 and its companion, House Bill 1007 (together, the "Increased Sales Tax Share Bill"), if adopted, would decrease the amount of state sales and use tax revenues deposited to the State's General Fund from 29.0141% to 28.5262% and increase the share of such sales and use tax revenues appropriated to municipalities, including the City, from 4.6030% to 5.0909%, thereby increasing the amount of sales tax revenues allocated to

the City. The Tennessee General Assembly is **[currently in recess and will not consider the Increased Sales Tax Share Bill until it returns]**.

Traffic Enforcement Cameras. Senate Bill 2002 and its companion, House Bill 1656 (together, the "Traffic Camera Bill"), have been introduced for consideration by the Tennessee General Assembly. The Traffic Camera Bill would prohibit the issuance of traffic citations based solely on evidence obtained from unmanned traffic cameras used to monitor traffic signal violations or speed limits. If adopted, the Traffic Camera Bill will result in a decrease in revenues from traffic fines for the City. The Tennessee General Assembly **[is currently in recess and will not consider the Traffic Camera Bill until it returns]**.

Deannexation Bills. In recent years, various bills have been introduced for consideration by the Tennessee General Assembly which would allow voters residing in an area annexed by a Tennessee city to petition the county election commission to hold an election to deannex the area or which would have a similar impact ("Deannexation Bill"). In light of attempts in recent years to deannex ten areas annexed by the City since 1998, passage of any Deannexation Bill could lead to actual deannexation of some or all of those areas, thereby resulting in a negative impact on the City's property and sales tax revenues. Though the City deannexed the Eads and Riverbottom areas in 2019 and the Southwind-Wyndyke, South Cordova and Rocky Point areas in 2020, those deannexations were implemented at the discretion of the City for the benefit of the entire City and not forced by an election of the residents of only those areas. Though one could be introduced at any time, no Deannexation Bill has yet been introduced to the current Tennessee General Assembly.

TAX MATTERS

Series 2021 Bonds – Federal Tax Consequences

[To be provided by Co-Bond Counsel]

State of Tennessee Taxes

Co-Bond Counsel also are of the opinion that, under existing law, the Series 2021 Bonds 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 all or a portion of the interest on the Series 2021 Bonds during the period the Series 2021 Bonds are held or beneficially owned by any organization or entity other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2021 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. Ownership of the Series 2021 Bonds or interest thereon may be subject to state or local taxation in jurisdictions other than the State of Tennessee under applicable state or local laws, as to which Co-Bond Counsel express no opinion. Each prospective investor and purchaser of the Series 2021 Bonds should consult its, his or her own tax advisor regarding the status of the interest on the Series 2021 Bonds in a particular state or local jurisdiction other than Tennessee.

Changes in Federal and State Tax Law.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2021 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS.

LITIGATION

The Issuer

There is no known pending or, to the knowledge of the Issuer, threatened litigation against the Issuer which restrains or enjoins the issuance or delivery of the Series 2021 Bonds, the execution, delivery or performance of the Indenture or the Loan Agreement, or the use of the proceeds of the Series 2021 Bonds or which questions or contests the validity of the Series 2021 Bonds, the Indenture or the Loan Agreement or the proceedings and authority under which they are to be issued, executed and delivered. Neither the creation, organization, nor existence of the Issuer, nor the title of the present board members or other officials of the Issuer to their respective offices, is being currently contested or questioned to the knowledge of the Issuer.

The City

A discussion of litigation in which the City is involved which could potentially have a material impact on the City is set forth below.

PILOT Payments Litigation. The County has filed two lawsuits against the City, claiming that approximately \$55 million of electric and gas payments in lieu of taxes made by MLGW and collected by the City should have been paid to the County instead. Many of the County's claims were rejected by the Court in a prior suit between the City and the County. The City also disputes the County's interpretation and application of applicable law and has interposed several defenses, including sovereign immunity. As a result, the City believes that the amounts due to the County

under these lawsuits, if any, will be significantly less than initially claimed by the County. In any event, the City does not expect that any such amounts will materially affect the financial condition of the City.

BellSouth Litigation. AT&T (formerly known as BellSouth Telecommunications, Inc.) sued the City in 2000 to recover alleged excessive telecommunications franchise fees. Tennessee courts have ruled that approximately \$35,000,000 (with interest since 2000), is payable by the City to BellSouth (the "BellSouth Payment"), net of any City right-of way costs properly allocable to BellSouth (the "ROW Compensation"). To the extent the ROW Compensation due from BellSouth is greater than the BellSouth Payment, BellSouth will have to pay the difference. To the extent the ROW Compensation is less than the BellSouth Payment, the City will have to refund the difference to BellSouth. The City has performed a cost allocation study to determine the amount of the ROW Compensation. The City believes that the ROW Compensation from BellSouth will be significant, and that any amounts ultimately due to BellSouth will not materially affect the financial condition of the City.

City Pension Litigation. In order to comply with the Public Employee Defined Benefit Act's requirements to improve the financial security and actuarial soundness of the City's Retirement Plans, the City Council adopted Ordinance No. 5573 (the "Pension Ordinance") on December 16, 2014.

On November 12, 2015, seven (7) of the non-vested employees who were to be transferred to the 2016 Plan on July 1, 2016, filed an action in Tennessee state court on behalf of themselves and others who are similarly situated, claiming the Pension Ordinance is invalid because it violates Tennessee law as interpreted by the Tennessee Supreme Court. Specifically, Plaintiffs claim that the transfer of certain non-vested employees to the 2016 Plan, which is a hybrid plan consisting of a market based cash balance plan and a 401(a) defined contribution plan, was not reasonable or necessary to protect or enhance the actuarial soundness of the City's defined benefit pension plan and therefore the transfer of non-vested employees to the 2016 Plan will violate their rights. On June 20, 2016, the trial court denied Plaintiffs' application for a temporary injunction pending a trial on the merits. The City intends to vigorously defend this lawsuit, since the adoption of the Pension Ordinance was adopted upon the express finding of the City's governing body that the creation of the 2016 Plan will protect and enhance the actuarial soundness and ensure the long-term viability of the City Retirement System and the immutable rights of vested participants. Moreover, the Pension Ordinance is one of a series of actions taken by the City to satisfy the State's stated policy of improving the financial security of public defined benefit pension plans by requiring that the unfunded accrued liability of such plans be eliminated no later than June 15, 2020.

City Employee Other Post-Employment Benefits (OPEB) Plan Litigation. On November 12, 2015, four participants in the OPEB Plan filed a putative class action in Tennessee State Court for themselves and others similarly situated seeking to enjoin the City's changes to the OPEB Plan. Although the suit is still pending, the trial judge has denied Plaintiff's request for a temporary injunction and has denied Plaintiff's request to certify the case as a class action. The Court concluded that Plaintiffs are unlikely to succeed on the merits of their claims, since they have not shown any contractual vested rights to lifetime health insurance subsidies. The City Council adopted an amendment to the Hybrid Pension Plan on December 15, 2020, which gives the non-

vested fire and police employees, who were transferred to the 2016 Plan, the irrevocable option to transfer from the 2016 Plan to the 1978 Defined Benefit Plan. Any employees who elect to return to the 1978 Defined Benefit Plan will have no further claims in the lawsuit. In any event, the City believes that it will successfully defend this action.

Other Litigation. The City is a defendant in various other lawsuits arising in the ordinary course of operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the administration of the City and the Chief Legal Officer/City Attorney that the ultimate disposition of these matters will not materially affect the financial condition of the City. Under the Tennessee Governmental Tort Liability Act, §§ 29-20-101 through 29-20-408 of the Tennessee Code Annotated (the "Governmental Tort Act"), all governmental entities in Tennessee are immune from suit for any injury which may result from the activities of such governmental entities when engaged in the exercise and discharge of any function, except within the limits provided in the Governmental Tort Act. Pursuant to the Governmental Tort Act, there are limits for liability for governmental entities for bodily injury or death of any one person in any one accident, occurrence or act, unless and to the extent insurance is provided. The City is self-insured within these limits and all such claims are budgeted and paid from annual operating revenues of the City.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Series 2021 Bonds and the Issuer will not provide any such information. The City will undertake all responsibility for providing continuing disclosure with respect to the Series 2021 Bonds and the Issuer will have no liability to the Holders of the Series 2021 Bonds or any other person with respect to the obligations undertaken by the City under the Disclosure Agreement.

In order to assist the Underwriter in complying with Rule, simultaneously with the issuance of the Series 2021 Bonds, the City will enter into the Disclosure Agreement for the benefit of the Holders of the Series 2021 Bonds, substantially in the form attached hereto as "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." The City, as an "obligated person" under the Rule, will undertake in the Disclosure Agreement to provide: (a) certain financial information and operating data relating to the Series 2021 Bonds in each year (the "Annual Report"); and (b) notice of the occurrence of certain enumerated events (each a "Listed Event Notice"). The Annual Report and each Listed Event Notice, if applicable, will be filed by DAC, on behalf of the City, on EMMA, a service of the MSRB. The specific nature and timing of filing the Annual Report and each Listed Event Notice, and other details of the City's undertakings, are more fully described in "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The following disclosure is being provided by the City for the sole purpose of assisting the Underwriter in complying with the Rule:

The City previously entered into continuing disclosure undertakings with its underwriters, as an "obligated person" under the Rule (the "Undertakings"). In the period beginning five years

prior to the date of this Official Statement to the dated date of this Official Statement (the "Compliance Period"), the City has, on several instances during the Compliance Period, failed to comply, in all material respects, with certain provisions of the Undertakings, including: (a) failing to provide certain required annual financial information in its annual filings; and (b) failing to file or timely file certain notices, including event notices relating to rating changes, notices of defeasance and notices of failures to submit required annual financial information before the date specified in the Undertakings. Pursuant to the hereinafter defined Order, the City posted on EMMA that certain Corrective and Voluntary Notice Regarding Certain Annual Financial Information in the Annual Filings and Notices, dated as of May 12, 2017 (the "Corrective Notice"), in order to update and provide notice of all past continuing disclosure delinquencies described above.

