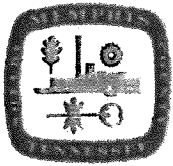


T-086



## City Council Item Routing Sheet

Division Finance Committee Budget Hearing Date October 11, 2022

District \_\_\_\_\_ Super District \_\_\_\_\_

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Ordinance        | <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Grant Acceptance |
| <input type="checkbox"/> Budget Amendment | <input type="checkbox"/> Commendation          | <input type="checkbox"/> Other:           |

|   |  |
|---|--|
| <b>Item Description :</b><br>Resolution of the Council of the City of Memphis, Tennessee, authorizing the issuance, sale and delivery of not to exceed One Hundred Fifty Million Dollars (\$150,000,000) aggregate principal amount of General Improvement Bonds, Series 2022A. |  |
| <b>Recommended Council Action:</b><br>Adopt Resolution  |  |
| <b>Status of MWBE planned expenditures funding, if applicable:</b><br><br>  |  |
| <b>Describe previous action taken by any other entity (i.e. board, commission, task force, council committee, etc.) and date of any action taken:</b><br>N/A.   |  |
| <b>Does this item require city expenditure? No</b><br><br>\$ Amount _____<br><br>\$ Revenue to be received _____  | <b>Source and Amount of Funds</b><br><br>\$ Operating Budget<br><br>\$ CIP Project #<br><br>\$ Federal/State/Other |

### Approvals

|   |  |
|---|--|
| Director _____ Date _____   |  |
| Budget Manager <u>Cameron Canady</u> <small>DocuSigned by: F41A175639954AD</small> Date <u>9/30/2022</u>      | <b>Chief Administrative Officer</b> _____ Date _____ |
| Chief Financial Officer <u>Shirley Ford</u> <small>DocuSigned by: B369F71967435</small> Date <u>10/3/2022</u> | _____ Date _____                                     |
| Deputy Chief Financial Officer <u>[Signature]</u> Date <u>9-28-22</u>   | <b>Council Committee Chair</b> _____ Date _____      |
| Chief Legal Officer _____ Date _____  | _____ Date _____                                     |



## Memphis City Council Summary Sheet

**1. Description of the Item (Resolution, Ordinance, etc.)**

Resolution authorizing the issuance, sale and delivery of not to exceed One Hundred Fifty Million Dollars (\$150,000,000) aggregate principal amount of General Improvement Bonds, Series 2022A.

**2. Initiating Party (e.g. Public Works, at request of City Council, etc.)**

The Finance Division is the initiating party.

**3. State whether this is a change to an existing ordinance or resolution, if applicable.**

This resolution does not constitute a change to an existing ordinance or resolution.

**4. State whether this will impact specific council districts or super districts.**

This resolution does not impact specific council districts or super districts.

**5. State whether this requires a new contract, or amends an existing contract, if applicable.**

This resolution does not require a new contract, nor does it amend an existing contract.

**6. State whether this requires an expenditure of funds/requires a budget amendment**

This resolution requires an expenditure of funds and an amendment to the Debt Service Fund's budget.

**7. If applicable, please list the MWBE goal and any additional information needed**

**THE CITY COUNCIL OF THE CITY OF MEMPHIS, TENNESSEE**

**AUTHORIZING BOND RESOLUTION**

**RESOLUTION OF THE COUNCIL OF THE CITY OF MEMPHIS, TENNESSEE, AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) AGGREGATE PRINCIPAL AMOUNT OF CITY OF MEMPHIS, TENNESSEE, GENERAL IMPROVEMENT BONDS, SERIES 2022A, FOR THE PURPOSE OF FINANCING THE COST OF PUBLIC WORKS PROJECTS AND/OR PAYING AT MATURITY THE PRINCIPAL OF CERTAIN OUTSTANDING BOND ANTICIPATION NOTES OF THE CITY ISSUED AS GENERAL OBLIGATION COMMERCIAL PAPER; MAKING PROVISIONS FOR THE RAISING ANNUALLY BY THE CITY OF A SUM SUFFICIENT TO PAY, AS THE SAME SHALL BECOME DUE, THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS; PRESCRIBING THE FORM AND CERTAIN DETAILS OF SUCH BONDS AND DELEGATING TO THE CHIEF FINANCIAL OFFICER OF THE CITY THE AUTHORITY TO DETERMINE ADDITIONAL DETAILS; APPOINTING THE PAYING AND REGISTRATION AGENT FOR SUCH BONDS; AUTHORIZING AND PROVIDING FOR THE COMPETITIVE SALE OF SUCH BONDS AND APPROVING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH BONDS AND APPROVING THE FORM THEREOF; AUTHORIZING AND APPROVING AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS WITH RESPECT TO THE ISSUANCE OF SAID BONDS.**

**BE IT RESOLVED** by the Council of the City of Memphis, Tennessee, as follows:

**SECTION 1. Findings and Determinations.**

(a) The Council of the City of Memphis, Tennessee (the “Council”), on June 18, 2021, duly adopted an initial resolution (the “Initial Resolution”) authorizing the issuance of general obligation bonds of the City of Memphis, Tennessee (the “City”), in the maximum principal amounts of One Hundred Fifty Million Dollars (\$150,000,000), for the purpose of financing various public works projects of the City, as further described herein.

(b) Pursuant to the Initial Resolution and a resolution adopted by the Council on June 9, 2012 (the “Commercial Paper Resolution”), the City issued and currently there are outstanding \$150,000,000 maximum principal amount of General Obligation Commercial Paper (the “Commercial Paper”), maturing on various dates, for the purposes of financing various public works projects of the City or paying at maturity Commercial Paper theretofore issued for such purpose or to refinance outstanding Commercial Paper.

(c) The City deems it to be in its best interests to provide at this time, by adoption of this Resolution, for the issuance of general obligation bonds of the City to: (i) provide for the payment of \$150,000,000 principal amount of outstanding Commercial Paper (the “Outstanding Notes”) at their respective maturities, the interest on the Commercial Paper due upon maturity to be paid from other available moneys of the City); (ii) finance various public works projects of the

City; and (iii) provide for the payment of certain costs of issuance related to the Series 2022A Bonds (as hereinafter defined).

**SECTION 2. Approval and Authorization of Series 2022A Bonds.** There is hereby authorized to be issued, sold and delivered under the Initial Resolution and this Resolution, one or more series of general improvement bonds of the City in the maximum aggregate principal amount of not to exceed One Hundred Fifty Million Dollars (\$150,000,000) to be designated “City of Memphis, Tennessee General Improvement Bonds, Series 2022A” (the “Series 2022A Bonds”) for the purposes of: (a) paying the principal of \$150,000,000 principal amount of Outstanding Notes at their respective maturities, interest on such Commercial Paper due at maturity to be paid from other available moneys of the City; (b) financing the cost of public works projects, and (c) paying certain costs of issuance related to the Series 2022A Bonds.

**SECTION 3. Certain Details of the Series 2022A Bonds.** The Series 2022A Bonds, or such portion thereof as shall be determined by the Chief Financial Officer of the City (the “Chief Financial Officer”), shall be sold at one time or from time to time on a date or dates to be selected by the Chief Financial Officer. The Series 2022A Bonds of each series shall be numbered from R-1 upwards in order of issuance. The Series 2022A Bonds shall be dated as of a date to be determined by the Chief Financial Officer, shall be issued in the denomination of \$5,000 each or any integral multiple thereof, and shall bear interest payable initially and semiannually thereafter in each year on the dates and at the rates per annum, not to exceed 6% per annum, to be determined by the Chief Financial Officer. The Series 2022A Bonds shall mature in serial or term forms not later than the end of the 30<sup>th</sup> fiscal year of the City following the fiscal year of the City in which the Series 2022A Bonds are issued, on the maturity dates and in the amounts to be determined by the Chief Financial Officer.

The Series 2022A Bonds shall be issued only in fully registered form without coupons. One Series 2022A Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the Series 2022A Bonds, and each such Series 2022A Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series 2022A Bonds. Individual purchases will be made in book-entry-only form. Purchasers will not receive physical delivery of certificates representing their interest in the Series 2022A Bonds except as provided by Section 4 hereof.

Unless the City agrees otherwise, so long as DTC or its nominee is the registered owner of the Series 2022A Bonds as such securities depository, payments of principal, premium, if any, and interest payments on the Series 2022A Bonds will be made by the City through the Paying and Registration Agent named below, by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Series 2022A Bonds, which will in turn remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2022A Bonds. Transfer of principal, premium, if any, and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of the Series 2022A Bonds by DTC participants will be the responsibility of such participants and other nominees of such beneficial owners. Transfers of ownership interests in the Series 2022A 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 of the Series 2022A Bonds.

The City will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants or for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owner of the Series 2022A Bonds.

Regions Bank is hereby appointed as paying agent and as registration agent for the Series 2022A Bonds (the “Paying and Registration Agent”).

**SECTION 4. Procedure in the Event of Revision of Book-Entry Transfer System; Replacement Bonds.** The City shall issue Series 2022A Bond certificates (the “Replacement Bonds”) directly to the beneficial owners of the Series 2022A Bonds other than DTC, or its nominee, but only in the event that:

(a) DTC determines to discontinue providing its services with respect to the Series 2022A Bonds at any time by giving notice to the City and discharging its responsibilities; or

(b) the City discontinues use of DTC (or substitute depository or its successor) at any time upon determination by the City that the use of DTC (or substitute depository or its successor) is no longer in the best interests of the City and the beneficial owners of the Series 2022A Bonds, subject to applicable procedures of DTC. The City and the Paying and Registration Agent may rely upon information provided by DTC, DTC participants or other nominees of beneficial owners, or beneficial owners with respect to the names, addresses and amounts owned by the beneficial owners and other information supplied by them for the purpose of delivering the Replacement Bonds.

Upon occurrence of the events described in either (a) or (b) above, the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall execute and deliver Replacement Bonds in substantially the form set forth in Section 11 hereof. Such Replacement Bonds shall bear thereon a certificate of authentication in the form set forth in Section 11 hereof executed manually, by facsimile, or by electronic means by an authorized officer of the Paying and Registration Agent as registration agent for the City. Only such Series 2022A Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Series 2022 Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by an authorized officer of the Paying and Registration Agent. Any such certificate of the Paying and Registration Agent upon any Series 2022A Bond executed on behalf of the City shall be conclusive evidence that the Series 2022A Bond so authenticated has been duly authenticated and delivered under this Resolution and that the registered owner of such Series 2022A Bond is entitled to the benefits and security of this Resolution.

Prior to the execution and delivery of Replacement Bonds, the City shall notify the beneficial owners of the Series 2022A Bonds by mailing an appropriate notice to DTC. Principal of and interest on the Replacement Bonds shall be payable by check or draft mailed to each registered owner of such Replacement Bonds at the address of such owner as it appears in the books of registry maintained by the Paying and Registration Agent. Replacement Bonds will be transferable only by presentation and surrender to the Paying and Registration Agent, together with an assignment duly executed by the registered owner of the Replacement Bond or by such owner’s

representative in form satisfactory to the Paying and Registration Agent and containing information required by the Paying and Registration Agent in order to effect such transfer.

The City may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to an exchange or transfer of a Series 2022A Bond and may charge the person requesting such exchange or transfer a sum or sums which shall be paid as a condition precedent to the exercise of the privilege of making such exchange or transfer.

**SECTION 5. Redemption.** Any or all of the Series 2022A Bonds (or portions thereof in installments of \$5,000) may be subject to redemption at the option of the City and, in the case of term Series 2022A Bonds, be subject to mandatory sinking fund redemption, prior to their stated maturities, in whole at any time or in part from time to time; provided, however, that subject to the next proviso, the initial optional redemption date for Series 2022A Bonds shall be a date that is no later than eleven (11) years after the end of the fiscal year in which the Series 2022A Bonds are issued; provided further, however, that any Series 2022A Bond also may be made non-redeemable prior to maturity. The redemption provisions for the Series 2022A Bonds, if any, shall be finally determined by the Chief Financial Officer.

If any Series 2022A Bond (or any portion of the principal amount thereof in installments of \$5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Series 2022A Bond, the date and place or places fixed for its redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of such Series 2022A Bond is to be redeemed, that such Series 2022A Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Series 2022A Bond or Series 2022A Bonds will be issued equaling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of such Series 2022A Bond at such owner's address as it appears on the books of registry kept by the Paying and Registration Agent as of the close of business on the forty-fifth (45th) day preceding the date fixed for redemption; provided, however, that any notice of redemption may state that it is conditioned upon the receipt by the Paying and Registration Agent of sufficient moneys to pay the redemption price, plus interest accrued and unpaid to the redemption date, or upon satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied or if any other such event occurs. Notice of such rescission shall be given by the Paying and Registration Agent to affected registered owners of Series 2022A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event and shall be given in the same manner as the notice of redemption was given.

If notice of the redemption of any Series 2022A Bond shall have been given as aforesaid, and payment of the principal amount of such Series 2022A Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made or provided for, interest on such Series 2022A Bond shall cease to accrue from and after the date so specified for redemption thereof. The failure of any

registered owner to receive any such mailed notice shall not affect the sufficiency or validity of the proceedings for the redemption of the related Series 2022A Bonds.

Notwithstanding the foregoing, so long as the Series 2022A Bonds are registered in the name of DTC or its nominee for purchase in book-entry only form, (i) any notice of redemption or of rescission of conditional notice of redemption will be given only to DTC or its nominee, (ii) notice of redemption given to DTC or its nominee may be given at such time and in such manner as is required by the operational procedures of DTC or its nominee, (iii) the selection of beneficial ownership interests in the Series 2022A Bonds to be redeemed within a maturity may be determined in accordance with such procedures, and (iv) the City shall not be responsible for providing any beneficial owner of the Series 2022A Bonds with any such notice.

The Series 2022A Bonds may be made subject to purchase in lieu of redemption as determined by the Chief Financial Officer.

**SECTION 6. Security.** The full faith and credit and unlimited taxing power of the City as to all taxable property in the City are hereby pledged to the punctual payment of the principal of and interest on the Series 2022A Bonds. In accordance with the provisions of T.C.A. Section 9-21-215, it is hereby recited that adequate provision will be made for raising annually by tax upon all property subject to taxation by the City of a sum sufficient to pay the interest on and principal of the Series 2022A Bonds as the same shall become due. The City hereby agrees that a tax sufficient to pay when due such principal and such interest shall be levied annually and assessed, collected and paid in like manner with the other taxes of the City and shall be in addition to all other taxes authorized or limited by law. This Resolution shall be deemed to be the tax resolution required to be adopted in respect of the Series 2022A Bonds under T.C.A. Section 9-21-215. It is the duty of the Council to include in the annual levy a tax sufficient to pay the principal of and interest on the Series 2022A Bonds as the same become due. If any part of the principal of or interest on any of the Series 2022A Bonds are not paid when due, there shall be levied and assessed by the Council and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the City after such omission or failure, a tax sufficient to pay the same.

**SECTION 7. Execution and Authentication of Series 2022A Bonds.** The Series 2022A Bonds shall be executed on behalf of the City with the manual, facsimile or electronic signatures of the Mayor of the City and of the Comptroller of the City (to the extent allowable by law) and shall have impressed or imprinted thereon or affixed thereto, by manual, facsimile or electronic means (to the extent allowable by law), the official seal of the City. In the case of any officer of the City whose signature (which may be manual, facsimile or electronic, to the extent allowable by law) shall appear on the Series 2022A Bonds shall cease to be such officer before the delivery of such Series 2022A Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Series 2022A Bonds shall bear thereon a certificate of authentication in the form set forth in Section 11 hereof executed manually, by facsimile, or by electronic means (to the extent allowable by law) by an authorized officer of the Paying and Registration Agent. No Series 2022A Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by an authorized officer of the Paying and Registration Agent.

**SECTION 8. Payment of Series 2022A Bonds; Books of Registry; Exchanges and Transfers of Series 2022A Bonds.**

(a) Payment of the Series 2022A Bonds.

(i) At any time during which the Series 2022A Bonds shall be in fully registered form, the interest on the Series 2022A Bonds shall be payable by wire transfer or by check or draft mailed by the Paying and Registration Agent to the registered owners of the Series 2022A Bonds at their addresses as the same appear on the books of registry as of a record date determined by the Chief Financial Officer, and the principal of and premium, if any, on the Series 2022A Bonds shall be payable at the principal office of the Paying and Registration Agent or any other office of the Paying and Registration Agent designated for such purpose; provided, however that at any time during which the Series 2022A Bonds shall be in book-entry-only form, the principal of and premium, if any, and interest on the Series 2022A Bonds shall be payable in accordance with the provisions of Section 3 hereof.

(ii) The principal of and premium, if any, and interest on the Series 2022A Bonds shall be payable in such coin or currency of the United States of America as at the respective dates of payment is legal tender for public and private debts.

(b) Books of Registry; Exchanges and Transfers of Series 2022A Bonds.

(i) At all times during which any Series 2022A Bond remains outstanding and unpaid, the Paying and Registration Agent shall keep, or cause to be kept, at its principal office or any other office of the Paying and Registration Agent designated for such purpose, books of registry for the registration, exchange and transfer of the Series 2022A Bonds. Upon presentation at the principal office of the Paying and Registration Agent or any other office of the Paying and Registration Agent designated for such purpose, the Paying and Registration Agent, under such reasonable regulations as it may prescribe, shall register, exchange, transfer, or cause to be registered, exchanged or transferred, on the books of registry the Series 2022A Bonds as herein set forth.

(ii) Any Series 2022A Bond may be exchanged for a like aggregate principal amount of such Series 2022A Bonds in authorized principal amounts of the same interest rate and maturity.

(iii) Any Series 2022A Bond may, in accordance with its terms, be transferred upon the books of registry by the person in whose name it is registered, in person or by his duly authorized agent, upon surrender of such Series 2022A Bond to the Paying and Registration Agent for cancellation, accompanied by a written instrument of transfer duly executed by the registered owner in person or his duly authorized agent, in form satisfactory to the Paying and Registration Agent.

(iv) All transfers or exchanges pursuant to this Section 8(b) shall be made without expense to the registered owner of such Series 2022A Bond, except as otherwise herein provided, and except that the Paying and Registration Agent shall require the payment of the registered owner of the Series 2022A Bond requesting such transfer or exchange of any tax or



other governmental charges required to be paid with respect to such transfer or exchange. All Series 2022A Bonds surrendered pursuant to this Section 8(b) shall be canceled.

**SECTION 9. CUSIP Identification Numbers.** CUSIP identification numbers may be printed on the Series 2022A Bonds, but neither the failure to print any such number on any Series 2022A Bond, nor any error or omission with respect thereto, shall constitute cause for failure or refusal by the purchaser(s) of the Series 2022A Bonds to accept delivery of and pay for the Series 2022 Bonds in accordance with the terms of its proposal to purchase the Series 2022A Bonds. No such number shall constitute or be deemed to be a part of any of the Series 2022A Bonds or a part of the contract evidenced thereby, and no liability shall attach to the City or any of its officers or agents because of or on account of any such number or any use made thereof.

**SECTION 10. Tax Covenant.** The City covenants and agrees to comply with the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder or otherwise applicable thereto, in each case whether prospective or retroactive, that must be satisfied in order that interest on the Series 2022A Bonds shall be and continue to be excluded from gross income for federal income tax purposes under said Sections 103 and 141 through 150.

**SECTION 11. Form of Series 2022A Bonds.** The Series 2022A Bonds shall be in substantially the form set forth below with such necessary or appropriate variations, omissions and insertions as are incidental to their series, numbers, interest rates and maturities or as are otherwise permitted or required by law or this Resolution:

[Remainder of Page Intentionally Left Blank]

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE PAYING AND REGISTRATION AGENT 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.**

**REGISTERED**

No. R-\_\_\_\_

**REGISTERED**

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CITY OF MEMPHIS**

**GENERAL IMPROVEMENT BONDS, SERIES 2022A**

| <b>INTEREST RATE</b> | <b>DATED DATE</b> | <b>MATURITY DATE</b> | <b>CUSIP</b> |
|----------------------|-------------------|----------------------|--------------|
|                      | _____, 2022       | _____, 20__          |              |

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT:**

The City of Memphis, Tennessee (hereinafter referred to as the “City”), for value received, hereby promises to pay the Registered Owner (named above), or registered assigns, on the Maturity Date (specified above), [unless this Bond is subject to redemption prior to maturity and shall have been called for previous redemption and payment of the redemption price shall have been duly made or provided for], the Principal Amount (specified above), and to pay interest on such Principal Amount semiannually on each \_\_\_\_\_ and \_\_\_\_\_ thereafter until the payment of such Principal Amount at the Interest Rate (specified above) per annum, calculated on the basis of a [30-day month and a 360-day] year, by wire transfer or by check or draft mailed by the Paying and Registration Agent hereinafter mentioned to the Registered Owner in whose name this Bond is registered on the books of registry kept and maintained by the Paying and Registration Agent as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month preceding the month in which interest is payable to the address of the Registered Owner as it appears on such books of registry.

The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof to Regions Bank (the “Paying and Registration Agent”) or such other office of the Paying and Registration Agent as may be designated for such purpose. The principal of and

premium, if any, and interest on this Bond are payable in such coin or currency of the United States of America as at the respective dates of payment is legal tender for public and private debts.

This Bond is one of a duly authorized series of 2022A Bonds (herein referred to as the “Series 2022A Bonds”) of the aggregate principal amount of [\_\_\_\_\_ million dollars (\$ \_\_,000,000)] of like date and tenor herewith, except for number, denomination, interest rate, maturity and redemption provisions, and is issued for the purpose of: (a) paying the principal of the City’s outstanding Commercial Paper; and (b) paying certain costs of issuance on the Series 2022 Bonds under and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including Title 9, Chapter 21, *et seq.*, of the Tennessee Code Annotated, and pursuant to resolution duly adopted by the Council of the City on October 11, 2022.

[The Series 2022 Bonds maturing on or before \_\_\_\_\_ shall not be subject to redemption prior to maturity. The Series 2022A Bonds maturing on and after \_\_\_\_\_ (or portions thereof in authorized denominations) are subject to optional redemption by the City on and after \_\_\_\_\_, in whole or in part at any time in such order as determined by the City and by lot within a maturity (if less than a full maturity is to be redeemed),] [at a redemption price equal to the principal amount of the Series 2022A Bonds or portion thereof to be redeemed, together with the interest accrued on such principal amount to the date fixed for redemption.] [at the prices and dates set forth below, in each case together with the interest accrued on the principal amount of the Series 2022A Bonds or portion thereof to be redeemed:]

[insert other applicable redemption provisions, if any]

[If this Series 2022A Bond or any portion of the principal amount hereof shall be called for redemption, notice of the redemption hereof, specifying the date and number of this Series 2022A Bond, the date and place or places fixed for its redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of this Series 2022A Bond is to be redeemed, that this Series 2022A Bond must be surrendered in exchange for the principal amount hereof to be redeemed and the issuance of a new Series 2022A Bond equaling in principal amount that portion of the principal amount hereof not redeemed, shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to the Registered Owner of this Series 2022A Bond at such owner’s address as it appears on the books of registry kept by the Paying and Registration Agent as of the close of business on the forty-fifth (45<sup>th</sup>) day preceding the date fixed for redemption; provided, however, that any notice of redemption may state that it is conditional upon the receipt by the Paying and Registration Agent of sufficient moneys to pay the redemption price, plus interest accrued and unpaid to the redemption date, or upon satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied or if any other such event occurs. Notice of such rescission shall be given by the Paying and Registration Agent to affected registered owners of Series 2022A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event and shall be given in the same manner as the notice of redemption was given. If notice of redemption shall have been given as aforesaid, and payment of the principal amount of this Series 2022A Bond (or portion of the principal amount hereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been made or provided for, interest hereon shall

cease to accrue from and after the date so specified for the redemption hereof. The failure of the Registered Owner to receive any such mailed notice shall not affect the sufficiency or validity of proceedings for the redemption of this Series 2022A Bond.]

Notwithstanding the foregoing, so long as the Series 2022A Bonds are registered in the name of a securities depository for purchase in book-entry-only form: (i) any notice of redemption or of rescission of conditional notice of redemption will be given only to the securities depository or its nominee, notice of redemption given to the securities depository may be given at such time and in such manner as is required by their operational procedures; (ii) the selection of beneficial ownership interests in the Series 2022A Bonds to be redeemed within a maturity may be determined in accordance with such procedures; and (iii) the City shall not be responsible for providing any beneficial owner of the Series 2022A Bonds with any such notice.

[Insert provisions for purchase in lieu of redemption, if any.]

Subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Series 2022A Bonds, this Series 2022A Bond may be exchanged at the principal office of the Paying and Registration Agent, or such other office of the Paying and Registration Agent as may be designated for such purpose for a like aggregate principal amount of Series 2022A Bonds of other authorized principal amounts and of the issue of which this Series 2022A Bond is one. This Series 2022A Bond is transferable by the Registered Owner hereof, in person or by their attorney duly authorized in writing, at the office of the Paying and Registration Agent but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Series 2022A Bonds of the issue of which this Series 2022A Bond is one, and upon the surrender hereof for cancellation. Upon such transfer, a new Series 2022A Bond or Series 2022A Bonds of authorized denominations and of the same aggregate principal amount of the series of which this Series 2022A Bond is one will be issued to the transferee in exchange herefor.

The full faith, credit and unlimited taxing power of the City as to all taxable property in the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on this Series 2022A Bond as the same become due. In the authorizing bond resolution hereinabove referred to adopted on October 11, 2022, it is recited that adequate provision will be made for raising annually by tax upon all property subject to taxation by the City of a sum sufficient to pay the interest on and principal of this Series 2022A Bond as the same shall become due.

This Series 2022A Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying and Registration Agent.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Series 2022A Bond and the series of which it is one, do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Series 2022A Bond and the Series 2022A Bonds of the series of which this Series 2022A Bond is one do not exceed any constitutional or statutory limitation of indebtedness.

**IN WITNESS WHEREOF**, the City of Memphis, by its Council, has caused this Series 2022A Bond to be executed by the manual, facsimile or electronic signature of its Mayor; the seal of the City or a facsimile or electronic thereof to be impressed or imprinted hereon or affixed hereto, attested by the manual, facsimile or electronic signature of the Comptroller; and this Bond to be dated as of the Dated Date set forth above.

**CITY OF MEMPHIS, TENNESSEE**

Attest:

[SEAL]

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**CITY INTERIM COMPTROLLER**

Dated: \_\_\_\_\_

[Page break]

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**Certificate of Authentication**

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

\_\_\_\_\_  
**As Bond Paying and Registration Agent**

By: \_\_\_\_\_  
**Authorized Officer**

Date of Authentication: \_\_\_\_\_

**(FORM OF ASSIGNMENT)**

For value received, \_\_\_\_\_ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY  
OR OTHER TAX IDENTIFYING NUMBER  
OF ASSIGNEE:

\_\_\_\_\_  
\_\_\_\_\_

the within mentioned Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the same on the books of registry of the City kept at the principal office of the Paying and Registration Agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
**Registered Owner**

Signature Guaranteed: \_\_\_\_\_

NOTE:           The signature to this assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

**SECTION 12.   Sale of Series 2022A Bonds; Continuing Disclosure.** The Series 2022A Bonds shall be sold at public sale on a date to be selected by the Chief Financial Officer and at a price of not less than ninety-eight percent (98%) of the principal amount of the Series 2022A Bonds. The Chief Financial Officer is hereby authorized to publish and distribute a Notice of Sale for the Series 2022A Bonds, substantially in the form previously delivered to the Council, with such changes as shall be approved by the Chief Financial Officer, upon the advice of counsel (including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel) and the City’s Co-Municipal Advisors, which approval shall be conclusively evidenced by its publication and distribution, as applicable. The Chief Financial Officer is also hereby authorized to distribute to purchasers of and investors in the Series 2022A Bonds a Preliminary Official Statement of the City relating to the Series 2022A Bonds (the “Preliminary Official Statement”), substantially in the form previously delivered to the Council, with such changes as shall be approved by the Chief Financial Officer, upon the advice of counsel (including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel) and the City’s Co-Municipal Advisors, which approval shall be conclusively evidenced by its publication and distribution, as applicable. As so changed, the Preliminary Official Statement may recite, or the Chief Financial Officer may separately certify, that it is in a form which is “deemed final” as of its date as described in, and with such omissions as are permitted by, Rule 15c2-12(b)(1) of the United

States Securities and Exchange Commission (the “SEC”), but is subject to revision, amendment and completion of a final Official Statement as defined in Rule 15c2-12(e)(3) of the SEC, and the Chief Financial Officer is authorized to separately so certify. The Chief Financial Officer also is hereby authorized to prepare or cause to be prepared, and distribute or cause to be distributed, and the Mayor or Chief Financial Officer is hereby authorized to execute, an Official Statement, relating to the Series 2022A Bonds (the “Official Statement”) in substantially the form of the Preliminary Official Statement as so modified, after the same has been completed by the insertion of the maturities, interest rates, and other details of the Series 2022A Bonds and by making such other insertions, changes or corrections as the Chief Financial Officer, based on the advice of counsel (including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel) and the City’s Co-Municipal Advisors, deem necessary or appropriate, such approval to be conclusively evidenced by the execution thereof; and the Council hereby authorizes the Preliminary Official Statement and the Official Statement and the information contained therein to be used by the initial purchasers in connection with the sale of the Series 2022A Bonds.

A Continuing Disclosure Agreement between the City and Digital Assurance Disclosure, L.L.C., as disclosure dissemination agent (“DAC”), substantially in the form described in the Preliminary Official Statement (as the same may be amended pursuant to the terms thereof, the “Continuing Disclosure Agreement”), is hereby authorized to be executed and delivered by the Mayor, upon consultation with the Chief Financial Officer. The form of the Continuing Disclosure Agreement as executed and delivered may include such changes as shall be approved by such officers, upon the advice of counsel (including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel), which approval shall be conclusively evidenced by the execution thereof.

Upon termination of DAC’s services as disclosure dissemination agent under the Continuing Disclosure Agreement, the City agrees to appoint a successor disclosure dissemination agent under a successor continuing disclosure agreement, the execution and delivery of which by the Mayor, upon consultation with the Chief Financial Officer and advice of counsel (including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel), is hereby authorized, to assume substantially the same responsibilities or, alternately, agrees to assume all disclosure responsibilities of DAC or the entity then serving as disclosure dissemination agent under such Continuing Disclosure Agreement. For purposes of the next paragraph, any such successor agreement or assumption of responsibilities by the City also shall be deemed to be a “Continuing Disclosure Agreement.”

The City covenants with the holders from time to time of the Series 2022A Bonds that it will, and hereby authorizes the appropriate officers and employees of the City to take all action necessary or appropriate to, comply with and carry out all of the provisions of the Continuing Disclosure Agreement as amended from time to time. Notwithstanding any other provision of this Resolution, failure of the City to perform in accordance with the Continuing Disclosure Agreement shall not constitute a default under this Resolution and the Continuing Disclosure Agreement may be enforced only as provided therein.

**SECTION 13. Application of Proceeds of Sale of Series 2022A Bonds.** Proceeds of the sale of the Series 2022A Bonds shall be applied as follows:

(a) Accrued interest received on the Series 2022A Bonds, if any, from their dated date to the date of delivery of and payment for the Series 2022A Bonds shall be applied to the payment of interest on the Series 2022A Bonds on the first interest payment date thereof;

(b) The amount of \$150,000,000 shall be deposited in the Debt Service Fund and shall be used to pay the principal of a like principal amount of outstanding Commercial Paper at their respective maturities.

(c) The balance shall be paid to the City to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or a similar or successor federal agency to be determined by the Chief Financial Officer to be kept separate and apart from other funds of the City. The funds shall be disbursed solely to (i) pay costs of the public works projects authorized herein or reimburse the City for prior payment thereof, and (ii) pay costs of issuance of the Series 2022A Bonds. The funds shall be invested as directed by the Chief Financial Officer in such investments as shall be permitted by applicable law and the earnings thereon shall be applied to the purposes described above. Any funds remaining following the completion of public works projects, and payment of the Outstanding Notes shall be deposited to the City's Debt Service Fund to be used to pay debt service on the Series 2022A Bonds. The Chief Financial Officer shall be authorized to amend the budget of the Debt Service Fund to account for any changes made in compliance with this Resolution.

**SECTION 14. Defeasance.** If the City shall pay and discharge the indebtedness evidenced by any of the Series 2022A Bonds in any one or more of the following ways, to wit:

(a) By paying or causing to be paid the principal of and interest on such Series 2022A Bonds as and when the same become due and payable; or

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers (the "Agent" which Agent may be the Paying and Registration Agent), in trust, on or before the date of maturity or redemption, sufficient money or obligations of the United States of America that, at the time of the purchase thereof, are permitted investments under Tennessee law for the purposes described in this Section 14 (the "Obligations"), the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Series 2022A Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Series 2022A Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

(c) By delivering such Series 2022A Bonds to the Paying and Registration Agent for cancellation; and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Series 2022A Bonds, or make adequate provision therefor, and by resolution of the Council instruct any such Agent to pay amounts when and as required to the Paying and Registration Agent for the payment of principal of and interest and redemption



premiums, if any, on such Series 2022A Bonds when due, then and in that case the indebtedness evidenced by such Series 2022A Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Series 2022A Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Series 2022A Bonds in the manner provided in clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Obligations of the United States of America deposited as aforesaid.