The following disclosure is being provided by the City for the sole purpose of complying with the hereinafter defined Order:

In March 2014, the SEC announced its Municipal Continuing Disclosure Cooperation (MCDC) Initiative, a voluntary self-reporting program, intended to address potentially widespread violations by municipal issuers and underwriters of the federal securities laws relating to continuing disclosure compliance reporting in municipal bond offering documents. The MCDC Initiative offered favorable settlement terms to issuers that self-report securities law violations, relating to material misstatements or omissions in bond documents about compliance with an issuer's prior undertakings as to continuing disclosure. After a review of its compliance record, as noted above, in November 2014, the City determined to self-report to the SEC by submitting an MCDC Questionnaire. On February 22, 2016, following discussion with the SEC staff, the City filed an Offer of Settlement.

On August 24, 2016, the SEC entered an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and A Cease-and-Desist Order (the "Order"). The Order contains no monetary penalties, but orders the City to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act of 1933 and orders the City to comply with the following undertakings:

(a) Establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer responsible for ensuring compliance with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training;

(b) Comply with existing continuing disclosure undertakings, including updating past delinquent filings if the City is not currently in compliance with its continuing disclosure obligations;

(c) Disclose in a clear and conspicuous fashion the terms of the settlement in any final official statement for an offering by the City within five years from the date of the Order;

- (d) Certify, in writing, compliance with the undertakings set forth above; and
- (e) Cooperate with any subsequent investigation by the SEC regarding the false statements or material omissions, including the roles of individuals or other parties involved.

The City has undertaken all measures necessary to comply with the Order. Since the date of the Order, the City believes that it has complied, in all material respects, with its Undertakings, except that the City did not timely file certain annual financial information relating to the City's sewer collection and treatment fund for the Fiscal Year ended June 30, 2017, which failure was disclosed in a notice filed on EMMA by the City on December 27, 2017.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the Series 2021 Bonds are subject to the approving opinions of Carpenter Law, PLLC, Memphis, Tennessee, and Butler Snow LLP, Memphis Tennessee, as Co-Bond Counsel, whose approving opinion, in substantially the form attached hereto as "APPENDIX E – FORM OF OPINIONS OF CO-BOND COUNSEL," will be delivered concurrently with the issuance of the Series 2021 Bonds. No representation is made to the Holders of the Series 2021 Bonds that Co-Bond Counsel has verified the accuracy, completeness or fairness of the statements in this Official Statement and Co-Bond Counsel assumes no responsibility to the Holders of the Series 2021 Bonds except for the matters that will be set forth in their approving opinion.

Certain legal matters will be passed upon for the Issuer by Carpenter Law, PLLC, Memphis, Tennessee. Certain legal matters will be passed upon for the City by Jennifer Sink, Chief Legal Officer / City Attorney. In addition, certain legal matters will be passed upon for the City by Bass Berry & Sims PLC, Nashville, Tennessee, and Bruce Turner, PLLC, Memphis, Tennessee, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, **[Underwriter's Counsel Name]**, Memphis, Tennessee.

The legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering legal opinions, the attorneys providing such opinions do not become insurers or guarantors of the result indicated by that expression of professional judgment with respect to the transaction on which the opinions are rendered or of the future performance of parties to the transaction. Furthermore, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The basic financial statements of the City as of June 30, 2020, and for the year then ended have been audited by Banks, Finley, White & Co., Memphis, Tennessee, independent auditors (the "Auditor"). The Auditor's report, together with the basic financial statements, management discussion and analysis and the required supplemental information for the Fiscal Year ended June 30, 2020, are set forth in the 2020 Audited Financial Statements attached hereto as "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS,

TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020". The Auditor has not been engaged to perform, and has not performed, any procedures relating to this Official Statement.

CO-FINANCIAL ADVISORS

ComCap Partners, Memphis, Tennessee, and PFM Financial Advisors LLC, Memphis, Tennessee, serve as Co-Financial Advisors to the City for the Series 2021 Bonds. The Co-Financial Advisors assisted in matters related to the planning, structuring and issuance of the Series 2021 Bonds and provided other advice. The Co-Financial Advisors did not engage in any underwriting activities with regard to the issuance and sale of the Series 2021 Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P," and together with Moody's, the "Rating Agencies") have assigned ratings of ["___" (____ outlook)] and ["___" (____ outlook)] respectively, to the Series 2021 Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies, or any of them, may have an adverse effect on the liquidity or market price of the affected Series 2021 Bonds. Neither the Issuer nor the City has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

UNDERWRITING

[Underwriter Name] (the "Representative"), on behalf of itself and the other underwriters listed on the cover page of this Official Statement (collectively, the "Underwriters") have agreed jointly and severally, pursuant to a Bond Purchase Agreement between the Representative and the City (the "Bond Purchase Agreement") to purchase the Series 2021 Bonds at an aggregate purchase price of \$_____, representing the principal amount of the Series 2021 Bonds of \$_____, plus a bond premium of \$_____ and minus an underwriters' discount of \$_____. The Bond Purchase Agreement provides that the Underwriters' obligations are subject to certain conditions precedent but that the Underwriters will be obligated to purchase all of the Series 2021 Bonds if any Series 2021 Bonds are purchased.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The Series 2021 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2021 Bonds into investment trusts) at prices

lower than the public offering prices. Public offering prices may be changed from time to time by the Underwriters.

[The Underwriters have provided the following information for inclusion in this Official Statement.]

FORWARD-LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices attached hereto, involving estimates or matters of opinion, whether or not so expressly stated as such, are set forth as estimates or matters of opinion and not as representations of fact. No representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the appendices attached hereto, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof and neither the Issuer nor the City assumes any obligation to update any such forward-looking statement. It is important to note that actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including without limitation: risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates; possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Issuer or the City. Any of such assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2021 Bonds, the security for and the sources for repayment for the Series 2021 Bonds and the rights and obligations of the Holders. Copies of such documents may be obtained in the manner specified under the heading "INTRODUCTION - Other Information" herein.

The information in this Official Statement, including the appendices attached hereto, has been compiled from official and other sources deemed by the City to be reliable and, while not

guaranteed as to completeness or accuracy, is believed by the City to be correct as of the date of this Official Statement.

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2021 Bonds.

**AUTHORIZATION OF AND CERTIFICATION
CONCERNING OFFICIAL STATEMENT**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters in connection with the original public offer, sale and distribution of the Series 2021 Bonds by the Underwriters, have been duly authorized and approved by the Issuer and the City.

**NEW MEMPHIS ARENA PUBLIC BUILDING
AUTHORITY OF MEMPHIS AND SHELBY
COUNTY, TENNESSEE**

By: _____
David Levine, Chairman

CITY OF MEMPHIS, TENNESSEE

By: _____
Jim Strickland, Mayor

APPENDIX A

**DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF
CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT**

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Audited Financial Statements of the City of Memphis, Tennessee, and supplementary information as of and for the Fiscal Year ended June 30, 2020, together with the independent auditors' report from Banks, Finley, White & Co., Certified Public Accountants, are available through the website of the City's Department of Finance at:

<https://www.memphistn.gov/government/finance/cafr-information/>

and are hereby incorporated by reference as part of this Appendix B. To the extent there are any differences between the electronically posted financial statements of the City and the printed financial statements of the City, the printed version shall control.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

FORM OF OPINIONS OF CO-BOND COUNSEL

APPENDIX F

ACCRETION TABLE

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE

In addition to the information provided in the Official Statement, including each of the appendices attached thereto, with respect to the New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee (the "Issuer"), Local Government Public Improvement Capital Appreciation Bonds (City of Memphis Project), Series 2021 (the "Series 2021 Bonds"), the City of Memphis, Tennessee (the "City") has provided the following general information regarding the City. A complete review of this Appendix B, together with the body of the Official Statement and all other appendices attached thereto, is essential to the making of an informed investment decision by any purchaser of the Series 2021 Bonds. In the making of an informed investment decision relating to the Series 2021 Bonds, a potential purchaser should not conclude that the presentation of information in this Appendix B, versus a presentation of the same in the body of the Official Statement, denotes that the information provided in this Appendix B is of less relevance or importance than the information set forth in the body of the Official Statement.

The City has not authorized anyone to give any information or to make any representations not contained herein or supplemental hereto and, if given or made, such other information or representations must not be relied upon as having been authorized.

All of the following information, estimates and expressions of opinion are subject to change without notice. Though collected from sources the City believes to be reliable, the City has made no independent verification of the information provided by non-City sources, and the City takes no responsibility for the completeness or accuracy thereof. Except as otherwise provided, the information herein is often in relation to dates and periods prior to the COVID-19 pandemic and the resulting measures instituted to mitigate it. As provided in the section of the Official Statement entitled "CERTAIN INVESTMENT CONSIDERATIONS – COVID 19," the economic and social impact of COVID-19 to the City is far-reaching, unprecedented and constantly evolving. Historical numbers, including but not limited to those regarding employment, transportation and tourism, presented herein cannot be relied upon as reflective of current conditions or predictive of future results, which may be materially different from the information presented herein. The delivery by the City of the information contained herein shall not, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of the Official Statement.

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THE CITY OF MEMPHIS, TENNESSEE

Administration and Officials

For information related to the City and its administration, see "THE CITY" in the Official Statement. Following are brief personal résumés of relevant administration officials of the City.

Jim Strickland, Mayor of the City of Memphis. Jim Strickland was sworn in as mayor of the City on January 1, 2016, pledging to work toward making the City a safer and stronger city, to lead a transparent and trustworthy government and to have an administration that applies, in his words, "new eyes to solve old problems." Mayor Strickland was sworn in for a second term as mayor on January 1, 2020. After an eight-year tenure as a member of the Memphis City Council (the "City Council"), Mayor Strickland was first elected to the City's top office on October 8, 2015. Mayor Strickland served as vice chairman of the City Council in 2013 and as its chairman in 2014.

Mayor Strickland is a 1982 graduate of Christian Brothers High School, a 1986 graduate of the University of Memphis and a 1989 graduate of the Cecil C. Humphreys School of Law at the University of Memphis. He practiced law at Glankler Brown PLLC from 1990 to 1998, when he began practicing at Kustoff & Strickland PLLC, where he remained until becoming mayor.

Community service has long been a part of Mayor Strickland's life. He has volunteered with various organizations, such as the St. Vincent de Paul Soup Kitchen, and has served on many different community boards, including chairing the Memphis Botanic Garden board of directors. He is a life member of the NAACP.