Except as otherwise provided in this Section 14, neither the Obligations of the United States of America nor moneys deposited with the Agent pursuant to this Section nor principal or interest payments on any such Obligations of the United States of America shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Series 2022A Bonds; provided, that any cash received from such principal or interest payments on such Obligations of the United States of America deposited with the Agent, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Agent and (ii) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Series 2022A Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Agent.

**SECTION 15. Further Authorizations.** The appropriate officers and employees of the City are hereby authorized to take all such actions and execute (by manual, facsimile and/or electronic means) such documents (upon advice of counsel, including the Chief Legal Officer/City Attorney, Co-Bond Counsel and Co-Disclosure Counsel) as shall be necessary to effect the delivery of and payment for the Series 2022A Bonds and as may be reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including the purchase, if deemed to the City's financial advantage, of a bond insurance policy guaranteeing payment of principal of and interest on the Series 2022A Bonds and to provide for the payment of the premium cost thereof.

**SECTION 16. Severability.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions hereof or of the Series 2022A Bonds issued hereunder.

**SECTION 17. Repealer.** All resolutions in conflict or inconsistent herewith are hereby repealed insofar as any conflict or inconsistency.

**SECTION 18. Effective Date.** This Resolution shall take effect immediately.

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## OFFICIAL NOTICE OF SALE

**[\$[\_\_\_\_\_] ]\***  
**CITY OF MEMPHIS, TENNESSEE,**  
**GENERAL IMPROVEMENT BONDS,**  
**SERIES 2022A**

Electronic Bids, as Described Herein  
Will Be Accepted Until  
**[9:30] a.m., Central Time, [Tuesday], [\_\_\_\_\_] , 2022\***

**[October \_\_], 2022**

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\* Preliminary; subject to change.

## CONTACTS

**City of Memphis, Tennessee**  
125 North Main Street, Room 368  
Memphis, Tennessee 38103  
Fax: (901) 576-6193

|   |  |                |
|---|--|----------------|
| Shirley Ford<br>Chief Financial Officer           | <a href="mailto:shirley.ford@memphistn.gov">shirley.ford@memphistn.gov</a>         | (901) 636-6657 |
| André D. Walker<br>Deputy Chief Financial Officer | <a href="mailto:andre.walker@memphistn.gov">andre.walker@memphistn.gov</a>         | (901) 636-6324 |
| Carol Ward<br>Debt Coordinator                    | <a href="mailto:carol.ward@memphistn.gov">carol.ward@memphistn.gov</a>             | (901) 636-7303 |
| Cherrell Hawkins<br>Debt Analyst                  | <a href="mailto:cherrell.hawkins@memphistn.gov">cherrell.hawkins@memphistn.gov</a> | (901) 636-7919 |

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**Butler Snow LLP, Co-Bond Counsel**  
6075 Poplar Avenue, Suite 500  
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Fax: (901) 680-7201

|                              |  |                |
|------------------------------|--|----------------|
| Michael J. Bradshaw, Esquire | <a href="mailto:michael.bradshaw@butlersnow.com">michael.bradshaw@butlersnow.com</a> | (901) 680-7302 |
|------------------------------|--|----------------|

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**Carpenter Law, PLLC, Co-Bond Counsel**  
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|                               |  |                |
|-------------------------------|--|----------------|
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|-------------------------------|--|----------------|

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**Bass, Berry & Sims PLC, Co-Disclosure Counsel**  
150 Third Avenue South, Suite 2800  
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Fax: (615) 742-6293

|                                |  |                |
|--------------------------------|--|----------------|
| Lillian M. Blackshear, Esquire | <a href="mailto:lblackshear@bassberry.com">lblackshear@bassberry.com</a> | (615) 742-7902 |
|--------------------------------|--|----------------|

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**Bruce Turner, PLLC, Co-Disclosure Counsel**  
2650 Thousand Oaks Boulevard, Suite 2325  
Memphis, Tennessee 38118  
Fax: (901) 290-6614

|                         |  |                |
|-------------------------|--|----------------|
| T. Kevin Bruce, Esquire | <a href="mailto:tkbruce@bruceturnerlaw.net">tkbruce@bruceturnerlaw.net</a> | (901) 290-6614 |
|-------------------------|--|----------------|

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**ComCap Partners, Co-Financial Advisor**  
1708 Monroe Avenue  
Memphis, TN 38104  
Fax: (901) 274-8040

|                                       |  |                |
|---------------------------------------|--|----------------|
| Pamela Z. Clary, Exec. Vice-President | <a href="mailto:pclary@comcap-partners.com">pclary@comcap-partners.com</a> | (901) 274-5666 |
|---------------------------------------|--|----------------|

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**PFM Financial Advisors LLC, Co-Financial Advisor**  
530 Oak Court Drive, Suite 160  
Memphis, Tennessee 38117  
Fax: (901) 682-8386

|                                   |  |                |
|-----------------------------------|--|----------------|
| Lauren S. Lowe, Managing Director | <a href="mailto:lowel@pfm.com">lowel@pfm.com</a> | (901) 481-3259 |
|-----------------------------------|--|----------------|

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**PARITY®**

|                  |  |                |
|------------------|--|----------------|
| Customer Service |  | (212) 849-5021 |
|------------------|--|----------------|

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**ImageMaster, LLC**

|                  |  |                |
|------------------|--|----------------|
| Customer Service |  | (734) 821-2525 |
|------------------|--|----------------|

## OFFICIAL NOTICE OF SALE

\$[\_\_\_\_\_] \*  
**CITY OF MEMPHIS, TENNESSEE,  
GENERAL IMPROVEMENT BONDS,  
SERIES 2022A**

NOTICE IS HEREBY GIVEN that electronic bids will be received on the date and up to the time specified below:

- SALE DATE: [Tuesday], [\_\_\_\_\_] , 2022 \*
- SALE TIME: [9:30] a.m. Central Time \*
- ELECTRONIC BIDS: Must be submitted through PARITY® as described below.  
**No other form of bid or provider of electronic bidding services will be accepted.**

Bids will be received for the purchase of all, but not less than all, of the \$[\_\_\_\_\_] General Improvement Bonds, Series 2022A (the "Series 2022A Bonds"), of the City of Memphis, Tennessee (the "City") on the Sale Date set forth in the Bidding Parameters table herein. The Series 2022A Bonds are more particularly described in the Preliminary Official Statement dated [\_\_\_\_\_] , 2022, relating to the Series 2022A Bonds (the "Preliminary Official Statement"), available at the ImageMaster website, [www.munios.com](http://www.munios.com). At any time prior to accepting bids, the City reserves the right to cancel or postpone the sale of the Series 2022A Bonds. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least eighteen (18) hours' notice via the website address [www.tm3.com](http://www.tm3.com) of Thomson Municipal Market Monitor. The City further reserves the right to change the aggregate and annual principal amounts of the Series 2022A Bonds being offered or other terms of the Series 2022A Bonds. Any such change may be announced via Thomson Municipal Market Monitor at the website address [www.tm3.com](http://www.tm3.com) not later than eighteen (18) hours preceding the bid opening. Consideration of the bids and the award will be made by the City not later than 5:00 p.m. Central Time on the Sale Date. The City also reserves the right to adjust the aggregate and annual principal amounts of the Series 2022A Bonds or to cancel the sale of the Series 2022A Bonds after the bids are opened, as further described herein. See "ADJUSTMENT OF AMOUNTS AND MATURITY" herein. All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Preliminary Official Statement.

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\* Preliminary; subject to change.

THE BIDDING PROCESS, CURRENTLY SCHEDULED FOR THE SALE DATE, MAY BE CANCELLED OR POSTPONED AT ANY TIME PRIOR TO THE RECEIPT OF BIDS. IF A POSTPONEMENT OCCURS, A LATER PUBLIC SALE MAY BE HELD AT THE TIME AND DATE COMMUNICATED THROUGH THOMSON MUNICIPAL MONITOR UPON NO LESS THAN 18 HOURS NOTICE. THE AGGREGATE PRINCIPAL AMOUNT AND AMORTIZATION OF THE SERIES 2022A BONDS MAY BE CHANGED OR ANY OTHER PROVISION OF THIS OFFICIAL NOTICE OF SALE MAY BE AMENDED BY THE CITY UPON NO LESS THAN 18 HOURS PRIOR NOTICE COMMUNICATED THROUGH THOMSON MUNICIPAL MONITOR. IF SUCH A CHANGE OR AMENDMENT OCCURS, BIDS WILL BE RECEIVED IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE, AS MODIFIED BY SUCH NOTICE.

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### BIDDING PARAMETERS TABLE\*

| INTEREST                                 |  | PRICING                     |  |
|--|--|-----------------------------|--|
| Dated Date:                              | Delivery Date  | Maximum Aggregate Bid:      | [N/A]  |
| Delivery Date:                           | On or around [____], 2022  | Minimum Aggregate Bid:      | [101]%   |
| Interest Payment Dates:                  | [April] 1 and [October] 1  | Maximum Price Per Maturity: | [N/A]  |
| First Interest Payment Date:             | [April] 1, 2023  | Minimum Price Per Maturity: | [98.5]%  |
| Coupon Multiples:                        | 1/8 or 1/20 or 1/100 of 1%   |                             |  |
| Maximum Allowable Coupon:                | [5.00]%  |                             |  |
|  |  | PROCEDURAL                  |  |
| Minimum Allowable Coupon:                | [4.00]% for Bonds maturing [____], and thereafter  | Sale Date and Time:         | [____], 2022. Bid must be received by [9:30] a.m. Central Time on the Sale Date. |
| Maximum TIC:                             | [5.00]%  | Bid Submission:             | PARITY® only.  |
|  |  | All or None:                | Yes  |
| PRINCIPAL                                |  | Bid Award Method:           | Lowest True Interest Cost  |
| Optional Redemption:                     | On or after [____], at a price equal to the principal together with accrued interest.  | Bid Confirmation:           | Fax or e-mail signed PARITY® screen.   |
| Aggregate Principal Increase / Decrease: | + / - 25%  | Awarding of Bid:            | City Mayor or his designee, not later than 5:00 p.m. Central Time on Sale Date   |
| Per Maturity Increase / Decrease:        | N/A  | Good Faith Deposit:         | [\$____]   |
| Maximum Aggregate Principal:             | N/A  |                             |  |
| Term Bonds:                              | Bidders may specify that the principal amount coming due in any two or more consecutive years after the call date may be combined into one or more term bonds. |                             |  |

\* Bidding parameters or any other provision of this Official Notice of Sale may be amended by the City upon no less than eighteen (18) hours prior notice and communicated through Thomson Municipal Market Monitor. If such a change or amendment occurs, bids will be received in accordance with this Official Notice of Sale, as modified by such notice. If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the body of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

**MATURITY SCHEDULE FOR SERIES 2022A BONDS\***

| <b>Maturity<br/>([April] 1)</b> | <b>[Principal<br/>Amount]</b> |
|---------------------------------|-------------------------------|
| <b>[2023</b>                    |                               |
| <b>2024</b>                     |                               |
| <b>2025</b>                     |                               |
| <b>2026</b>                     |                               |
| <b>2027</b>                     |                               |
| <b>2028</b>                     |                               |
| <b>2029</b>                     |                               |
| <b>2030</b>                     |                               |
| <b>2031</b>                     |                               |
| <b>2032</b>                     |                               |
| <b>2033</b>                     |                               |
| <b>2034</b>                     |                               |
| <b>2035</b>                     |                               |
| <b>2036</b>                     |                               |
| <b>2037</b>                     |                               |
| <b>2038</b>                     |                               |
| <b>2039</b>                     |                               |
| <b>2040</b>                     |                               |
| <b>2041</b>                     |                               |
| <b>2042]</b>                    |                               |

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\* Preliminary, subject to change.

## **THE SERIES 2022A BONDS**

The Series 2022A Bonds will be dated their date of delivery and will bear interest at the annual rate or rates specified by the successful bidder. Interest on the Series 2022A Bonds will be payable semiannually until paid in full and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2022A Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table.

The Series 2022A Bonds will be issued only in fully registered form, without coupons, in 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 2022A Bonds. For more information regarding the form of the Series 2022A Bonds, see "FORM AND PAYMENT" herein.

The Series 2022A Bonds will mature on the dates and in the principal amounts shown on the Maturity Schedule, subject to change before the sale and after award of the Series 2022A Bonds as provided herein.

The proceeds of the Series 2022A Bonds will be used to: (a) provide for the payment of \$[150,000,000] principal amount of outstanding General Obligation Commercial Paper (as defined herein) at their respective maturities; and (b) pay costs of issuance of the Series 2022A Bonds.

## **SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2022A BONDS**

The Series 2022A Bonds are direct obligations of the City and the City has pledged its full faith and credit and unlimited taxing power as to all taxable property in the City to the punctual payment of the principal of and interest on the Series 2022A Bonds. The City has agreed to levy and collect a tax sufficient to pay the principal of and interest on the Series 2022A Bonds as the same shall become due, in addition to all other taxes authorized or limited by law.

## **REDEMPTION OF THE SERIES 2022A BONDS**

*Optional Redemption.* The Series 2022A Bonds maturing on or before [\_\_\_\_], are not subject to optional redemption prior to maturity. The Series 2022A Bonds maturing on or after [\_\_\_\_], (or portions thereof in authorized denominations of \$5,000 and integral multiples thereof) are subject to optional redemption by the City on and after [\_\_\_\_], in whole or in part, at any time, in such order as determined by the City (except as provided below), at a redemption price equal to the principal amount of the Series 2022A Bonds or portion thereof to be redeemed, plus interest accrued thereon to the redemption date.

*Term Bond Option.* Bidders, in their bids for purchase of the Series 2022A Bonds, may designate the principal amounts of the Series 2022A Bonds set forth in the initial Maturity Schedule set forth in this Official Notice of Sale for any two or more consecutive years after [\_\_\_\_], as a single term maturity which will mature in the latest of the years designated, and will have a stated maturity amount equal to the sum of the annual principal amounts designated as a part of such term maturity. Bidders may designate no more than four term maturities in such manner, and only one term maturity may be subject to mandatory sinking fund redemption in any year. Upon such designation, the Series 2022A Bonds of such term maturity shall be subject to



mandatory sinking fund redemption in part by lot on **[April]** 1, in the principal amounts which would otherwise have matured in such designated years, at the price of par plus accrued interest to the redemption date, without premium.

## **ADJUSTMENT OF AMOUNTS AND MATURITY**

Prior to the Sale Date, the City may adjust the aggregate and annual principal amounts of the Series 2022A Bonds. Notice of any such adjustment will be announced via Thomson Municipal Market Monitor at the website address [www.tm3.com](http://www.tm3.com) not later than eighteen (18) hours preceding the bid opening.

After the receipt and opening of the bids for the purchase of the Series 2022A Bonds, the City may cancel the sale of the Series 2022A Bonds or adjust the aggregate principal amount, or the principal amount of any maturity, of the Series 2022A Bonds, provided such adjustments are within the limitations set forth in the Bidding Parameters Table and calculated based on the applicable bid amount. The City will consult with the successful bidder before adjusting the aggregate principal amount of the Series 2022A Bonds or canceling the sale of the Series 2022A Bonds. However, the City reserves the sole right to make adjustments, within the limits described above, and to cancel the sale of the Series 2022A Bonds. Any adjustments made after the opening of the bids will be communicated to the successful bidder no later than 2:00 p.m. Central Time on the Sale Date. Adjustment of the aggregate or annual principal amounts of the Series 2022A Bonds within the limits described in the Bidding Parameters Table will not relieve the successful bidder from its obligation to purchase all of the Series 2022A Bonds, assuming the City has satisfied all other conditions of this Official Notice of Sale.

In the event that the aggregate principal amount of the Series 2022A Bonds is revised after the award, the interest rates and reoffering prices of each maturity and Underwriter's Discount on the Series 2022A Bonds as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Series 2022A Bonds submitted by the bidder and the price at which the Series 2022A Bonds will be issued to the public, as calculated from information provided by the bidder, divided by the par amount of the bid.

## **FORM AND PAYMENT**

The Series 2022A 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 2022A Bond certificate will be issued for each maturity of the Series 2022A Bonds as set forth in the Maturity Schedule herein, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Purchases of the Series 2022A Bonds under the DTC system must be made by or through DTC and its participants ("DTC Participants"), who will receive a credit for the Series 2022A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022A Bond (a "Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Transfers of ownership interests in the Series 2022A Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners.

Payments of principal of and premium, if any, and interest on the Series 2022A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. Neither the City nor Regions Bank, Nashville, Tennessee, who will act as the paying agent and registrar for the Series 2022A Bonds, will have any responsibility or obligation to DTC Participants, Beneficial Owners or other nominees of any Beneficial Owner for: (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) distribution of any certificate representing an ownership interest, or other confirmation of beneficial ownership interest, in the Series 2022A Bonds; (c) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any of the Series 2022A Bonds; (d) the delivery of any notice by DTC or any DTC Participant; (e) the election of the DTC Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2022A Bonds; or (f) any consent given or any other action taken by DTC or any DTC Participant.

The successful bidder will be required to furnish to DTC within seven (7) days after the sale the customary underwriter's questionnaire and information as to each DTC Participant and the Series 2022A Bonds to be held for it, all in accordance with DTC procedures.

## **PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT**

The City has authorized the preparation and distribution of the Preliminary Official Statement, which it has "deemed final" (except for permitted omissions) for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC"), as promulgated pursuant to the Securities Exchange Act of 1934 ("Rule 15c2-12"). On the date of closing, the City will furnish to the successful bidder a certificate, in its usual form, as to the completeness and accuracy of the Official Statement.

The Preliminary Official Statement and this Official Notice of Sale will be available electronically at [www.munios.com](http://www.munios.com). Assistance in obtaining the documents will be available from ImageMaster or from one of the City's Co-Financial Advisors, Pamela Z. Clary, Executive Vice-President of ComCap Partners, or Lauren S. Lowe, Managing Director of PFM Financial Advisors LLC. For their contact information, see "CONTACTS" herein.

**This Official Notice of Sale is not intended to be a disclosure document and, although being delivered to investors simultaneously with the Preliminary Official Statement, shall not be deemed to be part of the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and will be deemed to have acknowledged that they have done so prior to participating in the bidding. In the event of any conflict between the statements contained in the Preliminary Official Statement and in this Official Notice of Sale, the statements contained in the Preliminary Official Statement shall prevail.**

The Preliminary Official Statement, when amended to reflect the results of the sale of the Series 2022A Bonds and other information, will constitute a "Final Official Statement" with respect to the Series 2022A Bonds, as that term is defined in Rule 15c2-12. Not more than seven business days after the date of the sale, the City will provide, without cost to the successful bidder, up to 50 copies of the Final Official Statement. The successful bidder shall be responsible for distributing copies of the Final Official Statement to the other underwriters in its underwriting

syndicate, if any, and agrees that delivery of the Final Official Statements to it as aforesaid satisfies the City's obligations under Rule 15c2-12 to deliver Final Official Statements with respect to the Series 2022A Bonds.

## **RATINGS**

Moody's Investors Service, Inc., and S&P Global Ratings (together, the "Rating Agencies"), have assigned ratings of ["\_\_\_" (\_\_\_\_\_ outlook) and "\_\_\_" (\_\_\_\_\_ outlook)], respectively, to the Series 2022A Bonds. The rating reports of the Rating Agencies will be made available upon request to the Deputy Chief Financial Officer, André D. Walker, or to one of the City's Co-Financial Advisors, Pamela Z. Clary, Executive Vice President of ComCap Partners, or Lauren S. Lowe, Managing Director of PFM Financial Advisors LLC. For their contact information, see "CONTACTS" herein.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and explanations 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 2022A Bonds. The City has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the successful bidder in complying with Rule 15c2-12, simultaneously with the issuance of the Series 2022A Bonds, the City will enter into a Continuing Disclosure Agreement with Digital Assurance Certification, L.L.C. ("DAC"), as initial dissemination agent, under which the City will provide continuing disclosure with respect to the Series 2022A Bonds.

Bidders shall perform their own due diligence regarding the City's past compliance with its continuing disclosure undertakings and must contact the City prior to bidding on the Series 2022A Bonds to the extent of any questions about, or proposed revisions to, the disclosure under the heading "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

DAC has been engaged by the City to review and prepare a report on its compliance with its continuing disclosure undertakings with respect to its bonds during the last five years. Prospective bidders may obtain access to DAC's report on its website by sending a written request via email to [support@dacbond.com](mailto:support@dacbond.com), referencing Series 2022A Bonds in the email subject line, by no later than 12:00 noon Central time on [\_\_\_\_], 2022. DAC will then provide those bidders access to its online report. The City can give no assurance as to the timeliness with which DAC will provide access to the report online or that the procedures performed by DAC in developing the report are sufficient for any purpose.

## **LEGAL OPINION AND CLOSING CERTIFICATES**

At the time of delivery of the Series 2022A Bonds, the City will deliver to the successful bidder, the approving opinions of Co-Bond Counsel, in substantially the form attached to the Preliminary Official Statement as Appendix D, a no-litigation certificate of the City and other customary closing certificates relating to the issuance of the Series 2022A Bonds. For a further discussion of certain federal income tax matters relating to the Series 2022A Bonds, see the information under the caption "TAX MATTERS" in the Preliminary Official Statement. The opinions of Co-Bond Counsel will be furnished to the successful bidder, without charge, together with the closing documents customarily delivered by the City for the issuance of its general obligation bonds.

At the time of delivery of the Series 2022A Bonds, the City will deliver to the successful bidder, at the expense of the City, the opinions of Co-Disclosure Counsel to the City, which counsel have advised the City on various matters relating to disclosure for the issuance of the Series 2022A Bonds and in connection with the preparation of the Preliminary Official Statement and the Final Official Statement. The opinions of Co-Disclosure Counsel will be furnished to the successful bidder, without charge, in substantially the form customarily delivered to the City for the issuance of its general obligation bonds.

## **BIDDING PROCEDURE; OFFICIAL BID FORMS**

Only electronic bids submitted via PARITY® will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile will be accepted. Bidders are permitted to submit bids for the Series 2022A Bonds during the bidding time period, provided they are eligible to bid as described under the heading "ELIGIBILITY TO BID" herein.

Each bid must be unconditional and received by PARITY® before the Sale Date and time deadline for receiving bids as set forth in the Bidding Parameters Table. No proposal to purchase the Series 2022A Bonds may be withdrawn after the deadline set for receiving bids. Prior to the deadline set for receiving bids, an eligible prospective bidder may, subject to the limitation which may be imposed by PARITY®, modify the proposed terms of its bid, in which event the proposed terms as last modified will constitute its bid for the Series 2022A Bonds. At the deadline stated above for receiving bids, the bidding process will close and each bid shall then constitute an irrevocable offer to purchase the Series 2022A Bonds on the terms provided in the bid and this Official Notice of Sale.

The use of PARITY® electronic bidding shall be at the bidder's risk and expense and the City shall have no liability with respect thereto. The City is using electronic bidding as a communications medium and PARITY® is not acting as the City's agent.

If any provision of this Official Notice of Sale conflicts with information provided by PARITY®, this Official Notice of Sale shall control. The City is not bound by any advice or determination of PARITY® as to whether any bid complies with the terms of this Official Notice of Sale. The time maintained by PARITY® shall constitute the official time with respect to all bids submitted.

Each electronic bid submitted via PARITY® shall be deemed an offer in response to this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The successful bidder must confirm such bid by a signed PARITY® bid form and a signed statement of reoffering price, both delivered by fax or e-mail to the City (at the number or e-mail address specified under the heading "CONTACTS" herein) no later than one hour after being notified by the City of being the winning bidder, the original of each of which must be received by André D. Walker, Deputy Chief Financial Officer, on the following business day at his address, as shown under the heading "CONTACTS" herein. Failure to deliver this written confirmation does not relieve the bidder of the obligation to purchase the Series 2022A Bonds.

## **ELIGIBILITY TO BID**

The City does not have a registration requirement for prospective bidders. However, bidders submitting electronic bids must be contracted customers of the BidCOMP Competitive Bidding System and should promptly contact PARITY® directly at (212) 849-5021 for information about PARITY®, including its rules and fees and becoming a contracted customer. In the event any bidder desires to submit a bid and is not a contracted customer of the BidCOMP Competitive Bidding System, such bidder should contact one of the City's Co-Financial Advisors, Pamela Z. Clary, Executive Vice President of ComCap Partners, or Lauren S. Lowe, Managing Director of PFM Financial Advisors LLC, to arrange to participate in the bidding process. For their contact information, see "CONTACTS" herein.

By submitting a bid for the Series 2022A Bonds, each underwriter certifies it has an established industry reputation for underwriting new issuances of municipal bonds. The City will not accept bids from firms without an established industry reputation for underwriting new issuances of municipal bonds.

While Tennessee law requires that the Series 2022A Bonds be awarded to the bidder whose bid results in the lowest true interest cost to the City (see "Award of Bid" below), it is the intent of the City that bidders give appropriate consideration to firms that reflect the racial and ethnic diversity of the City of Memphis. In accordance with City Ordinance #5662, the City encourages bidders to include Minority and Women-Owned Business Enterprises ("MWBE") in their management group or syndicate. To be considered an MWBE, at least 51% of ownership should be secured by one or more minority persons or women.

## **FORM OF BID, INTEREST RATE AND BID PRICE**

All bids must conform to the requirements of this Official Notice of Sale. No bid will be considered which does not offer to purchase all of the Series 2022A Bonds. Each bid must specify: (a) an annual rate of interest for each maturity of the Series 2022A Bonds; (b) the reoffering price or yield for each maturity of the Series 2022A Bonds; and (c) a dollar purchase price for each maturity of the Series 2022A Bonds.

Each bidder must specify the rate of interest per annum (and no more than one rate of interest) which each maturity of the Series 2022A Bonds is to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table.

Each bid for the Series 2022A Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table.

The City will notify the successful bidder that it is the apparent winner as promptly as reasonably possible after bids are received.

## **AWARD OF BID**

The City expects to award the Series 2022A Bonds to the winning bidder no later than 5:00 p.m. Central Time on the Sale Date. Bids may not be withdrawn prior to the award. Unless all bids are rejected, the Series 2022A Bonds will be awarded by the City on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the City. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, as necessary to discount the debt service payments from the payment dates to the Dated Date (as defined in the Bidding Parameters Table) of the Series 2022A Bonds. If two or more bidders offer to purchase the Series 2022A Bonds at the same lowest TIC, the Series 2022A Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC. However, if apportionment is not acceptable to such bidders, the City, in its own discretion, will have the right to award the Series 2022A Bonds to one of such bidders. There will be no auction.

## **RIGHT OF REJECTION**

The City expressly reserves the right: (a) to waive or reject any informalities in any bid; (b) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein; (c) to solicit new bids or proposals for the sale of the Series 2022A Bonds; and (d) to otherwise provide for the public sale of the Series 2022A Bonds if all bids are rejected or the winning bidder defaults.

## **DELIVERY AND PAYMENT**

Delivery of the Series 2022A Bonds will be made by the City to DTC in book-entry only form on or about the Delivery Date shown in the Bidding Parameters Table or a later date: (a) within 60 days from the date of sale, as selected by the City in its sole discretion; or (b) thereafter, if agreed upon by the City and the successful bidder. The cost of printing the Series 2022A Bonds will be borne by the City.

Payment of the balance of the purchase price for the Series 2022A Bonds, after application of the Good Faith Deposit (hereinafter defined), must be made in federal funds or other legal tender immediately available to the City at the time of delivery of the Series 2022A Bonds and in accordance with instructions to be given to the purchaser by the City. Any expenses incurred in providing immediate funds, whether by transfer of federal funds or otherwise, will be borne by the purchaser.

## **RIGHT OF CANCELLATION**

The successful bidder will have the right, at its option, to cancel its obligation to purchase the Series 2022A Bonds if the City and the Paying Agent fail to execute the Series 2022A Bonds and tender the same for delivery within 60 days from the date of sale thereof or by such later date as the City and the successful bidder may agree upon. In such event, the successful bidder will be entitled to the return of the Good Faith Deposit accompanying its bid.

## **GOOD FAITH DEPOSIT**

The successful bidder for the Series 2022A Bonds is required to submit the good faith amount of \$[\_\_\_\_\_] (the "Good Faith Deposit") to the City in the form of a federal funds wire transfer not later than two hours after the verbal award is made. The City's Co-Financial Advisor will provide the successful bidder with the banking information associated with the Good Faith Deposit.

If such wire transfer deposit is not received by the City by that time, the bid of such apparent winning bidder may be rejected and the City, in its sole discretion, may direct the next lowest bidder, in ascending order, to submit a Good Faith Deposit and, thereafter, may award the sale of the Series 2022A Bonds to the next lowest bidder. In the event that the original apparent winning bidder does not comply with the Good Faith Deposit requirements and another bidder complies with the Good Faith Deposit requirements as described herein, or in the event no bidder complies with the Good Faith Deposit requirements as described herein, the original apparent winning bidder is obligated to promptly pay to the City, as liquidated damages for its failure to timely comply with the terms of this Official Notice of Sale and of its bid, a sum equal to the greater of: (a) the difference between the TIC of the original apparent winner and the TIC of the ultimate winner; and (b) the amount of the Good Faith Deposit. ***Submission of a bid to purchase the Series 2022A Bonds shall constitute acknowledgement and acceptance of the terms of the Good Faith Deposit requirements, including the payment of liquidated damages, as provided herein.***

The Good Faith Deposit so wired will be retained by the City until the delivery of the Series 2022A Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Series 2022A Bonds or the Good Faith Deposit will be retained by the City as partial liquidated damages in the event of the failure of the successful bidder to pay for the Series 2022A Bonds in compliance with the terms of this Official Notice of Sale and its bid. No interest on the Good Faith Deposit will be paid by the City.

## **CUSIP NUMBERS**

A CUSIP number may be printed on each of the Series 2022A Bonds, but neither failure to print such number on any Series 2022A Bonds nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2022A Bonds. The policies of the CUSIP Service Bureau will govern the assignment of the specific numbers to the Series 2022A Bonds.

**All expenses in relation to the printing of the CUSIP numbers on the Series 2022A Bonds will be paid for by the City; provided, however, that the CUSIP Service Bureau charge**

**for the assignment of said number will be the responsibility of, and will be paid for by, the successful bidder.**

## **COMPLIANCE WITH SEC AND MSRB RULES**

The successful bidder agrees to take any and all other actions necessary to comply with applicable rules of the SEC and the Municipal Securities Rulemaking Board (the "MSRB") governing the offering, sale and delivery of the Series 2022A Bonds, including without limitation the payment of any fees or charges required to be paid by the MSRB or the Securities Industry and Financial Market Association in connection with the purchase or sale of the Series 2022A Bonds.

## **BLUE SKY**

The City has not taken any action relating to the requirements of the securities or "blue sky" laws of any jurisdiction with respect to the offer and sale of the Series 2022A Bonds. Certain jurisdictions may have filing requirements which must be satisfied prior to any offer or sale of the Series 2022A Bonds to the public within that jurisdiction.

## **ESTABLISHMENT OF ISSUE PRICE**

The successful bidder shall assist the City in establishing the issue price of the Series 2022A Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form of Exhibit A attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Co-Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Series 2022A Bonds may be taken on behalf of the City by the City's Co-Financial Advisors identified herein, and any notice or report to be provided to the City may be provided to the Co-Financial Advisors.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2022A Bonds) will apply to the initial sale of the Series 2022A Bonds (the "competitive sale requirements") because:

- (a) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (b) all bidders shall have an equal opportunity to bid;
- (c) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (d) the City anticipates awarding the sale of the Series 2022A Bonds to the bidder who submits a firm offer to purchase the Series 2022A Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2022A Bonds, as specified in the bid.



In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder and shall treat the initial offering price to the public as of the sale date of any maturity of the Series 2022A Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Series 2022A Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2022A Bonds.

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Series 2022A Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2022A Bonds, that the underwriters will neither offer nor sell unsold Series 2022A Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (a) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (b) the date on which the underwriters have sold at least 10% of that maturity of the Series 2022A Bonds to the public at a price that is no higher than the initial offering price to the public.

In the event the hold-the-offering-price rule applies, the successful bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Series 2022A Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Series 2022A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2022A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Series 2022A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2022A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Series 2022A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Series 2022A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer

that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Series 2022A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022A Bonds.