Shirley Ford, Chief Financial Officer. Shirley Ford was appointed as Chief Financial Officer (or "CFO") for the City in January 2018 after serving for three years as Comptroller. As a member of the senior leadership team, Ms. Ford serves as a resource to the Mayor and other senior leaders in the areas of financial strategy and enterprise fiscal management. As CFO, she is responsible for the financial management of the organization, which includes budget analysis and management, financial modeling and reporting, cost benefit analysis, forecasting needs, accounting and treasury operations, and investment strategies. The CFO is Chairperson of the Pension Investment Committee, a non-voting member of the Sports Authority Board, and a TIF board member.

Ms. Ford has over 30 years of financial, accounting, and managerial experience. She is recognized by the State of Tennessee as a Certified Public Accountant and carries the designation of Certified Municipal Finance Officer authorized by the Tennessee Comptroller's Office. Ms. Ford holds both a Bachelor of Business Administration in Accounting and a Master of Business through the Executive MBA Program of the University of Memphis.

Douglas A. McGowen, Chief Operating Officer. Captain Douglas A. McGowen, United States Navy (Retired), is the City's Chief Operating Officer. He previously served as the Director of the Innovation Delivery Team and the Office of Performance Management for the City. Prior to this, McGowen served for 26 years as a Naval Officer, most recently as the Commanding Officer of the Naval Base in Millington, Tennessee. During his tenure, he completed multiple overseas deployments and participated in combat operations during Operation Desert Shield, Operation Desert Storm, Operation Southern Watch and Operation Enduring Freedom. He also graduated from the Navy Fighter Weapons School (TOPGUN) and the Marine Weapons and Tactics Instructor course. He holds a B.S. in Civil Engineering from Virginia Military Institute and an M.A. in National Security from the Naval War College.

Ursula Madden, Chief Communications Officer. Ursula Madden, the City's Chief Communications Officer, is an Emmy award-winning journalist who has been an anchor and reporter for more than two decades, most recently serving as co-anchor of WMC Action News 5 in Memphis, Tennessee. She is a proud graduate of the University of Oregon. Madden serves on the Board of Trustees for the Church Health Center and St. Mary's Episcopal School for Girls. She also lends her support to the Women's Foundation for a Greater Memphis, has recently joined The Links Incorporated and is a local chapter member of the Shelby County Links. Madden is a member of Christ the Rock Christian Church and contributes to the MIFA Meals on Wheels program.

Jennifer Sink, Chief Legal Officer / City Attorney. Jennifer A. Sink was appointed Chief Legal Officer / City Attorney for the City of Memphis in January 2020, after serving as the Deputy Director of the Legal Division. As the Chief Legal Officer, she provides legal advice and counsel to the Mayor, division directors, and city officials on a broad range of legal matters, identifying areas of risk, and provides strategy and legal-problem solving. Ms. Sink manages over 60 employees in the Legal Division, which includes attorneys and employees of the claims, permits, risk management, and metro alarm departments. Prior to joining the City's legal division in 2016, she was a Shareholder at the law firm Baker, Donelson, Bearman, Caldwell and Berkowitz. Ms. Sink graduated cum laude from Southern Illinois University School of Law in 2003, where she served as Editor-in-Chief of the law review. Ms. Sink was elected to the Board of Directors of the Memphis Bar Association in 2019, is a Memphis Bar Foundation Fellow, and also serves as an ethics panel hearing member for the Tennessee Board of Professional Responsibility.

Alexandria Smith, Chief Human Resources Officer. Alexandria Smith, the City's Chief Human Resources Officer, is a SHRM-Senior Certified Professional with a wealth of professional experience in human resources management. She most recently served as Director of Human Resources for Brightstar Device Protection, a subsidiary of Brightstar Corporation. Prior to her tenure at Brightstar, Smith served in human resources management roles at industry leaders, including Target Corporation and Microsoft Corporation. She earned her B.A. in economics from Duke University and an M.A. in human resources and industrial relations from the University of Minnesota's Carlson School of Management.

André D. Walker, Deputy Chief Financial Officer. André Walker joined the City in July 2010 as Deputy Director of Finance and was later appointed to Deputy Chief Financial Officer in December 2019. He is responsible for oversight of the City's Debt and Investment Service Center. Mr. Walker has twelve years prior experience with a leading financial advisory firm where he advised and assisted state and local governmental entities with the issuance and management of debt. Mr. Walker is a fellow of the Woodrow Wilson Institute of Public Policy at the University of Michigan, is recognized by the State of Tennessee as a Certified Municipal Finance Officer, and has a Bachelor of Science in Business Administration with an Economics major and a Finance concentration from the University of Tennessee.

Dywuana Morris, City Comptroller. Dywuana Morris was appointed as City Comptroller in March 2020. As set forth in the City Charter, she is responsible for management of the accounting and financial reporting activities of the City. This responsibility includes the preparation of financial reports, the processing of all disbursement activities, and the retention and retrieval of all records including the preparation and retention of the agendas and minutes of the City Council Meetings. As the City Comptroller, Ms. Morris serves on the City of Memphis Pension Board and Healthcare and Pension Investment Committees.

Ms. Morris has over 20 years of progressive finance and accounting experience, including general ledger accounting, financial reporting and analysis, internal controls design and maintenance, budgeting, and internal and external auditing. She is recognized by the State of Tennessee as a Certified Public Accountant. Ms. Morris holds both a Bachelor of Business Administration in Accounting from the University of Memphis and a Master of Business Administration in Management from Middle Tennessee State University.

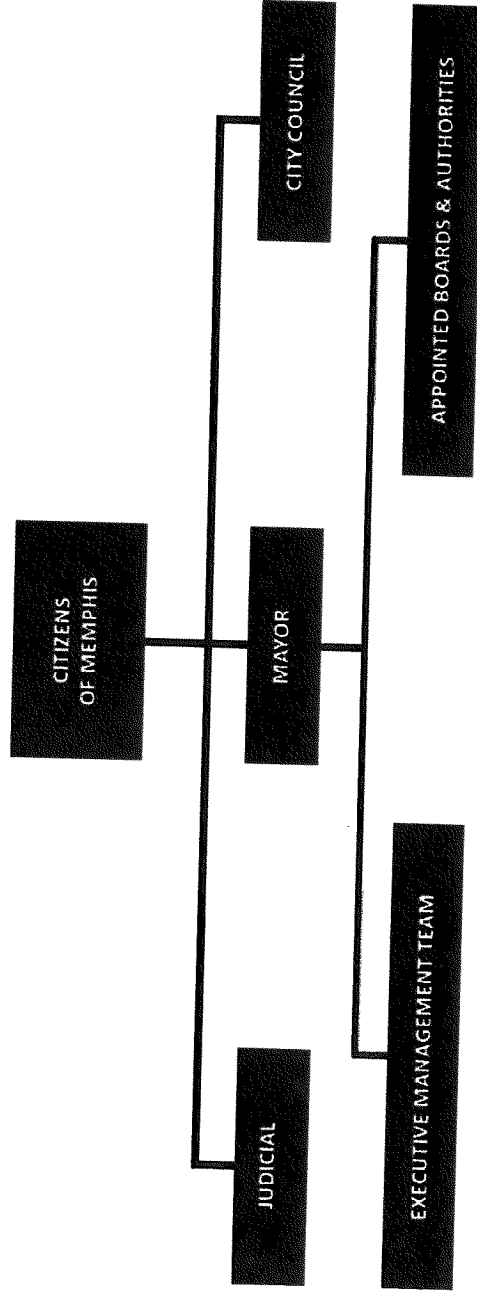
Organization Chart

An organization chart showing the structure of City government is set forth below.

City of Memphis, Tennessee

ORGANIZATION CHART

Primary Government and Discretely Presented Component Units



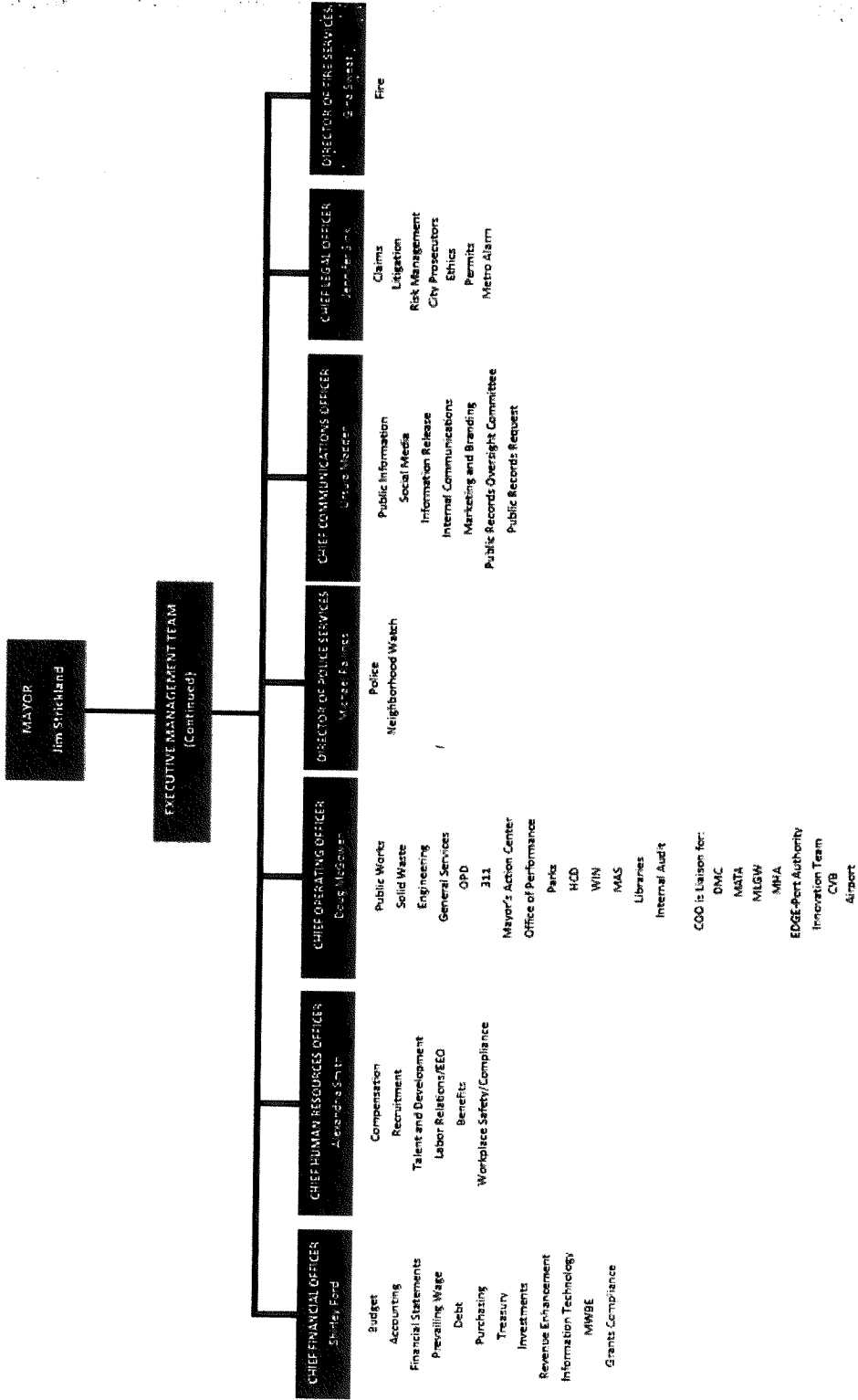
- Memphis Area Transit Authority
- Memphis Light, Gas and Water
- Memphis-Shelby County Airport Authority
- Memphis Light, Gas and Water Retirement and Pension System
- Blight Authority of Memphis, Inc.