By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2022A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to:

(A) (1) report the prices at which it sells to the public any unsold Series 2022A Bonds of each maturity allocated to it to which the hold-the-offering-price rule applies until the close of the fifth (5<sup>th</sup>) business day after the sale date; and (2) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires;

(B) promptly notify the successful bidder of any sales of the Series 2022A Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2022A Bonds to the public; and

(C) acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2022A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2022A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2022A Bonds of each maturity allocated to it to which the hold-the-offering-price rule applies until the close of the fifth (5<sup>th</sup>) business day after the sale date and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

Sales of any Series 2022A Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2022A Bonds to the public shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(a) “public” means any person other than an underwriter or a related party,

(b) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2022A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2022A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2022A Bonds to the public),

(c) a purchaser of any of the Series 2022A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(d) “sale date” means the date that the Series 2022A Bonds are awarded by the City to the successful bidder.

### **CERTIFICATE AS TO FINAL OFFICIAL STATEMENT**

The City will deliver to the purchaser of the Series 2022A Bonds a certificate of an official of the City, dated the date of delivery of said Series 2022A Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Final Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading.

### **ADDITIONAL INFORMATION**

The Preliminary Official Statement and this Official Notice of Sale may be obtained in electronic format from [www.munios.com](http://www.munios.com). Additional information may be obtained from André D. Walker, Deputy Chief Financial Officer of the City, or one of the City's Co-Financial Advisors, Pamela Z. Clary, Executive Vice President of ComCap Partners, and Lauren S. Lowe, Managing Director of PFM Financial Advisors LLC. For contact information for each of these individuals, see "CONTACTS" herein.

*[signature page follows]*

Dated: [\_\_\_\_], 2022

**CITY OF MEMPHIS, TENNESSEE**

*/s/ Shirley Ford*  
By: Shirley Ford  
Its: Chief Financial Officer

**EXHIBIT A**  
**FORM OF ISSUE PRICE CERTIFICATE**

\$[\_\_\_\_\_]\*  
**CITY OF MEMPHIS, TENNESSEE,**  
**GENERAL IMPROVEMENT BONDS,**  
**SERIES 2022A**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), [on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"),] hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Series 2022A Bonds”).

[WHEN HOLD-THE-OFFERING-PRICE RULE DOES NOT APPLY]

[1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2022A Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Series 2022A Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Series 2022A Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Series 2022A Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Series 2022A Bonds.]

[WHEN HOLD-THE-OFFERING-PRICE RULE APPLIES]

[1. **Initial Offering Price.**

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered each Maturity of the Series 2022A Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2022A Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Series 2022A Bonds, [it][they] would neither offer nor sell any of the Series 2022A Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the

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\* Preliminary; subject to change.

agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Series 2022A Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2022A Bonds during the Holding Period.]

2. **Defined Terms.**

(a) *City* means the City of Memphis, Tennessee.

[WHEN HOLD-THE-OFFERING-PRICE RULE APPLIES][(b) *Holding Period* means, for each Maturity of the Series 2022A Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth (5<sup>th</sup>) business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF THE UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Maturity of the Series 2022A Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.]

[(b)][(c)] *Maturity* means Series 2022A Bonds with the same credit and payment terms. Series 2022A Bonds with different maturity dates, or Series 2022A Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

[(c)][(d)] *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

[(d)][(e)] *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2022A Bonds. The Sale Date of the Series 2022A Bonds is [DATE].

[(e)][(f)] *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2022A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2022A Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2022A Bonds to the Public).

3. **Yield.**

The yield on the Series 2022A Bonds has been calculated to be not less than [\_\_\_\_] %].

4. **Weighted Average Maturity.**

The weighted average maturity of the Series 2022A Bonds has been calculated to be [\_\_\_\_] years.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting

the Series 2022A Bonds, and by Butler Snow LLP and Carpenter Law, PLLC, in connection with rendering an opinion that the interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Series 2022A Bonds.

**[UNDERWRITER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**  
**[EXPECTED OFFERING PRICES][INITIAL OFFERING PRICES]**  
(Attached)



**SCHEDULE B**  
**[COPY OF UNDERWRITER'S BID][PRICING WIRE OR EQUIVALENT**  
**COMMUNICATION]**

(Attached)

33758445.1

**PRELIMINARY OFFICIAL STATEMENT DATED [\_\_\_\_], 2022**

**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 2022A Bonds described 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.*

\$[\_\_\_\_]\*  
**CITY OF MEMPHIS, TENNESSEE,  
GENERAL IMPROVEMENT BONDS,  
SERIES 2022A**

**Dated:** Date of Delivery

**Due:** [\_\_\_\_] 1, as shown on the inside front cover page

**Tax Treatment:**

**[In the opinion of Co-Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, the interest on the Series 2022A Bonds (as defined herein) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2022A Bonds (the "Code"), and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code.] Co-Bond Counsel is further of the opinion that, under existing law, the Series 2022A Bonds, and the income therefrom, shall be free from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and Tennessee franchise and excise taxes. For a more complete description, see "TAX MATTERS" herein.**

**Authority for Issuance:**

The \$[\_\_\_\_]\* in aggregate principal amount of City of Memphis, Tennessee, General Improvement Bonds, Series 2022A (the "Series 2022A Bonds"), are being issued by the City of Memphis, Tennessee (the "City") pursuant to, among other things, the Bond Resolution adopted by the City Council on [\_\_\_\_], 2022 (the "Bond Resolution").

**Terminology:**

All capitalized terms used in this Official Statement and not otherwise defined herein will have the meanings ascribed to such terms in the Bond Resolution.

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\* Preliminary; subject to change.

**Purpose:** The proceeds of the Series 2022A Bonds will be used to: (a) provide for the payment of \$[150,000,000] principal amount of outstanding General Obligation Commercial Paper (as defined herein) at their respective maturities; and (b) pay costs of issuance of the Series 2022A Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

**Book-Entry Only System:** The Series 2022A Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof equal to the principal amounts shown on the inside front cover page of this Official Statement 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 2022A Bonds. Purchases of beneficial ownership interests in the Series 2022A 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 2022A Bonds unless the book-entry only system is discontinued. See "BOOK-ENTRY ONLY SYSTEM" herein.

**Payment Dates:** The Series 2022A Bonds will bear interest and mature on the dates set forth on the inside front cover pages of this Official Statement. Interest on the Series 2022A Bonds is payable semiannually on [April] 1 and [October] 1 of each year, commencing [April] 1, 2023\*. Principal of the Series 2022A Bonds is payable on [April] 1 of each year, as set forth on the inside cover\*. Payments of principal of and interest on the Series 2022A Bonds will be made to purchasers of beneficial interests in the Series 2022A Bonds by DTC Participants (as defined herein). See "THE SERIES 2022A BONDS" herein.

**Sources of Payment:** The Series 2022A Bonds are direct obligations of the City and the City has pledged its full faith and credit and unlimited taxing power as to all taxable property in the City to the punctual payment of the principal of and interest on the Series 2022A Bonds. The City has agreed to levy and collect a tax sufficient to pay the principal and interest on the Series 2022A Bonds as the same shall become due, in addition to all other taxes authorized or limited by law. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS" herein and "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

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\* Preliminary, subject to change.

**Redemption:**

The Series 2022A Bonds are subject to redemption prior to maturity as more fully described herein. See "THE SERIES 2022A BONDS - Redemption Provisions" herein.

**Competitive Bids:**

Electronic proposals for the purchase of the Series 2022A Bonds will be received via PARITY® on [\_\_\_\_], 2022, at [9:30] a.m. Central Time, or on such other date or time as may be determined by the City with notice provided through Thomson Municipal Market Monitor, all as provided in the Official Notice of Sale relating to the Series 2022A Bonds.

*The Series 2022A Bonds are being offered when, as and if issued by the City and received by the Underwriter (as defined herein), subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinion of Butler Snow LLP, Memphis, Tennessee, and Carpenter Law, PLLC, Memphis, Tennessee, as Co-Bond Counsel to the City. Certain legal matters will be passed upon for the City by Jennifer A. Sink, Chief Legal Officer / City Attorney. Certain legal matters will be passed upon for the City by Bass, Berry & Sims PLC, Nashville, Tennessee, and Bruce Turner, PLLC, Memphis, Tennessee, as Co-Disclosure 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 2022A Bonds. The Series 2022A Bonds are expected to be delivered through the book-entry only system of DTC on or about [\_\_\_\_], 2022.\**

\_\_\_\_\_, 2022

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,  
PRICES, YIELDS AND CUSIP NUMBERS<sup>†</sup>**

\$[\_\_\_\_\_] \*  
**CITY OF MEMPHIS, TENNESSEE,  
GENERAL IMPROVEMENT BONDS,  
SERIES 2022A**

| <b>Maturity<br/>(April 1)<sup>*</sup></b> | <b>[Principal<br/>Amount]<sup>*</sup></b> | <b>Interest<br/>Rate (%)</b> | <b>Yield (%)</b> | <b>Price (%)</b> | <b>Initial CUSIP<br/>No.<sup>†</sup></b> |
|---|---|------------------------------|------------------|------------------|--|
| <b>2023</b>                               |   |                              |                  |                  |  |
| <b>2024</b>                               |   |                              |                  |                  |  |
| <b>2025</b>                               |   |                              |                  |                  |  |
| <b>2026</b>                               |   |                              |                  |                  |  |
| <b>2027</b>                               |   |                              |                  |                  |  |
| <b>2028</b>                               |   |                              |                  |                  |  |
| <b>2029</b>                               |   |                              |                  |                  |  |
| <b>2030</b>                               |   |                              |                  |                  |  |
| <b>2031</b>                               |   |                              |                  |                  |  |
| <b>2032</b>                               |   |                              |                  |                  |  |
| <b>2033</b>                               |   |                              |                  |                  |  |
| <b>2034</b>                               |   |                              |                  |                  |  |
| <b>2035</b>                               |   |                              |                  |                  |  |
| <b>2036</b>                               |   |                              |                  |                  |  |
| <b>2037</b>                               |   |                              |                  |                  |  |
| <b>2038</b>                               |   |                              |                  |                  |  |
| <b>2039</b>                               |   |                              |                  |                  |  |
| <b>2040</b>                               |   |                              |                  |                  |  |
| <b>2041</b>                               |   |                              |                  |                  |  |
| <b>2042]</b>                              |   |                              |                  |                  |  |

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<sup>†</sup> 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 2022A Bonds only at the time of issuance of the Series 2022A Bonds and the City 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 2022A 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 2022A Bonds.

<sup>\*</sup> Preliminary, subject to change.

**CITY OF MEMPHIS, TENNESSEE  
ELECTED OFFICIALS**

**Mayor**

Jim Strickland

**City Council**

Martavius Jones, Chair

JB Smiley, Jr., Vice Chair

|                        |                     |
|------------------------|---------------------|
| J. Ford Canale         | Cheyenne Johnson    |
| Chase Carlisle         | Rhonda Logan        |
| Frank Colvett, Jr.     | Worth Morgan        |
| Terri Dockery          | Patrice J. Robinson |
| Michalyn Easter-Thomas | Dr. Jeff Warren     |
| Edmund Ford, Sr.       |                     |

**CHIEF EXECUTIVES**

|                          |                                   |
|--------------------------|-----------------------------------|
| Shirley Ford .....       | Chief Financial Officer           |
| Douglas McGowen .....    | Chief Operating Officer           |
| Cerelyn C.J. Davis ..... | Chief of Police Services          |
| Ursula Madden.....       | Chief Communications Officer      |
| Jennifer A. Sink .....   | Chief Legal Officer/City Attorney |
| Alexandria Smith .....   | Chief Human Resources Officer     |

**DIRECTORS**

|                        |   |
|------------------------|---|
| Antonio Adams .....    | Director of General Services                  |
| Manny Belen, P.E. .... | Director of Engineering                       |
| Ashley Cash .....      | Director of Housing and Community Development |
| Wendy Harris .....     | Chief Information Officer                     |
| Robert Knecht .....    | Director of Public Works                      |
| Keenon McCloy .....    | Director of Libraries                         |
| Chandell Ryan.....     | Interim Director of Solid Waste               |
| Gina Sweat .....       | Director of Fire Services                     |
| Nick Walker .....      | Director of Parks and Neighborhoods           |
| John Zeanah .....      | Director of Planning and Development          |

**CONSULTANTS TO THE CITY**

**Co-Bond Counsel**

Carpenter Law, PLLC  
Memphis, Tennessee

Butler Snow LLP  
Memphis, Tennessee

**Co-Disclosure Counsel**

Bruce Turner, PLLC  
Memphis, Tennessee

Bass Berry & Sims PLC  
Nashville, Tennessee

**Co-Financial Advisors**

ComCap Partners  
Memphis, Tennessee

PFM Financial Advisors LLC  
Memphis, Tennessee

**External Auditors**

Banks, Finley, White & Co.  
Memphis, Tennessee

This Official Statement does not constitute a contract between the City or the Underwriter and any one or more owners of the Series 2022A Bonds, nor does it constitute an offer to sell or the solicitation of an offer to buy the Series 2022A 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 City or the Underwriter 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 2022A Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by 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 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 CITY 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 2022A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022A 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 2022A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION 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 2022A BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2022A 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 2022A 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 City and the terms of the offering, including the merits and risks involved. The Series 2022A 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 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*

\$[\_\_\_\_\_]\*

**CITY OF MEMPHIS, TENNESSEE,  
GENERAL IMPROVEMENT BONDS,  
SERIES 2022A**

## 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 City of Memphis, Tennessee (the "City"), of \$[\_\_\_\_\_] in aggregate principal amount of its General Improvement Bonds, Series 2022A (the "Series 2022A Bonds"). See "INTRODUCTION - Authority for Issuance" herein.

*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 2022A 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 and not otherwise defined herein shall have the meanings assigned thereto in the hereinafter defined Bond Resolution.

### The City

The City is a municipal corporation organized under the laws of the State of Tennessee (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 Shelby County, Tennessee (the "County"). For information regarding the economics, demographics and governance of the City, see "THE CITY" herein and "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

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\* Preliminary; subject to change.

## **Authority for Issuance**

The Series 2022A Bonds are being issued pursuant to the Constitution and statutes of the State, including the provisions of the Local Government Public Obligations Act of 1986, as amended, codified as Title 9, Chapter 21, Tennessee Code Annotated (the "Act") and, among other things, that certain resolution duly adopted by the City Council of the City (the "City Council") on [\_\_\_\_], 2022 (the "Bond Resolution").

## **Purpose of the Series 2022A Bonds**

The proceeds of the Series 2022A Bonds will be used to: (a) provide for the payment of \$[150,000,000] principal amount of outstanding General Obligation Commercial Paper (as defined herein) at their respective maturities; and (b) pay costs of issuance of the Series 2022A Bonds.

## **Description of the Series 2022A Bonds**

The Series 2022A Bonds will bear interest and mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the Series 2022A Bonds is payable semiannually on [April] 1 and [October] 1 of each year, commencing [April] 1, 2023\*. Principal of the Series 2022A Bonds is payable on [April] 1 of each year, as set forth on the inside cover\*. Payments of principal of and interest on the Series 2022A Bonds will be made to purchasers of beneficial interests in the Series 2022A Bonds by DTC Participants (as defined herein).

The Series 2022A Bonds will be issued only in fully registered form, without coupons, in authorized denominations of \$5,000 or any integral multiple thereof equal to the principal amounts shown on the inside front cover page of this Official Statement 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 2022A Bonds. Purchases of beneficial ownership interests in the Series 2022A 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 2022A Bonds unless the book-entry only system is discontinued. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2022A Bonds are subject to redemption prior to maturity. See "THE SERIES 2022A BONDS - Redemption Provisions" herein.

For a more complete description of the Series 2022A Bonds, see "THE SERIES 2022A BONDS" herein.

## **Security and Sources of Payment for the Series 2022A Bonds**

The Series 2022A Bonds are direct obligations of the City and the City has pledged its full faith and credit and unlimited taxing power as to all taxable property in the City to the punctual payment of the principal of and interest on the Series 2022A Bonds. The City has agreed to levy and collect a tax sufficient to pay the principal of and interest on the Series 2022A Bonds, as the same shall become due, in addition to all other taxes authorized or limited by law. See

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\* Preliminary, subject to change.

"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS" herein and "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

### **Paying Agent and Registrar**

Regions Bank, Nashville, Tennessee, will act as the initial paying agent and registrar for the Series 2022A Bonds (in that capacity, the "Paying Agent and Registrar").

### **Continuing Disclosure**

In order to assist the Underwriter (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 2022A 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 2022A 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 C - 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, including the appendices attached hereto, contain brief descriptions of, among other matters, the City, the Series 2022A Bonds, the security and sources of payment for the Series 2022A Bonds, the Bond Resolution and the Disclosure Agreement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution, the Series 2022A 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 2022A Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution, 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 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 had an estimated population of 633,104 as of 2020, according to the United States Census Bureau.

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 A – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" and certain financial and statistical information relating to the City set forth in the Annual Comprehensive Financial Report of the City for the Fiscal Year Ended June 30, 2021 (the "2021 Audited Financial Statements"), an electronic link to which is set forth in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" attached hereto.

## **PLAN OF FINANCING**

The proceeds of the Series 2022A Bonds will be used to: (a) provide for the payment of \$[150,000,000] principal amount of outstanding General Obligation Commercial Paper (as defined herein) at their respective maturities; and (b) pay costs of issuance of the Series 2022A Bonds. Outstanding interest on the General Obligation Commercial Paper will be paid from other available moneys of the City. See "INTRODUCTION - Purpose of the Series 2022A Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2022A Bonds are expected to be applied as follows:

**Sources:**

|  |  |       |
|--|--|-------|
| Par Amount                                   |  | \$    |
| [Net] Original Issue Discount / Bond Premium |  | _____ |
| Total Sources:                               |  | = \$  |

**Uses:**

|                                       |  |       |
|---------------------------------------|--|-------|
| Deposit to <b>[Debt Service Fund]</b> |  | \$    |
| Costs of Issuance <sup>(1)</sup>      |  | _____ |
| Total Uses:                           |  | = \$  |

<sup>(1)</sup> Includes, without limitation, the Underwriter's discount, legal and advisory fees, printing costs and other costs associated with the issuance of the Series 2022A Bonds.

## THE SERIES 2022A BONDS

### Authority for Issuance

The Series 2022A Bonds are being issued pursuant to the Constitution and statutes of the State, including the Act, and, among other things, the Bond Resolution.

### General Description of the Series 2022A Bonds

The Series 2022A Bonds will be dated their date of delivery, bear interest and mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the Series 2022A Bonds is payable semiannually on **[April]** 1 and **[October]** 1 of each year, commencing **[April]** 1, 2023, until paid in full (each such date, an "Interest Payment Date")\*, to the registered owners in whose names the Series 2022A Bonds are registered on the books of registry kept and maintained by the Paying Agent and Registrar as of the close of business on the fifteenth (15th) day of the month next preceding the Interest Payment Date. Interest on the Series 2022A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal on the Series 2022A Bonds is payable on **[April]** 1 of each year, as set forth on the inside cover\*. For a discussion of applicable redemption provisions, see "THE SERIES 2022A BONDS – Redemption Provisions" herein.

The Series 2022A 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 2022A Bonds. Purchases of beneficial ownership interests in the Series 2022A 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 2022A Bonds unless the book-entry only system is discontinued. Transfers of ownership interests in the Series 2022A Bonds will be

\* Preliminary, subject to change.

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 2022A 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 2022A Bonds at such securities depository, payments of principal of, premium, if any, and interest on the Series 2022A Bonds will be made by the City through the Paying Agent and Registrar by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Series 2022A Bonds, which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2022A Bonds. Transfers of such payments to DTC Participants will be the responsibility of DTC. Transfers of such payments to Beneficial Owners of the Series 2022A 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 2022A Bonds will be delivered as described in the Bond Resolution, the Beneficial Owners or their nominees will become the registered owners of the Series 2022A Bonds and interest on the Series 2022A Bonds will be payable and ownership of the Series 2022A Bonds may be transferred as described in the Bond Resolution. See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Redemption Provisions\***

*Optional Redemption.* The Series 2022A Bonds maturing on or before **[April 1, 2032]**, are not subject to optional redemption prior to maturity. The Series 2022A Bonds maturing on or after **[April 1, 2033]**, (or portions thereof in authorized denominations of \$5,000 and integral multiples thereof) are subject to optional redemption by the City on and after **[April 1, 2032]**, in whole or in part, at any time, in such order as determined by the City (except as provided below), at a redemption price equal to the principal amount of the Series 2022A Bonds or portion thereof to be redeemed, plus interest accrued thereon to the redemption date.

If less than all of the Series 2022A Bonds within a single maturity shall be called for redemption, the Series 2022A Bonds within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2022A Bonds are being held under a book-entry system by DTC, or a successor depository, the Series 2022A Bonds to be redeemed shall be determined by DTC, or such successor depository, by lot or such other manner as DTC, or such successor depository, shall determine; or

(ii) if the Series 2022A Bonds are not being held under a book-entry system by DTC, or a successor depository, the Series 2022A Bonds within the maturity to be redeemed shall be selected by the Paying Agent and Registrar by lot or such other random manner as the Paying Agent and Registrar in its discretion shall determine.

*Mandatory Redemption.* The City shall redeem the Series 2022A Bonds maturing **[April 1], 20\_\_**, on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption

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\* Preliminary, subject to change.



dates at a price of par plus accrued interest thereon to the date of redemption. The dates of redemption and principal amount of Series 2022A Bonds to be redeemed on said dates are as follows:

Series 2022A Bonds Maturing [April 1], 20\_\_\_\_

| Redemption Dates<br>([April 1]) | Principal Amount |
|---------------------------------|------------------|
|---------------------------------|------------------|

\*Final Maturity.

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the City may (a) deliver to the Paying Agent and Registrar for cancellation of the Series 2022A Bonds to be redeemed, in any aggregate principal amount desired; and/or (b) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2022A Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Paying Agent and Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2022A Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent and Registrar at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2022A Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City shall on or before the 45th day next preceding each payment date furnish the Paying Agent and Registrar with its certificate indicating whether or not and to what extent the provisions of clauses (a) and (b) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

**Notice of Redemption**

Notice of redemption shall be given by the Paying Agent and Registrar on behalf of the City not less than 30 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2022A Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the books of registry kept by the Paying Agent and Registrar as of the close of business on the forty-fifth (45th) day preceding the date fixed for redemption. Neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2022A Bonds for which proper notice was given, and failure of any registered owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2022A Bonds held by such owner. As long as DTC, or a successor depository, is the registered owner of the Series 2022A Bonds, all redemption notices shall be mailed by the Paying Agent and Registrar to DTC, or such successor depository, as the registered owner of the Series 2022A Bonds, as and when provided, and neither the City nor the Paying

Agent and Registrar shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. If notice of redemption shall have been given and payment of the principal amount of the Series 2022A Bonds to be redeemed, and of the interest and premium, if any, payable upon redemption shall have been duly made or provided for, interest on such Series 2022A Bonds shall cease to accrue after the redemption date.

Any notice of redemption of Series 2022A Bonds may state that the redemption is conditioned upon the receipt by the Paying Agent and Registrar of sufficient money to pay the redemption price of the Series 2022A Bonds to be redeemed, plus interest accrued and unpaid to the redemption date, or upon satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event.

### **Registration Provisions**

The City shall cause a bond register (the "Bond Register") to be kept by the Paying Agent and Registrar at its designated corporate trust office.

The principal of, premium, if any, and interest on the Series 2022A Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such principal and premium, if any, shall be payable upon presentment at the designated corporate trust office of the Paying Agent and Registrar, or its successor as registrar, or at the office of any alternate paying agent, if any, named in any such Bond. Payment of the interest on any Series 2022A Bond due on any Interest Payment Date shall be made to the person appearing on the Bond Register as the registered owner thereof (a "Holder") as of the close of business on the fifteenth (15th) day of the calendar month preceding the month in which interest is payable and shall be paid by check or draft mailed by the Paying Agent and Registrar to such Holder at the Holder's address as it appears on the Bond Register.

### **Transfer and Exchange**

Upon surrender for transfer of any Series 2022A Bond at the designated corporate trust office of the Paying Agent and Registrar, the City shall execute and the Paying Agent and Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds (as defined herein) of the same series and maturity and of authorized denomination for the aggregate principal amount which the registered owner is entitled to receive. Any Series 2022A Bond may be exchanged at the office of the Paying Agent and Registrar for a like aggregate principal amount of Series 2022A Bond in authorized principal amounts of the same interest rate and maturity. The execution by the City of any Series 2022A Bond shall constitute full and due authorization of such Bond and the Paying Agent and Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

All Series 2022A Bonds presented for transfer or exchange shall be accompanied by a written instrument of transfer duly executed by the Holder thereof or their duly authorized agent, in form satisfactory to the Paying Agent and Registrar.

No service charge shall be imposed for any exchange or transfer of Series 2022A Bonds. The City and the Paying Agent and Registrar may, however, require payment by the person requesting an exchange or transfer of Series 2022A Bonds of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such transfer or exchange.

New Series 2022A Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Series 2022A Bonds surrendered, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2022A Bond surrendered.

The City and the Paying Agent and Registrar may treat the registered owner of any Series 2022A Bond as the absolute owner thereof for all purposes, whether or not such Series 2022A Bond shall be overdue and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and premium, if any, and interest on any such Series 2022A Bond as herein provided shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as provided in the Bond Resolution. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2022A Bond to the extent of the sum or sums so paid.

Any Series 2022A Bond surrendered for the purpose of payment, retirement, exchange, transfer or replacement shall be cancelled upon surrender thereof to the Paying Agent and Registrar or any paying agent. If the City shall acquire any of the Series 2022A Bonds, the City may deliver such Series 2022A Bonds to the Paying Agent and Registrar for cancellation and the Paying Agent and Registrar shall cancel the same.

### **BOOK-ENTRY ONLY SYSTEM**

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the City 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 2022A Bonds. The Series 2022A 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 2022A Bond certificate will be issued for each maturity of each series of the Series 2022A Bonds as set forth on the inside front cover page of this Official Statement, each in the aggregate 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](http://www.dtcc.com).

Purchases of Series 2022A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022A 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 2022A 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 2022A Bonds, except in the event that use of the book-entry system for the Series 2022A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022A 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 2022A 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 2022A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022A 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 2022A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2022A Bonds may wish to ascertain that the nominee holding the Series 2022A 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 2022A Bonds within a series and maturity of the Series 2022A Bonds 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 2022A 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 City 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 2022A Bonds are credited on the record date, as identified in a listing attached to the Omnibus Proxy.

Principal of, premium, if any, and interest payments on the Series 2022A 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 City 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 City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2022A 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 City 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 2022A Bonds at any time by giving reasonable notice to the City or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2022A Bonds certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2022A Bonds certificates will be printed and delivered to the Holders of the Series 2022A Bonds.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY 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 2022A 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 PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2022A 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 2022A 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., as nominee for DTC, is the registered owner of the Series 2022A Bonds, references herein to the registered owners of the Series 2022A Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2022A Bonds.

#### **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS**

The Series 2022A Bonds are direct obligations of the City and the City has pledged its full faith and credit and unlimited taxing power as to all taxable property in the City to the punctual payment of the principal of and interest on the Series 2022A Bonds. In the Bond Resolution, the City has agreed that a tax sufficient to pay, when due, the principal of and interest on the Series 2022A Bonds shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the City and shall be in addition to all other taxes authorized or limited by law. Under the Act, it is the duty of the City Council to include in the annual levy a tax sufficient to pay the principal of and interest on the Series 2022A Bonds as the same become due. The Act further provides that when any part of the principal of or interest on the Series 2022A Bonds shall not be paid when due, there shall be levied and assessed by the City Council and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the City, after such omission or failure, a tax sufficient to pay the same. See FISCAL OVERVIEW – Statement of Debt" herein for a description of the City's outstanding debt and "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE - FINANCIAL INFORMATION" attached hereto for a discussion of taxation by the City.

Any Holder or Holders of the Series 2022A Bonds shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or their rights against the City and the City Council and any officer, agent or employee of the City, including, but not limited to, the right to require the City, the City Council and any proper officer, agent or employee of the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes and to require the City, the City Council and any officer, agent or employee of the City, to carry out any other covenants and agreements and to perform its and their duties under the provisions of the Act; and (b) by action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Holder or Holders of the Series 2022A Bonds.

## FISCAL OVERVIEW

The following is a fiscal overview of the City, which includes: (a) audited condensed financial results for Fiscal Year 2021; (b) a summary of the audited General Fund for Fiscal Years ended June 30, 2017 through 2021; (c) audited total fund balances/retained earnings trends for Fiscal Years ended June 30, 2017 through 2021; and (d) a statement of debt and net debt ratios. For additional financial information relating to the City, see "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" attached hereto. See also "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 2021, the audited net operating results for the General Fund revenues/other financing sources were approximately \$822,156,000 and expenditures/other financing uses were approximately \$754,429,000. The result was an increase of approximately \$67,728,000 in the General Fund total fund balance from Fiscal Year 2020.

In Fiscal Year 2021, General Fund revenues were higher than the amount of such revenues in Fiscal Year 2020, primarily as a result of the federal grants and entitlements (increase of \$52,631,000), local taxes (increase of \$21,949,000), state grants (increase of \$10,000,000) and the local share of state taxes (increase of \$6,952,000). The federal grants and entitlements increased due to CARES Act funding received (as further defined and described below). Current property taxes as a percentage of General Fund revenues remained steady over the previous year at 36%.

With 71% 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, the City is required by Tennessee state law to make significant contributions to its pension fund and, specifically, is required to pay the full Actuarially Determined Contribution ("ADC").

In Fiscal Year 2021, total General Fund expenditures increased by 1.98%. This was due primarily to an \$11,052,000 increase in general government expenditures and an increase in expenditures for public safety of \$5,972,000. General government expenses increased due to spending for testing sites and procurement of protective equipment and other supplies in response to the COVID-19 pandemic.

The City adopted a \$715,991,924 General Fund operating budget for Fiscal Year 2022, with a planned Use of General Fund Balance of approximately \$23,175,211 (consisting of the Use of Unassigned Fund Balance). Due to higher-than-anticipated sales tax revenues as well as the receipt of COVID-19 relief monies from the federal government, the City **[did not use]** its unassigned fund balance in Fiscal Year 2022, as budgeted. For Fiscal Year 2023, the City adopted a \$750,183,580 General Fund operating budget. **[The City does not currently anticipate using its General Fund balance in Fiscal Year 2023.]** See "INVESTMENT CONSIDERATIONS – COVID-19" herein.

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 2021 at 14.2% and expects to have exceeded its goal for Fiscal Year 2022. Similarly, the City expects to exceed its goal for Fiscal Year 2023.

The following table presents a summary of the City's audited General Fund for the Fiscal Years ended June 30, 2017 through 2021.

**SUMMARY OF GENERAL FUND<sup>(1)</sup>**  
**Fiscal Years Ended June 30**  
**(In Thousands of Dollars)**

|                                | <b>2017</b>       | <b>2018</b>       | <b>2019</b>       | <b>2020</b>       | <b>2021</b>       |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Fund Balance         | \$ 145,373        | \$ 147,383        | \$ 141,201        | \$ 135,992        | \$ 129,825        |
| Revenues and Other Sources     | 665,007           | 706,450           | 718,423           | 736,657           | 822,156           |
| Expenditures and Other Uses    | (662,997)         | (712,632)         | (725,494)         | (745,653)         | (756,854)         |
| Adjustments                    | -                 | -                 | 1,862             | 2,829             | 2,426             |
| Ending Fund Balance            | <u>\$ 147,383</u> | <u>\$ 141,201</u> | <u>\$ 135,992</u> | <u>\$ 129,825</u> | <u>\$ 197,553</u> |
| Ending Unassigned Fund Balance | <u>\$ 95,343</u>  | <u>\$ 98,283</u>  | <u>\$ 91,541</u>  | <u>\$ 79,047</u>  | <u>\$ 106,350</u> |

<sup>(1)</sup> 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, 2017 through 2021.