(1) Appointed boards and authorities for Memphis Area Transit Authority and Memphis-Shelby County Airport Authority are legally separate from the primary government. These component units are discretely reported in a separate column in the combined financial statements to distinguish them from the primary government. Memphis Light, Gas and Water and Memphis Light, Gas and Water Retirement and Pension System are reported as part of the primary government. Certain other boards and commissions not listed above do not meet the definition of component units as presented in GASB Statement 61. These entities are further explained as related organizations, jointly governed organizations, and joint ventures in the Letter of Transmittal and Note 1 of the notes to the financial statements.

City of Memphis, Tennessee

ORGANIZATION CHART

Primary Government and Discretely Presented Component Units (continued)



Division of Finance

The mission of the City's Division of Finance is to provide fiscal leadership, integrity, and superior finance services through prudent and efficient management of the City's financial affairs. This includes offering quality, meaningful analyses, and financial perspectives necessary for enterprise decisions and strategic planning. The Division of Finance is responsible for all fiscal affairs, information systems, financial management and related systems of the City. The Chief Financial Officer is charged with oversight of the City's financial policy and reports directly to the Mayor. The Chief Financial Officer is primarily responsible for the accounting, financial reporting, debt and investment policy, risk management, financial support systems and tax collection functions for the City. The activities of the Division are currently organized into six service centers: Accounting, Purchasing, Budget, Treasury, Debt and Investment Management.

Labor Relations

The City currently has approximately 6,857 permanent full-time employees, approximately 4,909 of whom are represented by employee labor organizations. The effective agreements with these organizations will expire on June 30, 2021, subject to annual wage openers. The American Federation of State, County and Municipal Employees, Local 1733, represents approximately 884 employees; the Memphis Police Association represents approximately 1,816 police officers; and the International Association of Fire Fighters, Local 1784, represents approximately 1,589 employees. The International Union of Operating Engineers represents 270 employees; the International Association of Machinists and Aerospace Workers represents 86 employees; the International Brotherhood of Electrical Workers and Crafts Union represent 135 employees; and Communication Workers of America represents 129 employees.

All labor-related activities are now coordinated through the Labor Relations Service Center of the Division of Human Resources. In addition to the general administration of labor agreements, the Service Center provides extensive management and non-management training and coordinates all labor negotiations. Labor negotiations in accordance with State law are conducted in open meetings.

The City Charter prohibits strikes by City employees and provides for the automatic dismissal of any striking employee, allowing for their reinstatement only as "new probationary employees." In addition, the City Charter contains an impasse procedure which addresses economic issues between the City and its employees. This procedure provides for a three-person fact-finding committee made up of City Council members. City Council members of any impasse committee are chosen by lot. The committee evaluates the economic positions at impasse and recommends the last best offer total package of either union or the City. The full City Council may accept the committee's recommendation or deny it and accept the position of the other party.

FINANCIAL INFORMATION

Property Tax

Property taxes, which are levied on real estate and personal property, provide the City with a major source of revenue for a variety of functions. The City's property tax levy is without legal limit.

The City Council reserves and allocates a portion of the property tax rate between general government and the payment of debt service on obligations which are not paid from various enterprise funds and capital expenditures.

The Shelby County Assessor of Property assesses all real estate and personal property, including some utilities not under the jurisdiction of the Tennessee Regulatory Authority (the "TRA"). The TRA assesses some intangible personal property related to banks.

As part of the standard procedure for reevaluating assessed values every four years, based on current market values, the Shelby County Assessor of Property completed a full reappraisal of all properties in Shelby County (the "County") for the 2017 tax year (collections in Fiscal Year 2018) reappraisal. The 2017 reappraisal reflects an increase in the overall assessed value of taxable property in the County. The appraised values approximate market value. This ratio of assessment, authorized by the Property Assessment and Classification Act of 1993, provides for assessing farm and residential real property at 25% of the current market value, commercial and industrial real property at 40% of the current market value, personal property at 30% of the current market value and real and personal property of public utilities at 55% of the current market value with corresponding reductions in tax rates.

New appraisal changes in real estate occur only when improvements are made to existing structures or demolition of existing structures occur or when improvements are made on vacant property. Reappraisal does not occur based on property sales. Personal property assessments are made annually based upon returns submitted by the taxpayers and are, therefore, maintained at current market value.

Public utilities are assessed by the TRA and are automatically reviewed by the State Board of Equalization. These assessments include real estate and personal property on the basis of location and usage. Currently, under a ruling by the State Board of Equalization, the appraised value of public utilities is being reduced by multiplying it by a factor computed by dividing the appraised valuation for tax purposes of all real property within the City by the current market value. The assessed value is based on this reduced appraised value.

Other Sources of Revenue

Other sources of revenues for the City include the following, some of which are applied to pay debt service on certain indebtedness described in this Official Statement under the heading "ADDITIONAL OBLIGATIONS".

General Sales Tax. The general (local) sales tax is currently levied at a rate of 2.25% on the first \$1,600 of a sale of any single item.

Beer Sales Tax. The sales tax for beer is 17% on the wholesale price of beer containing not more than 5% alcohol. It is collected by the wholesaler and remitted monthly, less collection fees to the City Treasurer.

Alcoholic Beverage Inspection Fee. The alcoholic beverage inspection fee is a 5% fee charged to retailers on the sale of alcoholic beverages. The fee is based on the wholesale price, collected by the wholesaler, and is remitted monthly, less collection fees to the City Treasurer.

Telephone Franchise Taxes. The telephone franchise tax, which is paid by AT&T (formerly known and at times referred to herein as "BellSouth Telecommunications"), is a 5% tax on local service and intrastate long-distance calls. Currently, a dispute exists between the City and BellSouth Telecommunications and the matter is in litigation. For more information on this matter, see the disclosure in the section entitled "LITIGATION – BellSouth Litigation" herein. Pending resolution of the litigation, the City has ceased collection of the 5% tax.

Hotel/Motel Occupancy Tax. This tax is 3.5% of gross occupancy revenues, not including revenues from residents of 30 or more continuous days. There is a 2% credit if payment is made on or before the 20th of each month and 10% per year interest and a 1% per month penalty if delinquent.

State Tax Revenues (Local Share). The City receives funds from the State of Tennessee (the "State") which are briefly described below:

(a) State Income Tax – This is a tax on income from dividends on stocks or interest on certain bonds. Three-eighths (3/8) of the revenue is distributed to the local government by situs. In 2016, the State of Tennessee passed legislation that cut the income tax rate from 6 percent to 5 percent for tax year 2016 on tax returns due April 2017. In 2017, the State passed additional legislation that reduces the tax rate by 1 percent annually. The state income tax will be phased out effective January 1, 2021, which means the tax will be eliminated entirely for Fiscal Years 2022 and after.

(b) State Sales Tax – A 7% sales tax is imposed on the gross proceeds from retail sale or use of tangible personal property and some services. Over 60% of total state shared revenues that the City receives is derived from this source.

(c) State Gasoline Taxes – The City receives a pro rata share of the State gasoline tax of \$0.20 per gallon and the State Motor Vehicle Tax (Diesel) of \$0.17 per gallon that is earmarked for Tennessee municipalities. Allocation among Tennessee cities is determined on a per capita basis. These funds are used for street maintenance and for debt service on bond proceeds used for street capital improvement projects.

(d) Other State Taxes – The City also receives State revenues derived from the beer tax, alcoholic beverage tax, mixed drink tax, Tennessee Valley Authority in-lieu-of-tax payments and bank excise tax.

Principal Property Taxpayers of the City

The following table presents the City's principal property taxpayers for Fiscal Year 2020.

Principal Property Taxpayers of the City Fiscal Year 2020

	Taxable Assessed Value	Percentage of Total Taxable Assessed Value ⁽¹⁾
FedEx Corporation	\$ 733,141,169	5.78%
Wolfchase Galleria, LTD	48,200,000	0.38
BSNF Railway Company	47,253,027	0.37
Smith & Nephew Inc.	39,740,850	0.31
Exeter	39,293,320	0.31
AT&T Mobility LLC	35,723,362	0.28
TMF II Riverset LLC	32,984,560	0.26
EDGE	32,832,700	0.26
Olymbec USA LLC	32,756,920	0.26
Union Pacific Railroad Company	31,660,164	0.25
Total Assessed Valuation of Top 10 Taxpayers	\$ 1,073,586,072	8.46 %
Balance of Assessed Valuation	11,620,622,663	91.54
Total Assessed Valuation	\$ 12,694,208,735	100.00%

⁽¹⁾ Numbers may not add due to rounding.

Source: City of Memphis, Tennessee Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

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Property Tax Rates, Levies and Collections

The following table presents the City's property tax rates for Fiscal Years 2016 through 2020.

PROPERTY TAX RATES⁽¹⁾
Fiscal Years Ended June 30

Tax Year	2015	2016	2017	2018	2019
Fiscal Year	2016	2017	2018	2019	2020
General Fund	\$ 2.3125	\$ 2.3125	\$ 2.2251	\$ 2.1640	\$ 2.1640
Debt Service Fund	1.0842	1.0842	1.0432	1.0189	0.9989
Capital Improvement Program	0.0033	0.0033	0.0032	0.0031	0.0098
Pre-K	0.0000	0.0000	0.0000	0.0100	0.0100
Community Catalyst Fund	0.0000	0.0000	0.0000	0.0000	0.0067
Affordable Housing Fund	0.0000	0.0000	0.0000	0.0000	0.0067
Total City Tax Rate	\$ 3.4000	\$ 3.4000	\$ 3.2715	\$ 3.1960	\$ 3.1960

⁽¹⁾ Taxes are assessed as of January 1 and are due on June 1 for the City and October 1 for the County. No tax rate limits exist and taxes must be assessed sufficiently to pay debt service. Tax rates are per \$100 of assessed value. The City's tax levy includes payments in lieu of taxes.

Source: City of Memphis, Tennessee.

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The following table presents the City's property tax levies and collections for Fiscal Years 2011 through 2020.

PROPERTY TAX LEVIES AND COLLECTIONS⁽¹⁾

Tax Year	Fiscal Year	Adjusted Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Prior Years Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2010	2011 ⁽²⁾	380,186,210	359,918,827	94.67	17,476,145	377,394,972	99.27	37,327,820	9.82
2011	2012 ⁽³⁾	378,505,905*	357,439,955	94.43*	7,157,948	364,597,903	96.33*	38,518,840*	10.18*
2012	2013 ⁽⁴⁾	369,997,811	351,568,012	95.02	4,609,428	356,177,440	96.26	37,920,407	10.25
2013	2014 ⁽⁵⁾	386,414,817*	373,811,552*	96.74*	4,475,138	378,286,690*	97.90*	40,240,356*	10.41*
2014	2015 ⁽⁶⁾	390,901,305	372,601,741*	95.32*	9,154,932	381,756,673*	97.66*	37,980,066*	9.72*
2015	2016 ⁽⁷⁾	389,694,995	371,180,561	95.25	9,372,759	380,553,320	97.65	38,934,491	9.99
2016	2017 ⁽⁸⁾	395,497,616	376,155,872	95.11	5,759,219	381,915,091	96.57	41,089,159	10.39
2017	2018 ⁽⁹⁾	420,342,211	400,081,997	95.18	7,091,826	407,173,822	96.87	40,252,452	9.58
2018	2019 ⁽¹⁰⁾	413,606,555	394,872,256	95.47	6,753,713	401,625,969	97.10	38,342,430	9.27
2019	2020 ⁽¹¹⁾	417,014,960	393,487,960	94.36	3,148,875	396,636,836	95.11	38,212,875	9.16

* Prior year's reported activity was revised to ensure consistent reporting across reported fiscal years.

- (1) Taxes are normally due on June 1 and become delinquent on September 1 each year. A penalty of 1/2 of 1% accrues the first of each month taxes remain delinquent and interest is charged at 12% per annum until paid. Discounts are not allowed. Delinquent taxes may be collected by foreclosure proceedings through court ordered tax sales.
- (2) Fiscal Year 2011 was corrected to include collections of current receivables (tax year 2010 that funds Fiscal Year 2011) and collections of delinquent receivables (tax years 2008 and 2009) resulting from a sale of real property tax receivables to an outside party in May 2011. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$6,717,420 for the 2010 tax year, which is reflected in current tax amount collections, and \$3,507,581 for the 2008 and 2009 tax years, which is reflected in delinquent collections.
- (3) In November 2011, the City sold the majority of the 2011 tax year real property taxes outstanding (which funds Fiscal Year 2012) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$17,737,009 for Fiscal Year 2012, which is reflected in current tax collections.
- (4) In November 2012, the City sold the majority of the 2012 tax year real property taxes outstanding (which funds Fiscal Year 2013) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$17,353,001 for Fiscal Year 2013, which is reflected in current tax collections.
- (5) In November 2013, the City sold the majority of the 2013 tax year real property taxes outstanding (which funds Fiscal Year 2014) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$21,413,447 for Fiscal Year 2014, which is reflected in current tax collections.
- (6) In December 2014, the City sold the majority of the 2014 tax year real property taxes outstanding (which funds Fiscal Year 2015) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$14,917,354 for Fiscal Year 2015, which is reflected in current tax collections.
- (7) In April 2016, the City sold a portion of the 2015 tax year real property taxes outstanding (which funds Fiscal Year 2016) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$8,622,852 for Fiscal Year 2016, which is reflected in current tax collections. Additionally, the City swapped previously sold receivables that had not yet been paid, with different delinquent receivables. The total balance of the swap was \$2,431,705 which is reflected in "Prior Years Outstanding Delinquent Taxes."
- (8) In March 2017, the City sold a portion of the 2016 tax year real property taxes outstanding (which funds Fiscal Year 2017) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$10,884,669. Additionally, the City redeemed remaining outstanding 2012 receivables in the amount of \$1,270,078. The sale is reflected in the total tax collections.
- (9) In May 2018, the City sold a portion of the 2017 tax year real property taxes outstanding (which funds Fiscal Year 2018) to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance in the amount of \$11,000,143. Additionally, the City redeemed remaining outstanding 2013 receivables in the amount of \$2,945,038. The sale is reflected in total tax collections. Adjusted Tax Levy increased \$24,844,295 due to tax assessment on January 1, 2017 for Fiscal Year 2018. This assessment is performed every four years.
- (10) In December 2018, the City sold a portion of the 2018 tax year real property taxes outstanding (which funds Fiscal Year 2019) to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$12,231,850. Additionally, the City redeemed remaining outstanding 2014 receivables in the amount of \$2,541,071. The sale is reflected in total tax collections.
- (11) In December 2019, the City sold a portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$8,759,171. In April 2020, the City sold a portion of the 2019 tax year (which funds fiscal year 2020) real property taxes outstanding to an outside party. The sale generated property tax revenue and reductions of the property tax receivable balance of \$3,382,709. Additionally, the City redeemed remaining outstanding 2015 receivables in the amount of \$1,196,751. The sale is reflected in total tax collections.

Source: City of Memphis, Tennessee Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Assessed and Estimated Values of Taxable Property

The following table presents the City's assessed and estimated actual values of taxable property for Fiscal Years 2011 through 2020.

ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY Fiscal Year Ended June 30

Tax Year	Real Property			Personal Property			Utilities and Carriers (55%) Real and Personal ⁽¹⁾			Total			Total Assessed to Total Market Value	Total Direct Tax Rate
	Farm and Residential (25%)			Commercial and Industrial (40%) ⁽²⁾			Commercial and Industrial (30%) ⁽³⁾			Privately Owned				
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2010	5,359,781,600	21,439,126,400	4,743,781,550	12,089,810,000	1,133,365,185	3,774,783,400	816,425,195	1,484,409,445	12,053,353,530	38,788,129,245	31.07	3.1957		
2011	5,301,771,500	21,207,086,000	4,507,983,385	11,506,347,200	1,128,790,635	3,760,225,200	877,932,058	1,596,240,105	11,816,477,578	38,069,898,505	31.04	3.1889		
2012	5,248,101,650	20,992,406,600	4,371,602,915	11,161,458,700	1,178,853,370	3,927,663,000	922,004,864	1,676,372,480	11,720,562,799	37,757,900,780	31.04	3.1100		
2013	4,731,533,025	18,926,132,100	4,532,007,925	11,566,004,400	1,273,218,610	4,242,350,800	946,724,202	1,721,316,731	11,483,483,762	36,455,804,031	31.50	3.4000		
2014	4,680,381,500	18,721,526,000	4,285,184,728	10,949,013,700	1,202,709,365	4,007,052,700	973,975,835	1,770,865,155	11,142,251,428	35,448,457,555	31.43	3.4000		
2015	4,747,920,725	18,991,682,900	4,346,281,513	11,109,511,700	1,163,790,125	3,876,630,900	1,087,988,613	1,978,161,115	11,345,980,976	35,955,986,615	31.56	3.4000		
2016	4,751,997,850	19,007,991,400	4,352,967,258	11,139,231,800	1,195,454,995	3,979,910,300	1,074,179,569	1,953,053,762	11,374,599,672	36,080,187,262	31.53	3.4000		
2017	5,158,704,825	20,634,819,300	5,130,873,210	13,104,786,500	1,232,142,320	4,105,025,400	1,075,298,505	1,955,088,191	12,597,018,860	39,799,719,391	31.65	3.2715		
2018	5,168,064,525	20,672,258,100	5,120,604,860	13,087,942,600	1,260,430,100	4,199,045,700	1,138,764,751	2,070,481,365	12,687,864,236	40,029,727,765	31.70	3.1960		
2019	5,183,372,125	20,741,488,500	5,162,651,977	13,235,580,400	1,210,052,260	4,030,360,300	1,136,132,373	2,065,695,224	12,694,208,735	40,073,124,424	31.68	3.1960		

⁽¹⁾ Does not include City-owned utilities (Electric and Gas Divisions) which are assessed a separate in-lieu-of-tax. The Electric and Gas Divisions are taxed under the provisions of state statutes, "The Municipal Electric System Tax Equivalent Law of 1987" and "The Municipal Gas System Tax Equivalent Law of 1987," respectively. Under these laws, the annual tax equivalent is the sum of: (a) the equalized tax rate applied to the net plant value and book value of materials and supplies, and (b) four percent (4%) of the average of revenue less power cost for the preceding three (3) fiscal years. The law also provides that no payment shall be less than the amount paid in Fiscal Year 1987. Net proceeds from this source go only to the City's General Fund and are not allocated by the tax rate ordinance. The City contributes a portion of the proceeds to the County based on a tax rate formula.

⁽²⁾ Includes multiple real estate assessed at 0-40% as well as greenbelt commercial real estate assessed at 2.5%, greenbelt industrial real estate assessed at 0-40%, and greenbelt multiple real estate assessed at 0-40%. For real estate where parcel classification is multiple, the assessments will not equal the percentage multiple of the market appraisal or greenbelt.

⁽³⁾ Includes intangible personal property which is assessed at 40%.

Source: City of Memphis, Tennessee Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Debt Limit

Tennessee Code Annotated provides that bonds may be issued by a municipality without regard to any limit on indebtedness.

General Obligation Debt Service

The following table presents general obligation debt service as a percentage of general fund expenditures for Fiscal Years 2016 through 2020.