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

|   | 2017              | 2018              | 2019              | 2020              | 2021               |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>General Fund</b>                       |                   |                   |                   |                   |                    |
| Restricted                                | \$ 8,281          | \$ 10,768         | \$ 12,725         | \$ 13,912         | \$ 14,635          |
| Assigned                                  | 43,759            | 32,150            | 31,726            | 36,866            | 76,568             |
| Unassigned                                | 95,343            | 98,283            | 91,541            | 79,047            | 106,350            |
| <b>Total General Fund</b>                 | <b>\$ 147,383</b> | <b>\$ 141,201</b> | <b>\$ 135,992</b> | <b>\$ 129,825</b> | <b>\$ 197,553</b>  |
| <b>All other Governmental Funds</b>       |                   |                   |                   |                   |                    |
| Restricted                                | \$ 46,688         | \$ 54,815         | \$ 52,711         | \$ 147,551        | \$ 115,147         |
| Committed                                 | 63,954            | 261,003           | 217,353           | 108,959           | 89,564             |
| Unassigned                                | -                 | -                 | -                 | -                 | -                  |
| <b>Total All Other Governmental Funds</b> | <b>\$ 110,642</b> | <b>\$ 315,818</b> | <b>\$ 270,064</b> | <b>\$ 256,510</b> | <b>\$ 204,711</b>  |
| <b>Total Governmental Funds</b>           | <b>\$ 258,025</b> | <b>\$ 457,019</b> | <b>\$ 406,056</b> | <b>\$ 386,335</b> | <b>\$ 402,264</b>  |
| Enterprise                                | \$ 482,988        | \$ 520,027        | \$ 553,972        | \$ 570,541        | \$ 632,623         |
| Internal Service Funds                    | 23,105            | 17,563            | 15,611            | 15,163            | 19,167             |
| <b>Total Proprietary Funds</b>            | <b>\$ 506,093</b> | <b>\$ 537,590</b> | <b>\$ 569,583</b> | <b>\$ 585,704</b> | <b>\$ 651,790</b>  |
| <b>Total Funds</b>                        | <b>\$ 764,118</b> | <b>\$ 994,609</b> | <b>\$ 975,639</b> | <b>\$ 972,039</b> | <b>\$1,054,054</b> |

<sup>(1)</sup> Numbers may not add due to rounding.

<sup>(2)</sup> Enterprise does not include the Memphis Light, Gas and Water Division.

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 [August 4], 2022.

**STATEMENT OF DEBT<sup>(1)</sup>**  
As of [August 4], 2022  
(Unaudited)

|   |                               |
|---|-------------------------------|
| <b>Direct Debt</b>  |                               |
| General Improvement Bonds   | \$ 1,431,487,126              |
| Appropriation Obligations <sup>(2)</sup>                                | 61,234,014                    |
| General Obligation Commercial Paper                                     | 100,000,000                   |
| <b>Total Direct Debt</b>  | <u>\$1,592,721,140</u>        |
| Less: Self Supporting Debt <sup>(3)</sup>                               | <u>187,725,186</u>            |
| <b>Net Direct Debt</b>  | <u>\$1,404,995,954</u>        |
| Plus: City's Share of Shelby County Net Overlapping Debt <sup>(4)</sup> | 604,453,000                   |
| <b>Net Direct and Overlapping Debt</b>                                  | <u><u>\$2,009,448,954</u></u> |

### DEBT RATIOS

|   | <u>Net Direct Debt</u> | <u>Net Direct and<br/>Overlapping Debt</u> |
|---|------------------------|--|
| Net Debt Per Capita <sup>(5)</sup>          | \$2,219                | \$3,174                                    |
| Net Debt/Assessed Valuation <sup>(6)</sup>  | 11.14%                 | 15.93%                                     |
| Net Debt/Appraised Valuation <sup>(7)</sup> | 3.52%                  | 5.04%                                      |

<sup>(1)</sup> This Statement of Debt does not include settlement obligations, tax increment financings, capital appreciation bonds accretion, 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, and (g) the Memphis-Shelby County Airport Authority Special Facility 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 from Non-Tax Revenues (as defined herein) appropriated by the City for such payments: (i) the Series 2017 EDGE Bonds (as defined herein); (ii) the Sports Authority Senior Lien Bonds (as defined herein); and (iii) the Series 2021 Liberty Park EDGE Bonds (as defined herein).

<sup>(2)</sup> Includes capital leases, including the 2015 QECB Bonds (as defined herein) (\$8,676,514), the City's portion of the EDGE Electrolux Refunding Bond (as defined herein) (\$14,467,500), the Stadium Project Bonds (as defined herein) (\$13,835,000) and the Series 2021 EDGE Economic Development Bonds (\$24,255,000).

<sup>(3)</sup> 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 (\$5,035,486) and 82% of the Stadium Project Bonds (\$11,344,700) are considered to be self-supporting.

<sup>(4)</sup> Net Debt outstanding for the County as of June 30, 2021, was approximately \$971,789,000 of which approximately \$604,453,000, or 62.2%, is applicable to the City.

<sup>(5)</sup> The City's estimated population was 633,104 for the Fiscal Year ended June 30, 2021, as reported in the 2021 Audited Financial Statements using U.S. Census Bureau data for calendar year 2020.

<sup>(6)</sup> The City's assessed valuation was approximately \$12,613,711,120 for the Fiscal Year ended June 30, 2021, as reported in the 2021 Audited Financial Statements.

<sup>(7)</sup> The City's appraised valuation was approximately \$39,895,317,096 for the Fiscal Year ended June 30, 2021, as reported in the 2021 Audited Financial Statements.

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

## **INVESTMENT CONSIDERATIONS**

### **General**

The purchase of the Series 2022A 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 City to pay the principal of and interest and premium, if any, on the Series 2022A Bonds and which could also affect the marketability of, or the market price for, the Series 2022A 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 2022A 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 2022A Bonds.

### **Enforceability of Remedies**

The remedies available to the Beneficial Owners of the Series 2022A Bonds upon any event of default under the Resolution 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 2022A 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 law, municipalities must obtain the consent of state governments 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 2022A 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.

### **Redemption Prior to Maturity**

The Series 2022A Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "THE SERIES 2022A BONDS - Redemption Provisions" herein. A prospective investor should consider these redemption rights when making any investment decision. Following redemption, the Beneficial Owners of the Series 2022A Bonds may not be able to reinvest their funds at a comparable interest rate.

### **Secondary Market Prices**

No assurance can be given that a secondary market for any of the Series 2022A Bonds will be available and no assurance can be given that the initial offering prices for the Series 2022A Bonds will continue for any period of time.

The Series 2022A Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2022A Bonds in the event a Beneficial Owner thereof determines to solicit purchasers of the Series 2022A Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2022A Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owner of the Series 2022A Bonds, depending on existing market conditions and other factors.

### **Recently Adopted and Pending Legislation**

Elimination of the Hall Income Tax. Pursuant to legislation signed into law by the Governor in 2016, the Hall income tax, which is a tax on income derived from dividends on stock and interest on bonds, has been eliminated for tax years beginning on or after January 1, 2022. Because three-eighths of the proceeds derived from the Hall income tax was distributed to local governments, elimination of the Hall income tax has eliminated a source of income for the City. In Fiscal Year 2021, the City received \$2,940,000 in revenues from the Hall income tax.

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 legislation, providing 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 internet sales tax legislation (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 has resulted in additional sales tax revenue for the City.

Increased Share of Sales Tax. Senate Bill 2076 and its companion, House Bill 2012, 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. Also, as introduced, Senate Bill 2469 and its companion House Bill 2562 deletes the additional state tax of 2.75% applied to the amount of single articles in excess of \$1,600 but less than or equal to \$3,200 and authorizes local governments to impose a local tax up to 2.75% on such amount. If passed, such bill also has the potential to increase local tax collections in the City. The Tennessee General Assembly is currently in recess and will not consider the above-described bills 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.

*Diminution Bill.* Senate Bill 2116 and its companion, House Bill 2435 (the "Diminution Bill"), if passed, would create a cause of action to sue the City for any zoning changes that might affect property value. The statute of limitations for such right to sue would be three years. Over the past three years, approximately 1,300 properties have been affected by zoning changes that could potentially result in rights to sue the City under the Diminution Bill. The Tennessee General Assembly is currently in recess and will not consider the Diminution Bill until it returns.

See also "INVESTMENT CONSIDERATIONS – COVID-19" for more information on recent federal legislation that provided COVID-19 relief funds to the City, including information regarding the permissible uses of such funds.

## **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 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 City cannot predict the timing, extent or severity of climate change and its impact on the City's operations and finances.

## **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**

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, from time to time, 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 fluctuated since the onset of the pandemic.

The State is no longer under a state of emergency, but circumstances may change and it is possible that future State orders may be issued in response to the COVID-19 pandemic. The County and the City may also issue future restrictions in response to the pandemic. Currently, the County and the City do not have significant operating and customer capacity restrictions on businesses and events as a result of the pandemic, though circumstances may change and businesses may choose on their own to limit capacity in the interest of public health. Updated information regarding the spread of COVID-19 in the County and local measures taken in response thereto may be found, from time to time, on the website of the County's health department at <https://www.shelbytnhealth.com/>, though no representation is made herein as to the accuracy or timeliness of the website's information.

Multiple vaccines for the virus that causes COVID-19 were developed in late 2020. To date, at least three vaccines have been approved for distribution in the United States. 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 age 6 months and older. **[As reported in August 2022, by the Centers for Disease Control and Prevention, approximately 56.6% of the County's total population has been fully vaccinated and 60.8% of persons age 5 and older have been fully vaccinated.]**

The City is 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 reliably 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 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 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 have been reimbursed from CARES Act funding). 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, though there has not been any materially negative impact on the overall unassigned General Fund balance since Fiscal Year 2020. The City has not experienced any material change in property tax collections since Fiscal Year 2020. Property tax

revenues for the City were budgeted for a year-over-year increase of \$500,000 for Fiscal Year 2022 and \$3,400,000 for Fiscal Year 2023. The City has collected 100% of the budgeted amount of property tax revenues for Fiscal Year 2022. There can be no assurance that property tax collections in future years will not be impacted by the pandemic.

As the pandemic has restricted, from time to time, 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 tax revenues for Fiscal Year 2021 rebounded over Fiscal Year 2020. State and local tax revenues collected by the City in Fiscal Year 2021 were approximately \$806,505,000 as compared to approximately \$740,330,000 in Fiscal Year 2020. Higher-than-anticipated Fiscal Year 2021 sales tax collections were aided by the recent Internet Sales Tax Law described hereinabove. City revenues from fines and forfeitures for Fiscal Year 2021 were 8.3% lower than in Fiscal Year 2020, due to the suspension of court proceedings in response to COVID-19. Court has since resumed. State and local tax revenues for the General Fund collected in Fiscal Year 2022, during the period of July 1, 2021, through March 31, 2022, exceed year-to-date collections in Fiscal Year 2021 by 5.5%. The year-over-year revenue comparisons presented above include amounts that are unadjusted and unaudited.

See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY OF MEMPHIS, TENNESSEE" for a comparison of revenues, expenditures and changes in fund balance by fiscal year.

Except for delays in the collection of court fees experienced due to the closure of certain court facilities, the City has not experienced delays in the collection of fees and tax revenues as a result of the pandemic and does not expect any future disruption, though no assurances can be made. For Fiscal Year 2023, General Fund revenues of the City have been budgeted for a year-over-year increase of approximately 2.5%.

In light of the economic uncertainty caused by the pandemic and at the direction of the Mayor, the City 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. The City has continued this reallocation for Fiscal Year 2022 and Fiscal Year 2023. 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 2021 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 experienced an increase in overall expenditures for Fiscal Year 2021 as a result of the pandemic. However, such increased expenditures were mitigated by COVID-19 relief funds received from the federal government. 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. The City has spent all CARES Act funds. Per the American Rescue Plan Act of 2021 (the “Rescue Plan”), the City anticipates receiving approximately \$161 million in additional federal aid. 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. **[As of March 22, 2022, the City has received approximately \$80.5 million in Rescue Plan funds and has expended approximately \$29.2 million in such Rescue Plan funds.]** 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 may continue to be significantly affected by the restriction, from time to time, 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 certain 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. While the City 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 in Fiscal Year 2021, the City did not use any amounts from its unassigned or assigned General Fund balance in Fiscal Year 2021 due to the receipt of higher-than-expected sales tax revenues and COVID-19 relief monies from the federal government. The City's General Fund unassigned fund balance was approximately \$106 million at June 30, 2021. The City's Debt Service Fund balance was approximately \$65 million at June 30, 2021. As of June 30, 2021, the General Fund cash position was \$214,984,000. The City does not anticipate needing any other source of liquidity, though circumstances may change.

## OUTSTANDING GENERAL OBLIGATION DEBT

### General Improvement Bonds

The following table presents the outstanding par amount of the City's general obligation bonded indebtedness (the "Outstanding General Improvement Bonds") prior to the issuance and delivery of the Series 2022A Bonds.

### Outstanding General Improvement Bonds As of [August 4], 2022

| Bond Name  | Outstanding Par Amount               | Final Maturity Date |
|--|--------------------------------------|---------------------|
| General Improvement Refunding Bonds, Series 2022 (Federally Taxable Convertible to Tax-Exempt)                 | \$ 167,555,000                       | April 1, 2040       |
| General Improvement Refunding Bonds, Series 2021   | 165,680,000                          | May 1, 2046         |
| Local Government Public Improvement Bonds (City of Memphis Project), Series 2021 (Social Bonds) <sup>(1)</sup> | 163,772,126 <sup>(2)</sup>           | April 1, 2046       |
| General Improvement Bonds, Series 2020A  | 22,535,000                           | December 1, 2030    |
| General Improvement Refunding Bonds, Series 2020   | 182,330,000                          | May 1, 2045         |
| General Improvement Bonds, Series 2018   | 286,920,000                          | June 1, 2048        |
| General Improvement Bonds, Series 2016   | 58,395,000                           | May 1, 2041         |
| General Improvement Bonds, Series 2015C  | 22,755,000                           | 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  | 61,750,000                           | April 1, 2044       |
| General Improvement Refunding Bonds, Series 2014A  | 53,410,000                           | November 1, 2025    |
| General Improvement and Refunding Bonds, Series 2012B  | 755,000                              | April 1, 2024       |
| General Improvement and Refunding Bonds, Series 2012A  | 19,200,000                           | April 1, 2042       |
| 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)                                   | 47,570,000                           | July 1, 2032        |
| General Improvement Bonds, Series 2010B (Direct Payment Build America Bonds)                                   | 36,490,000                           | May 1, 2030         |
| <b>Total Outstanding General Improvement Bonds</b>   | <b><u><u>\$1,431,487,126</u></u></b> |                     |

Source: City of Memphis, Tennessee.

<sup>(1)</sup> Consists of both the Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds issued by the New Memphis Arena Public Building Authority of Memphis and Shelby County, Tennessee ("NMAPBA Bonds"). In connection with the NMAPBA Bonds, the City entered into a loan agreement pursuant to which the City pledged its full faith and credit to the payment of obligations under the loan agreement in an amount sufficient to pay debt service on the NMAPBA Bonds when due.

<sup>(2)</sup> Rounded. Denotes the original principal amount.

### 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 June 15, 2021, 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 2022A Bonds will 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.

### **Future General Obligation Bonds**

The City expects to continue its practice of issuing general obligation bonds to retire outstanding General Obligation Commercial Paper once the City is at or near its commercial paper capacity.

## **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 the Memphis Light, Gas and Water Division of the City ("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 August 4, 2022, the Sports Authority Senior Lien Bonds were outstanding in an aggregate principal amount of \$102,795,000 and the maximum annual contingent obligation of the City to replenish draws from the Senior Lien Bonds Reserve Fund was \$6,673,500. 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 Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee ("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 "Downtown TDZ Revenues"). The Series 2017A EDGE Bonds, and any other senior bonds subsequently issued under the EDGE Indenture,

are payable solely from Downtown TDZ Revenues and have a right of payment from the Downtown TDZ Revenues superior to that of the Subordinated EDGE Bonds (as defined herein).

Pursuant to the EDGE Loan Agreement, in the event the Downtown 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 August 4, 2022, the Subordinated EDGE Bonds were outstanding in an aggregate principal amount of \$113,460,000. The City's obligation to pay the principal of, premium, if any, and interest on the Subordinated EDGE Bonds in the event the Downtown 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.

Series 2021 Liberty Park EDGE Bonds. EDGE has issued \$69,635,000 of revenue bonds (the "Series 2021 Liberty Park 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 of a 230,000 square-foot sports and events center, site preparation for a proposed private development and various campus improvements. The Series 2021 Liberty Park EDGE Bonds are payable primarily from the proceeds of incremental state and local sales taxes ("Liberty Park TDZ Revenues") collected within a Tourism Development Zone 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 Liberty Park EDGE Bonds are payable from appropriations of the City's Non-Property Tax Revenues, and the City has covenanted and agreed, pursuant to a loan agreement executed in connection with the Series 2021 Liberty Park EDGE Bonds (the "Liberty Park Loan Agreement"), to appropriate from Non-Property Tax Revenues sufficient money to pay the principal of, premium, if any, and interest payable on the Series 2021 Liberty Park EDGE Bonds when due. As of August 4, 2022, the Series 2021 Liberty Park EDGE Bonds were outstanding in an aggregate principal amount of \$69,635,000. The City's obligation to pay the principal of, premium, if any, and interest on the Series 2021 Liberty Park EDGE Bonds in the event the Liberty Park 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 Series 2021 Liberty Park EDGE Bonds were issued on July 1, 2021, and the final maturity of the Series 2021 Liberty Park EDGE Bonds is December 1, 2051.