GENERAL OBLIGATION DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND EXPENDITURES Fiscal Years Ended June 30 (In Thousands of Dollars)

	2016	2017	2018	2019	2020
General Fund Expenditures and Other Uses ⁽¹⁾	\$ 639,234	\$ 662,997	\$ 712,632	\$ 723,632	\$ 742,824
G. O. Debt Service ⁽²⁾	131,575	133,590	132,598	145,118	144,175
Total G.F Expenditure and G. O. Debt Service	\$ 770,809	\$ 796,587	\$ 845,230	\$ 868,750	\$ 886,999
G. O. Debt Service as of Percentage of the Sum of G.F. Expenditures and G. O. Debt Service	17.07%	16.77%	15.69%	16.70%	16.25%

⁽¹⁾ Includes General Fund Expenditures, Transfers Out and Special Items.

⁽²⁾ Includes Debt Service on General Obligation Bonds and Interest on General Obligation Commercial Paper. Interest on General Obligation Bonds is net of subsidy payments for the General Improvement Bonds, Series 2010B (Direct Build America Bonds), General Improvement Bonds, Series 2010C (Direct Payment Build America Bonds) and General Improvement, Series 2010F (Recovery Zone Economic Development Bonds).

Source: City of Memphis, Tennessee.

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Ratios of General Bonded Debt

The following table presents the City's ratios of general bonded debt (which includes the City's general obligation bonds, bond anticipation notes and commercial paper) to appraised and assessed values and bonded debt per capita for Fiscal Years 2016 through 2020.

RATIOS OF GENERAL OBLIGATION BONDED DEBT⁽¹⁾ TO APPRAISED AND ASSESSED VALUES AND BONDED DEBT PER CAPITA Fiscal Years Ended June 30

	2016	2017	2018	2019	2020
Estimated population ⁽²⁾	653,480	666,723	652,236	650,618	651,073
Appraised property valuation ⁽³⁾⁽⁴⁾	\$ 35,955,987	\$ 36,080,187	\$ 39,799,719	\$ 40,029,728	\$ 40,073,124
Assessed valuation ⁽³⁾⁽⁴⁾	11,345,981	11,374,600	12,597,019	12,687,864	12,694,209
General obligation debt ⁽³⁾⁽⁵⁾	\$ 1,199,950	\$ 1,119,035	\$ 1,347,440	\$ 1,261,655	\$ 1,300,115
Bond premiums ⁽³⁾	73,155	60,542	66,452	52,893	67,620
Total Debt ⁽³⁾	\$ 1,273,105	\$ 1,179,577	\$ 1,413,892	\$ 1,314,548	\$ 1,367,735
Bonded debt per capita	\$ 1,948	\$ 1,769	\$ 2,168	\$ 2,020	\$ 2,101
Bonded debt to appraised valuation – total debt	3.54%	3.27%	3.55%	3.28%	3.41%
Bonded debt to assessed valuation – total debt	11.22%	10.37%	11.22%	10.36%	10.77%

⁽¹⁾ For additional information relating to general bonded debt, see the Notes in the Audited Financial Statements.

⁽²⁾ Source: U.S. Census Bureau.

⁽³⁾ In thousands of dollars.

⁽⁴⁾ Sources: Shelby County Assessor and State of Tennessee Office of State Assessed Properties.

⁽⁵⁾ Includes the City's general obligation bonds only.

Note: The title of this table has been amended from "Debt Ratio Trends" in previous disclosure filings to "Ratios of General Obligation Bonded Debt to Appraised and Assessed Values and Bonded Debt Per Capita." In addition, certain line items in this table were amended from previous disclosure filings to reflect the presentation of such information in the 2018 CAFR.

Source: City of Memphis, Tennessee Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Data

The following table presents population data for the City, the County, the State and the United States for calendar years 2015 through 2019.

Population Data⁽¹⁾ Calendar Years 2015-2019 (amounts in 000s)

	2015	2016	2017	2018	2019
Memphis	654	653	651	651	651
Shelby County	937	936	935	936	937
Tennessee	6,591	6,646	6,709	6,772	6,829
United States	320,635	322,941	324,986	326,688	328,240

⁽¹⁾ From time to time, the U.S. Census Bureau revises its population estimates.

Source: U.S. Census Bureau, Annual Estimates of Resident Population, as of July 1, 2019.

Per Capita Personal Income

The following table presents per capita income for the City, the County, the State and the United States for calendar years 2015 through 2019.

Per Capita Personal Income Calendar Years 2015-2019⁽¹⁾

	2015	2016	2017	2018	2019
Memphis ⁽²⁾	\$42,588	\$43,694	\$44,958	\$46,620	\$47,985
Shelby County	45,324	46,321	47,655	49,465	50,744
Tennessee	42,810	43,932	45,517	48,995	48,684
United States	48,940	49,831	51,640	54,501	56,490

⁽¹⁾ From time to time, the U.S. Bureau of Economic Analysis may revise its income data.

⁽²⁾ Includes the Memphis Metropolitan Statistical Area.

Source: U.S. Bureau of Economic Analysis.

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Employment

The following table presents annual employment and unemployment trends in the City, the County, the State and the United States for calendar years 2011 to 2020. The COVID-19 pandemic significantly affected the unemployment rates for the City, the County, the State and the United States in 2020. As provided above, because of the nature of the COVID-19 pandemic, one cannot predict the course of the pandemic or its future impact on the City's economy, including its employment rate.

Labor Force Trends⁽¹⁾ Calendar Years 2011-2020

Calendar Year	Shelby County ⁽²⁾		Unemployment Percentages			
	Employed	Unemployed	City of Memphis	Shelby County	Tennessee	USA
2020	404.5	43.3	11.3%	9.7%	7.5%	8.1%
2019	450.0	18.1	4.2	4.0	3.4	3.7
2018	424.0	18.4	4.6	4.2	3.5	3.9
2017	417.7	19.1	4.8	4.4	3.8	4.4
2016	411.9	23.8	5.3	5.5	4.8	4.9
2015	401.5	26.5	6.2	6.1	5.6	5.3
2014	394.0	33.6	7.6	7.9	6.5	6.2
2013	401.9	39.4	9.3	8.9	7.8	7.4
2012	409.1	38.7	9.1	8.6	7.9	8.1
2011	409.0	43.1	10.1	9.5	9.0	8.9

(1) From time to time, the U.S. Bureau of Labor Statistics may revise its employment data.

(2) In thousands.

Source: U.S. Bureau of Labor Statistics.

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Employers

The following table presents the 25 largest employers in the Memphis area.

Memphis Area 25 Largest Employers

	Company	Local Employees	Type of Business
1	Federal Express Corporation	30,000	Transportation, e-commerce & business services
2	Wal-Mart Inc.	6,280	Discount General Merchandise
3	The Kroger Co.	6,198	Retail Groceries
4	Technicolor	3,500	Distribution of Movies, DVD's, Games
5	Nike Inc.	3,200	Sports & Fitness Footwear & Apparel
6	First Horizon National Corp.	2,680	Financial Services; Banking
7	XPO Logistics Supply Chain	2,540	Warehousing, Distribution & Logistics
8	Tenet Healthcare Corp. (Saint Francis Healthcare)	2,430	Healthcare
9	International Paper Co.	2,400	Packaging, Paper & Distribution
10	Smith & Nephew	2,300	Orthopedic Medical Devices
11	ServiceMaster Global Holdings Inc.	2,200	Commercial & Residential Services
12	United Parcel Service Inc.	2,150	Express Carrier & Package Delivery
13	AutoZone Inc.	2,000	Retail & Distribution of Auto Parts
13	DHL Supply Chain	2,000	Supply Chain Logistics
15	Cummins Inc.	1,800	New & Remanufactured Diesel Engines
16	Walgreens	1,726	Retail Pharmacy
17	UTC-Carrier Corp.	1,600	Split System Condensing Units
18	Amazon	1,500	Package Fulfillment/Distribution
18	AT&T Inc.	1,500	Telecommunications Products & Services
20	Medtronic Spinal	1,450	Surgical Instruments & Surgical Implants
21	Caesars Entertainment (Horseshoe Casino)	1,357	Entertainment & Gaming
22	MGM Resorts International (Gold Strike Casino)	1,240	Owns & Operates Casinos
23	Hilton Worldwide	1,209	Hotel Development; Franchising & Management
24	Cigna Healthcare of Tennessee Inc.	1,200	Health Services; Specialty Pharmacy
24	The Home Depot Inc.	1,200	Retail Home Improvement Products & Services

Source: Memphis Business Journal: Book of Lists 2019-2020.

Notes: As a result of the COVID-19 pandemic, certain employers are operating at reduced capacity or may have temporarily closed. It is unknown at this time when and if these employers will reopen at full capacity or whether additional operating restrictions will be necessary.

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The following table presents the largest manufacturing companies, based on number of employees, in the Memphis area.

Memphis Area Manufacturing Companies

	Local Employees	Products
1 Smith & Nephew Inc.	2,300	Joint Reconstruction and Trauma Devices
2 UTC-Carrier Corp.	1,600	Split System Condensing Units
3 ABB Electrification Products	800	Electrical Connectors and Components
3 Hino Motors Manufacturing USA	800	Rear Axle for Trucks; Front End Suspension
5 Unilever	700	Ice Cream, Klondike Bars, Popsicles
6 MicroPort Orthopedics Inc.	554	Orthopedic Products, Implants
7 Electrolux	530	Stoves, Ovens and Freestanding Ranges
8 K.T.G. (USA) Inc.	490	Bathroom and Facial Tissue and Paper Towels
9 Nucor Steel of Memphis Inc.	450	Steel
10 The Hershey Co.	400	Candy, Mints and Gum
11 Wright Medical Group N.V.	395	Orthopedic Implants
12 Competition Cams Inc.	375	Automotive Performance Aftermarket
13 Cummins Inc.	373	Diesel Components and Engines
14 Bryce Corp.	356	Flexible Packaging
15 Kellogg Co.	350	Cereal
16 Olympus Surgical Technologies of America	324	Ear Nose and Throat Implants
17 Buckman	320	Specialty Industrial Chemicals
17 Mueller Industries Inc.	320	Tubular Products, Fittings and Valves
19 Valero Energy Corp.	311	Gasoline, Fuel, Petrochemicals
20 Charms, Division of Tootsie Roll Industries	300	Hard Candy
20 ThyssenKrupp Elevator Manufacturing Inc.	300	Elevators & Industrial Lifting Equipment
22 Barr Brands International Inc.	285	Heavy Duty Cleaning
23 DuPont Nutrition & Health	280	Soy Protein
24 Kellogg Co.	250	Waffles
25 Brother Industries (USA) Inc.	235	Office Products; Manufacturing Services

Source: Memphis Business Journal: Book of Lists 2019-2020.

Notes: Electrolux has announced that it plans to close its Memphis manufacturing plant in 2021. Further, as a result of the COVID-19 pandemic, certain employers are operating at reduced capacity or may have temporarily closed. It is unknown at this time when and if these employers will reopen at full capacity or whether additional operating restrictions will be necessary.

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Construction

The following table presents annual data on the number of building permits granted and the value of related construction between Fiscal Years 2016-2020 for both the County and the City.

**Building Permits
Fiscal Years 2016-2020**

Fiscal Year	Shelby County⁽¹⁾		Memphis		City as a % of Shelby County
	Total Number Issued	Valuation⁽²⁾	Total Number Issued	Valuation⁽²⁾	
2016	6,458	1,120,594	4,704	864,921	77.2
2017	6,968	1,315,647	4,884	935,446	71.1
2018	6,907	1,276,982	4,973	926,505	72.6
2019	6,637	2,169,484	4,662	1,696,732 ⁽³⁾	78.2
2020	5,922	1,707,890	4,182	1,399,648	82.0

⁽¹⁾ Includes all incorporated and unincorporated areas of the County except the Cities of Bartlett and Collierville.

⁽²⁾ In thousands of dollars.

⁽³⁾ Increase in valuation is due to large construction projects, including projects for St. Jude Children’s Research Hospital and the City’s downtown convention center.

Source: Shelby County Building Department.

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The Economy

In recent years, the economy of the City has experienced success in attracting new businesses along with the continued growth of existing businesses. This success is due in large part to the City's location near the geographic center of the nation, combined with its transportation facilities. Also, the City benefits from serving as the trade center for the surrounding area. See the section of the Official Statement entitled "CERTAIN INVESTMENT CONSIDERATIONS – COVID 19" for information regarding the impact of the COVID-19 pandemic to the City's finances.

Trade Area

Trade and retail facilities in the City serve a trade area of 76 counties, with a radius of roughly 200 miles east and west and a longer radius paralleling the Mississippi River approximately 300 miles north and south. This trade territory includes 13 counties in Arkansas, one county in Kentucky, 41 counties in Mississippi, two counties in Missouri and 19 counties in Tennessee.

Agribusiness

The Mid-South area, encompassing the Mississippi River Delta, is one of the richest agricultural areas in the nation. Farming is a major occupation of the region and has developed into major agribusiness activities. The 200-day growing season and favorable climate encourage the production of a variety of products. There is a major emphasis on soybeans, cotton and cattle, with additional interest in rice, corn, peaches, apples and a variety of vegetables.

The Memphis MSA is a leading spot cotton market and the nation's second largest processor of soybeans, third largest meat processor and third largest total food processor. Also, agricultural processors, packers, shippers, distributors and merchants are becoming increasingly visible contributors to the growth of the City and its economy.

An international agricultural market center, Agricenter International, was established in 1985 and is located in the eastern part of the City, approximately 30 minutes from downtown Memphis. The 140,000-square-foot exhibition center provides a forum for manufacturers, researchers and agribusiness organizations and producers from across the country. Its facilities include a 1,000-acre demonstration farm, both indoor and outdoor exhibition space, a fishing lake and an auditorium with seating capacity of 500. The Agricenter is operated by a nonprofit entity pursuant to a management contract with the Shelby County Agricenter Commission.

Indigo Ag, a high-tech agricultural company, announced in December 2018 its plans to locate its North American headquarters in the City's downtown. The company is expected to occupy approximately 60,000 square feet of office space downtown, though in 2020 the company announced an unspecified number of layoffs in the City. Founded in 2014, Indigo Ag primarily focuses on coating crop seeds with beneficial microbes that are intended to protect crops from disease and drought.

In 2019, the Mississippi River Delta area experienced significant flooding, including the flooding of hundreds of thousands of acres of farmland. Flooding in the area has become more frequent with recent patterns of increasing rainfall. It is unknown how long it will take for such

flooded areas to recover or how increasing rainfall patterns may affect Delta communities, the area's farming business and the area's larger economy in the future.

Tourism

The City's tourism industry has shown considerable growth since 1990. Some of the principal reasons for the growth include the investment of public funds into tourism development projects, the area's music culture and industry and the development of casino gaming in nearby Northern Mississippi.

The City's two largest tourist attractions draw on the area's rich music heritage. The Beale Street Historic District is located in downtown Memphis and on an annual basis has attracted approximately 4 million patrons, both tourists and residents. Entertainment in the District focuses on the Blues, a genre of music, which developed, in part, on Beale Street in the early and middle parts of the 20th century. The other large music-related attraction is Graceland, the home of the late Elvis Presley, which serves as a museum honoring the early rock-and-roll pioneer. Graceland has attracted an annual average of more than 650,000 people, many of whom make Graceland the primary reason for their visit to the City. A 450-room hotel, The Guest House at Graceland, opened in 2016 and additional tourism-related developments are currently under construction on the Graceland campus.

Much of the area's tourism activity is focused on downtown Memphis. Mud Island, a park and museum devoted to the history, environment and culture of the Mississippi River, is located in Memphis's harbor. The City's convention center is downtown and hosts business and other gatherings. In 2003, a \$92 million expansion to the convention center was completed, which included the construction of the Cannon Center for the Performing Arts, home to the Memphis Symphony. The National Civil Rights Museum is located at The Lorraine Motel and other nearby buildings, offering a comprehensive overview of the American Civil Rights Movement in exhibit form. In 2000, Memphis became the home of the Memphis Redbirds, a minor league baseball team. A new stadium, AutoZone Park, was constructed for the Memphis Redbirds in the heart of downtown. In 2001, the Vancouver Grizzlies team of the National Basketball Association (or "NBA") was refranchised and relocated to the City. An arena, the FedEx Forum, was constructed just south of Beale Street for the Grizzlies' use and for large artistic performances, concerts and shows. It opened for the 2004-2005 NBA season. In 2015, BassPro Shops opened a retail store and tourist attraction in the Pyramid building located in downtown Memphis on the banks of the Mississippi River. In addition to its retail store, the 220,000-square-foot facility includes a hotel, a bowling alley, restaurants, an aquarium, an indoor shooting range, a duck aviary and an alligator pit.

Many other features enhance the City's ability to attract visitors. These include Shelby Farms, the City's 4,500-acre park system which is one of the largest urban park systems in the United States, as well as the Memphis Zoo and Aquarium, a number of fine art galleries, the Overton Square entertainment district, the 62,000-seat Liberty Bowl Memorial stadium and the Memphis International Raceway.

There are approximately 241 hotels and 22,353 hotel rooms in the City and the County, including the historic Peabody Hotel, the Memphis Marriott Downtown Hotel, the Westin Hotel and other facilities located downtown, and there are currently more than 2,000 new hotel rooms in

various stages of development for the downtown and midtown areas. Additionally, there are a number of large hotels in the eastern part of the City and in the County.

As a result of the COVID-19 pandemic, several popular tourist attractions in the City, including but not limited to the Beale Street Historic District and Graceland, are operating at reduced capacity and may, from time to time, be closed. These closures and capacity modifications are anticipated to be temporary, though it is unknown when these changes will cease or whether increased restrictions or additional closures will be necessary.

Memphis Redbirds, Memphis 901 FC, and AutoZone Park

The Memphis Redbirds (the AAA farm club of the St. Louis Cardinals) play at AutoZone Park, a baseball stadium in downtown Memphis containing approximately 10,000 seats and two upper decks with 48 luxury Club suites. AutoZone Park provides grass berm seating down both the left field line and the right field line and has a family-oriented games and amusement area. In 2019, the Memphis 901 Football Club, a professional soccer team affiliated with the United Soccer League (“USL”), began play with home games hosted at AutoZone Park. As a result of the COVID-19 pandemic, the 2020 USL season was suspended and the 2020 AAA baseball season was cancelled. The USL resumed play in July 2020, and the 2021 AAA baseball season commenced in April 2021. It is unclear whether future seasons of the USL or AAA baseball will be impacted.

Memphis Grizzlies' Basketball Arena

The construction of the FedEx Forum, an approximately 18,200-seat multipurpose sports, entertainment and public assembly facility with suites, lounge boxes and other premium seating, was completed in September 2004. The FedEx Forum serves as the home of the Memphis Grizzlies, an NBA franchise, and as a venue for many other sports, concerts and other events and activities. As a result of the COVID-19 pandemic, the 2019-2020 NBA season was suspended in March 2020, as were most major entertainment events scheduled for 2020, and NBA league play was moved to Orlando, Florida. The Memphis Grizzlies have resumed play in the City for the 2020-2021 NBA season, though fan attendance has been significantly limited. It is unclear how other entertainment events at the FedEx Forum will be impacted by the pandemic in the current and ensuing years.

Renasant Convention Center

The Renasant Convention Center (the “Convention Center”) offers 300,000-square-feet of space designed especially for conventions, tradeshow and performing arts. The Convention Center is located in the downtown convention district on the Trolley Line, convenient to hotels, attractions, shopping and entertainment, and is only 12 miles from the Memphis International Airport. The Convention Center has had over 500,000 visitors annually. The Convention Center includes a 125,000-square-foot exhibition hall, a 35,000-square-foot secondary exhibit hall, a 28,000-square-foot ballroom, 31 meeting rooms and the Cannon Center for the Performing Arts, which seats 2,100 people and is the permanent home of the Memphis Symphony Orchestra. The City is currently in the process of a \$205 million-plus renovation and expansion of the Convention Center, a portion of which was financed with general obligation bond proceeds of the City. The renovation and expansion are expected to be completed by [2021] and are designed to both

modernize the facility and increase meeting space, including the addition of a new exterior concourse and pre-function space.

[As a result of the COVID-19 pandemic, Convention Center bookings during the remainder of 2021 have been significantly reduced. It is unclear if and when bookings will return to historic levels.]

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TRANSPORTATION

Because much of the economy of the Memphis MSA depends on transportation and distribution, local leaders formed an organization known as "Uniport" to unify the four modes of transportation: air, rail, highway and water. More recently, these efforts have been incorporated into the City's plan to become "America's Aerotropolis." An aerotropolis is a city which has centered its economy on, and is generally dependent upon, its airport.

Air

Memphis International Airport (the "Airport") occupies about 4,600 acres of land in the City and includes a terminal complex containing approximately one million square feet and four other buildings containing approximately 100,000 square feet. The Airport is served by six major passenger carriers: Allegiant Air, American Airlines, Delta Airlines, Frontier Airlines, Southwest Airlines and United Airlines. Several regional and commuter airlines also serve the Airport.

The Airport is operated by the Memphis Shelby County Airport Authority (the "Airport Authority") created in 1969 by official action of the City and County. The Airport Authority is governed by a seven-member Board of Commissioners, five of whom are appointed by the Mayor of the City and two of whom are appointed by the Mayor of the County. All of the Commissioners are confirmed by the City Council for seven-year terms.

More than 35,000 individuals work at the Airport, including airline, Airport Authority, Federal Aviation Authority, concessionaires and tenant employees. Prior to the COVID-19 pandemic, passenger enplanements were approximately 2.3 million for 2019, and aircraft movements totaled approximately 199,000. **[In 2019, the Airport started an approximately \$214 million renovation project intended to both modernize the Airport Terminal and accommodate additional Airport traffic. The renovation project is expected to take approximately 30 months to complete.]**

Airlines have continued to operate at the Airport during the COVID-19 pandemic. Passenger activity has decreased significantly, however, causing reduced service to many markets. Passenger enplanements for 2020 were approximately 1.01 million, and aircraft movements totaled approximately 180,600. As a result of reduced passenger activity, certain airport facilities, including but not limited to checkpoints, retail stores and restaurants, have closed. These closures are expected to be temporary.

Federal Express ("FedEx") is headquartered in the County and employs approximately 30,000 people in the Memphis area. The main sorting facility is located just off of the Memphis International Airport runways. FedEx has completed several major expansion and improvement projects at its airport hub operations in recent years, and employment has increased. The company also has two major facilities in the County outside of its airport operations. There is a 500,000-square-foot technology complex in Collierville, in the southeastern part of the County, and a headquarters office complex in a nearby area of the County to accommodate and consolidate growth.

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The following table presents Airport activity for calendar years 2016 through 2020.

**Memphis International Airport Aviation Activities
Calendar Years 2016-2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Enplaned Passengers By Airline Type					
Major/National	659,893	1,628,720	1,532,435	1,452,157	1,308,932
Regional/Commuter	347,474	667,555	655,217	631,403	687,785
Non-Scheduled	2,238	3,530	964	887	478
Total	<u>1,009,605</u>	<u>2,299,805</u>	<u>2,188,616</u>	<u>2,084,447</u>	<u>1,997,195</u>
Per Thousand Pounds of Cargo Handled 2020:					
	<u>Domestic</u>	<u>International</u>	<u>Air Mail</u>	<u>Total</u>	
Cargo - Enplaned	4,502,626.9	694,517.5	9,788.2	5,206,932.6	
Cargo - Deplaned	4,060,606.0	894,650.8	10,426.2	4,965,683.1	
Total Cargo Handled 2020	<u>8,563,232.9</u>	<u>1,589,168.3</u>	<u>20,214.5</u>	<u>10,172,615.6</u>	
Total Cargo Handled 2019	<u>8,084,661.4</u>	<u>1,427,189.8</u>	<u>19,789.4</u>	<u>9,531,640.5</u>	
Increase (Decrease) (2020 vs. 2019)	478,571.5	161,978.5	425.1	640,975.1	
Percent Increase (Decrease)	5.9%	11.3%	2.1%	6.7%	
Aircraft Total Movements ⁽¹⁾⁽²⁾	180,644	199,172	190,682	190,662	191,260
Aircraft Landed Weight (in thousand pound units) ⁽²⁾	26,787,218	27,204,622	27,058,742	26,484,421	26,333,844

Source: Memphis-Shelby County Airport Authority, Calendar Year Statistics

<http://www.flymemphis.com>

⁽¹⁾ Excludes Military and General Aviation activity.

⁽²⁾ Totals include major airlines, regional/commuter airlines, cargo airlines, non-scheduled, and other landings

Water

The Mississippi River ranks third in length, fourth in drainage area and fifth in volume in the world. Among the world's ten largest rivers, reaching from the Gulf of Mexico deep into the heartlands of the United States, the Mississippi River system encompasses about 8,900 miles of navigable inland waterways. This system has also helped make Memphis a close neighbor of the agricultural Midwest and the industrial East and West Coasts. The waterways allow for barge service to New Orleans and other Gulf Ports along the Gulf Intercoastal Waterway. This intracoastal waterways system of approximately 1,173 miles connects Florida and Texas and has

offered unprecedented growth opportunities to industry in the City. In addition, regular service is available to Europe and Asia via the waterway system.

In terms of freight handled, the Port of Memphis (the "Port") is the fourth largest shallow draft river port in the U.S. and second largest inland shallow draft river port on the Mississippi River. The Port handles approximately 12 million tons of barge driven cargo each year. The navigation channel is maintained by the U.S. Army Corps of Engineers. Favorable climatic conditions typically permit year-round availability of water transportation. The Port's operations have an estimated economic impact of \$7.1 billion annually and support more than 19,900 jobs throughout the County.

The following table presents total tonnage shipped through the Port of Memphis for calendar years 2010 through 2019.

**Total Tonnage
Port of Memphis
Calendar Years 2010-2019**

Calendar Year	Total Tonnage
2010	12,155,049
2011	12,611,541
2012	13,564,063
2013	14,243,251
2014	14,748,636
2015	12,025,514
2016	12,184,332
2017	11,536,737
2018	11,055,740
2019	8,914,841

Source: Waterborne Commerce Statistics of the United States.

Two still-water harbors in the Memphis area provide shelter from the river current – the Port and Wolf River Harbor. Wolf River Harbor, the City's original harbor and located in north Memphis and McKellar Lake, is a \$50 million, man-made harbor just south of the Central Business District in the City. Public facilities include three public terminals; LASH service; roll-on, roll-off service; bulk loading facilities to barges; bulk sacking facilities; chemical fertilizer storage tanks; heavy lifts up to 100 tons (CBI Nuclear heavy lift to 1200T); two boat/barge repair facilities; and six grain elevators.

Most major common carrier barge lines provide service to the Port, including American Commercial Barge Lines, Federal Barge Lines, Ohio Barge Lines, Sioux City and New Orleans Barge Lines, DRAVO-Mechling Corporation, Riverway Barge Corporation and Valley Barge Lines.

Rail

Memphis is the third largest rail center in the United States behind Chicago, Illinois and St. Louis, Missouri. Five Class One railroads operate out of the Memphis area with competitive

freight service to all principal cities in the U.S. Forty-five states and Canada and Mexico can be reached from Memphis by train. Serving the Memphis area are BNSF, Canadian National, CSX, Norfolk Southern and Union Pacific. The rail lines offer a variety of modern specialized equipment and services.

Highway

The City is connected to the rest of the nation by eight federal, three interstate and seven state highway systems. These highway systems, combined with a circumferential expressway and two highway bridges crossing the Mississippi River, make all parts of Memphis readily accessible to its surrounding communities.

Public Transit

The Memphis Area Transit Authority ("MATA") provides public mass transportation within the City and parts of the County on fixed-route buses, paratransit vehicles and rubber-tired and vintage rail trolleys. MATA provides fixed-route bus and paratransit services throughout its service area, which consists of 280 square miles. In fiscal year 2018, MATA ridership (all modes) consisted of approximately 6.6 million passenger trips. The fixed-route bus system operates about 6 million revenue miles annually on approximately 33 routes. Service is available 365 days per year.

Interstate Bus Lines

Trailways / Greyhound Bus Lines is the major interstate bus line serving the City and County, offering bus service from its Memphis area terminals to the continental United States and Canada. Trailways / Greyhound Bus is supported by three smaller lines: Bridge Transit Corp., Great Southern Coaches, and Gulf Transport Co.

UTILITIES

The Memphis Light, Gas and Water Division ("MLGW") is a City- owned utility company, which distributes electric power and natural gas throughout the City and the County, as well as water within the City and certain adjacent areas. MLGW was created by an amendment to the Charter of the City by Chapter 381 of the Private Acts of the General Assembly, adopted March 9, 1939. MLGW is managed by its board, which consists of five members nominated by the Mayor and approved by the City Council. Board members serve three-year terms. MLGW has control over the administration of its activities in connection with MLGW's business affairs. It operates as three separate divisions (Electric, Gas, and Water), for accounting and financial purposes.

EDUCATION

Shelby County Schools. Shelby County Schools ("SCS") provides public education for school-age children in Shelby County, including the City. SCS is governed by the seven-member Shelby County Board of Education and is the largest school system in Tennessee and among the top 25 in the nation. SCS serves approximately 105,000 students at approximately 200 schools.

The following table presents the historical enrollment and attendance for SCS for the past five school years.

**Historical Enrollment and Attendance
Shelby County School System**

School Year	Shelby County Schools	
	Average Daily Enrollment	Average Daily Attendance
2019-2020	107,420	111,199
2018-2019	104,902	99,443
2017-2018	104,515	99,855
2016-2017	103,703	97,957
2015-2016	106,455	100,469

Source: State of Tennessee Department of Education Report Card, 2020 Annual Statistics Report.

Post-Secondary Institutions. The Memphis area is home to numerous post-secondary institutions, notably including: the University of Memphis; Christian Brothers University; Rhodes College; Lemoyne-Owen College; Baptist Memorial College of Health Sciences; and the University of Tennessee Health Science Center – Memphis.

HEALTHCARE AND BIOSCIENCE

The Memphis area is home to several hospitals, including St. Jude Children's Research Hospital, Baptist Memorial Hospital, Methodist Le Bonheur Healthcare, and Region One Health. The Memphis area is also a leading medical and bioscience center. Shelby County is the second largest orthopedic device manufacturing center in the United States and is home to the divisional or corporate headquarters of the following orthopedic and medical device leaders: Medtronic, MicroPort Orthopedics, Smith & Nephew and Wright Medical.

In addition, the University of Tennessee Health Science Center ("UTHSC") is a staple of the Memphis community and has trained and employed some of the nation's top health-care professionals. UTHSC is estimated to have had a \$3 billion impact to the Memphis-area economy.

LIBRARIES

The City enjoys a Memphis Public Library system with 18 branches throughout the area and houses a circulation of approximately 1.8 million volumes. Colleges, universities, businesses, industries and organizations maintain numerous other libraries in and around the City. The Benjamin L. Hooks Library serves as the information hub of the Mid-South and the flagship for the Memphis Public Library system. Situated in the middle of the City, this 330,000 square-foot facility is accessible to all residents.