The Series 2021 Liberty Park EDGE Bonds begin maturing in Fiscal Year 2024, and interest is capitalized on such Series 2021 Liberty Park EDGE Bonds through Fiscal Year 2024. THE CITY CAN OFFER NO ASSURANCE AS TO WHETHER THERE WILL BE ANY CALL

ON THE CITY TO MAKE A PAYMENT FROM ITS NON-PROPERTY TAX REVENUES UNDER THE LIBERTY PARK LOAN AGREEMENT.

*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 2021 Audited Financial Statements in "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" attached hereto.

### **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").

*EDGE Electrolux Refunding Bond.* 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 Development Revenue Bonds, Series 2011 (the "Port Commission Electrolux Bonds") on September 7, 2011, 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 Non-Property Tax Revenues sufficient money to pay scheduled debt service on the Port Commission Electrolux Bonds.

On June 15, 2022, EDGE issued its Revenue Refunding Bond, Series 2022 (the "EDGE Electrolux Refunding Bond"), in a principal amount of \$28,935,000, for the purpose of refunding the outstanding principal balance of the Port Commission Electrolux Bonds. The EDGE Electrolux Refunding Bond is secured, in part, by all of the right, title and interest of EDGE and the Port Commission in and to an amended and restated interlocal agreement by and among EDGE, the County and the City under which the City and the County have covenanted to timely appropriate from Non-Property Tax Revenues sufficient money to pay scheduled debt service on the EDGE Electrolux Refunding Bond.

The obligation of the City and the County to support the payment of debt service on the EDGE Electrolux Refunding Bond is apportioned on an equal basis (i.e., 50% by the City and 50% by the County). As of August 4, 2022, the EDGE Electrolux Refunding Bond was outstanding in an aggregate principal amount of \$28,935,000, the City's portion of which is \$14,467,500.

Assuming no event of taxability or default, the maximum annual debt service payable by the City on the EDGE Electrolux Refunding Bond is \$1,276,031. The obligation of the City and the County to support the payment of debt service on the EDGE Electrolux Refunding Bond is not a general obligation of the City or County. The obligation of the City is required to be paid solely from Non-Property Tax Revenues appropriated by the City for such payments.

Electrolux Home Products, Inc. recently announced its intent to close the Electrolux facility. The City's payment obligations with respect to the EDGE Electrolux Refunding Bond will continue despite any closure of the Electrolux facility. The final maturity of the EDGE Electrolux Refunding Bond is April 1, 2036.

*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 August 4, 2022, the Stadium Project Bonds were outstanding in the aggregate principal amount of \$13,835,000 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 2022, the City made a payment under the Financing Lease in the amount of \$616,351. Such amount represented 29% of the Stadium Project Bond debt service for the year, which was higher than the City's pre-pandemic 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 is required under the Financing Lease to cover the shortage in revenues. The final maturity of the Stadium Project Bonds is February 1, 2030.

*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 August 4, 2022, the 2015 QECB Bonds were outstanding in the aggregate principal amount of \$2,966,000 and the maximum annual debt service due and payable was \$1,178,430. 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. The final maturity of the 2015 QECB Bonds is January 5, 2025.

Series 2021 EDGE Economic Development Bonds. On July 14, 2021, EDGE issued its \$19,140,000 Economic Development Bonds (City of Memphis Project), Series 2021A (the "Series 2021A EDGE Economic Development Bonds"), and its \$5,115,000 Economic Development Bonds (City of Memphis Project), Series 2021B (the "Series 2021B EDGE Economic Development Bonds" and, with the Series 2021A EDGE Economic Development Bonds, the "Series 2021 EDGE Economic Development 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 within the City. The City has covenanted and agreed, pursuant to a loan agreement executed in connection with the Series 2021 EDGE Economic Development Bonds, to appropriate from Non-Property Tax Revenues sufficient money to pay the principal of, premium, if any, and interest payable on the Series 2021 EDGE Economic Development Bonds when due. As of August 4, 2022, the Series 2021 EDGE Economic Development Bonds were outstanding in the aggregate principal amount of \$24,255,000 and the maximum annual debt service due and payable was \$1,865,960. The City's obligation to pay the principal of, premium, if any, and interest on the Series 2021 EDGE Economic Development Bonds 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 2021 EDGE Economic Development Bonds is April 1, 2046.

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.

**[In connection with a proposed hotel project in the City, the City has authorized a lease-leaseback structure between the City and the Corporation pursuant to which the City**



would lease all or a portion of a hotel development site from the Corporation (the “City Lease”) and then sublease all or such portion of the hotel development site back to the Corporation. Lease payments to the Corporation pursuant to the City Lease for the purpose of facilitating the financing of the hotel development site would be equal to \$2.25 of the \$2.75 local option sales tax collected for each \$100 of sales from the hotel development site during the proposed 30-year term of the City Lease. As part of this arrangement, the City would covenant to appropriate Non-Property Tax Revenues for the purpose of making its lease payments under the City Lease, including an initial lease payment of \$10,000,000. Financing for said hotel development project has not been completed and any agreement by the City regarding its covenant to appropriate Non-Property Tax Revenues as herein described is subject to change.]

For more information regarding the Unconditional Obligations see Note IV.G to the 2021 Audited Financial Statements in "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" attached hereto.

### **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")) may 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. Also, in a TIF, an instrumentality of the City or the County may forgo the issuance of tax increment financing bonds and instead approve a pay-as-you-go TIF where a developer pays for project costs and is reimbursed from incremental tax revenues as they become available. 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 or project costs 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.

EDGE – Poplar Corridor TIF. In 2018, EDGE approved a resolution authorizing a TIF for the development of parts of the Poplar Corridor Business District. The area provides a substantial amount of economic activity for the City and County. The Poplar Corridor Business District Association, the not-for-profit TIF applicant, wants to facilitate the development of several projects within the district, including new Class-A office space, two mixed use and retail centers, and two hotels. The project will not be feasible without significant investments in new and improved infrastructure in the area. Approximately \$91.2 million of TIF funds will be spent on public infrastructure such as road improvements, new pedestrian walkways, traffic signals, utility pole replacement, street lights, gateway signage and streetscapes. Total project costs are estimated to be \$499.5 million. Implementation of the project is anticipated to yield significant benefits to the City and the County. The project is also expected to generate substantial additional tax revenues to the local governments, preserve and create 7,000 jobs within the City and the County and further expand the economic impact of the Poplar Corridor Business District. Furthermore, the project and infrastructure improvements are expected to serve as a catalyst for additional office, retail and other commercial developments and redevelopments in the future for the area. The TIF was activated in August 2021. Although anticipated, no tax increment financing bonds or other obligations have been issued at this time.

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 2021 Audited Financial Statements in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" 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* ("GASB 68"). GASB 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 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 Chief of Finance, the City Treasurer, the City 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).

As of June 30, 2021, 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, 2021, the City Retirement System had a net position of approximately \$2,807,681,000.

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) no COLA increases; and (d) measurement and valuation date as of June 30, 2021, 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, 2021, 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:

|                       | <u>1% Decrease (6.5%)</u> | <u>Current Rate (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|-----------------------|---------------------------|----------------------------|---------------------------|
| Net pension liability | \$300,244 <sup>(1)</sup>  | \$(1,922) <sup>(1)</sup>   | \$256,018 <sup>(1)</sup>  |

<sup>(1)</sup> 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, 2021, were 16.2%. For the Fiscal Year ended June 30, 2021, the City Retirement System reported total employer and plan member contributions of approximately \$61,534,000 and \$17,780,000, respectively. Benefits paid to plan members totaled approximately \$193,431,000 during the Fiscal Year ended June 30, 2021. 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, 2021, is as follows (numbers in thousands):

**Schedule of Contributions  
City Retirement System<sup>(1)</sup>**

| Year<br>Ending<br>June 30 | Actuarially<br>Determined<br>Contribution <sup>(2)</sup><br>(a) | Actual<br>Employer<br>Contributions<br>(b) | Contribution<br>Excess/<br>(Deficiency)<br>(c) = (b) – (a) | Actual<br>Covered<br>Employee<br>Payroll <sup>(3)</sup><br>(d) | Contributions<br>as a<br>Percentage of<br>Covered<br>Payroll<br>(b) / (d) |
|---------------------------|---|--|--|--|---|
| 2020                      | \$53,719  | \$54,194                                   | \$ 475   | \$372,817  | 14.5%   |
| 2021                      | 61,532  | 61,534                                     | 2  | 379,346  | 16.2  |

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

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

<sup>(3)</sup> 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: 2021 Audited Financial Statements.

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*Pension Expense.* The pension expenses of the City under GASB 68 for Fiscal Year ended June 30, 2021, were as follows (numbers in thousands):

|  |                          |
|--|--------------------------|
| Employer Service Cost                      | \$22,736                 |
| Interest Cost                              | 201,121                  |
| Expected Return on Assets                  | (166,064)                |
| Changes of Benefit Terms                   | 9,610                    |
| Recognition of Deferred (Inflows)/Outflows | (112,772)                |
| Total collective pension expense           | <u><u>\$(45,369)</u></u> |

Source: Note V.F to the 2021 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<br>Ending<br>June 30 | Total<br>Pension<br>Liability<br>(a) | Net<br>Fiduciary<br>Position<br>(b) | Net<br>Pension<br>Liability<br>(c) = (a) – (b) | Fiduciary Net<br>Position as<br>% of Total<br>Pension<br>Liability<br>(b) / (a) | Actual<br>Covered<br>Employee<br>Payroll <sup>(1)</sup><br>(d) | Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll<br>(c) / (d) |
|---------------------------|--------------------------------------|-------------------------------------|--|---|--|---|
| 2017                      | \$2,680,855                          | \$2,261,585                         | \$419,270                                      | 84.4%   | \$336,505  | 124.6%  |
| 2018 <sup>(2)</sup>       | 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   |
| 2021                      | 2,805,759                            | 2,807,681                           | (1,922)  | 100.1   | 379,346  | (0.5)   |

(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 to determine contributions under the plan, pensionable pay is shown above starting June 30, 2017. 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: 2021 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 2017-2021  
(In Thousands of Dollars)

|   | 2017        | 2018        | 2019        | 2020        | 2021        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Annual Funding:</b>                                      |             |             |             |             |             |
| Annual Required Contribution                                | \$ 58,185   | \$ 62,433   | \$ 62,499   | \$ 53,719   | \$ 61,532   |
| Percent of Anticipated Payroll                              | 16.5%       | 16.5%       | 17.48%      | 14.5%       | 16.2%       |
| <b>Government Accounting Standards Board Statement #27:</b> |             |             |             |             |             |
| End of Year Net Pension Obligation                          | \$ 419,270  | \$ 320,586  | \$ 435,739  | \$ 480,124  | \$ (1,922)  |
| <b>Assets at beginning of plan year:</b>                    |             |             |             |             |             |
| Market Value of Assets                                      | \$2,091,586 | \$2,261,585 | \$2,343,781 | \$2,337,399 | \$2,262,361 |
| <b>Participation at beginning of plan year:</b>             |             |             |             |             |             |
| Number of participants:                                     |             |             |             |             |             |
| Active Participants   | 5,710       | 5,858       | 5,941       | 6,076       | 6,122       |
| Terminated Participants                                     | 798         | 867         | 958         | 1,066       | 1,126       |
| Retiree and Beneficiary Participants                        | 4,133       | 4,180       | 4,243       | 4,353       | 4,443       |
| Disabled Participants                                       | 632         | 664         | 684         | 711         | 718         |
| DROP Participants <sup>(1)</sup>                            | 294         | 265         | 259         | 251         | 253         |
| TOTAL   | 11,567      | 11,834      | 12,085      | 12,457      | 12,662      |
|   |             |             |             |             |             |
| Covered payroll of Active Participants <sup>(2)</sup>       | \$ 336,505  | \$ 333,171  | \$ 338,373  | \$ 372,817  | \$ 379,346  |
| Annual benefits in pay status                               | 171,489     | 174,803     | 180,447     | 184,711     | 184,711     |
| Average attained age for active participants                | 44.0        | 43.9        | 43.5        | 43.5        | 43.5        |

(1) "DROP" refers to Deferred Retirement Option Plan.

(2) 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, 2017.

Source: 2021 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 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, 2021, the City contributed \$61.5 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 pensions. 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. As of June 30, 2021, the number of active participants in the OPEB Plan was 7,172. 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, 2020, and the City's Fiscal Year ended June 30, 2021, 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, 2020, to June 30, 2021. The date of the census data used for that valuation was July 1, 2021.

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 2019 – July 2020 claims experience for the City's retired participants, adjusted for enrollment and plan design provisions.

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. As of June 30, 2021, the value of the trust assets within the OPEB Fund was approximately \$4,423,000. The current Fiscal Year includes interest at 2.18% 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, 2021, the net investment return was \$905,000, 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 2021 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, 2021, 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 \$378,824,000 represents the total covered payroll for the prior calendar year, increased by the salary scale. For calendar year 2021, the average salary was \$55,103. The net OPEB liability as a percentage of covered payroll was 162.1% for the year ending June 30, 2021.

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 2021 Audited Financial Statements.

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**Schedule of Changes in Net OPEB Liability and Related Ratios under GASB 74 and GASB 75<sup>1</sup>**  
 Fiscal Year Ended June 30, 2021  
 (In Thousands of Dollars)

**Total OPEB Liability**

|  |            |
|--|------------|
| Total OPEB Liability - beginning balance | \$ 670,188 |
| Total Service Cost                       | 20,348     |
| Interest Cost <sup>2</sup>               | 18,184     |
| Experience (Gains)/Losses                | (2,215)    |
| Assumption Changes <sup>3</sup>          | 74,550     |
| Changes of Benefit Terms <sup>4</sup>    | -          |
| Net Benefit Payments <sup>5</sup>        | (13,799)   |
| Total OPEB Liability - ending balance    | \$ 618,156 |

**OPEB Plan Fiduciary Net Position**

|   |          |
|---|----------|
| OPEB Fiduciary Net Position - beginning balance | \$ 3,790 |
| Employer Contribution <sup>6</sup>              | 13,084   |
| Employee Contribution                           | 2,573    |
| Investment Return                               | 905      |
| Benefit Payments <sup>7</sup>                   | (8,763)  |
| Administrative Expenses                         | (7,609)  |
| Fiduciary Net Position - ending balance         | \$ 3,980 |

**Net OPEB Liability**

|                              |            |
|------------------------------|------------|
| Total OPEB Liability         | \$ 618,156 |
| Less: Net Fiduciary Position | 3,980      |
| Net OPEB Liability           | \$ 614,176 |

|   |            |
|---|------------|
| Fiduciary Net Position as a Percent of Total OPEB Liability | 0.6%       |
| Actual Covered Employee Payroll <sup>8</sup>                | \$ 378,824 |
| Net OPEB Liability as a Percent of Covered Payroll          | 162.1%     |

- <sup>(1)</sup> 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, 2021, for GASB 75 purposes.
- <sup>(2)</sup> For the fiscal year ended June 30, 2021, includes interest at 2.18% on the beginning of year Total OPEB Liability and service cost offset by a half year of interest on benefit payments.
- <sup>(3)</sup> Assumption changes for the fiscal year ended June 30, 2021, reflect changes to the mortality, turnover, retirement, salary scale, per capita costs and discount rate assumptions.
- <sup>(4)</sup> Benefit term changes were reflected, which include the plan amendments effective January 1, 2021, as well as the impact of changing the participation assumptions.
- <sup>(5)</sup> Depicts paid claims, including administrative expenses less retiree contributions.
- <sup>(6)</sup> Includes employer contributions and transfers from other funds. Includes \$2 million Transfer In.
- <sup>(7)</sup> Includes benefits paid less Medicare D subsidies and pharmacy Rx rebates received. Actual benefit payments reduced by Pharmacy Rebate of 596.
- <sup>(8)</sup> 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 2021, the average salary was \$55,103.

Source: 2021 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 \$86,525,000 as of June 30, 2021. See Note II.A to the 2021 Audited Financial Statements in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021" 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 2022A Bonds.

### Long-Term Debt Service Schedule<sup>(1)(2)\*</sup> (In Thousands of Dollars)

| Fiscal Year  | Existing Debt Service <sup>(3)(4)</sup> |                |                  | Series 2022A Bonds |          |       | Total Debt Service |          |       |
|--------------|---|----------------|------------------|--------------------|----------|-------|--------------------|----------|-------|
|              | Principal                               | Interest       | Total            | Principal          | Interest | Total | Principal          | Interest | Total |
| 2023         | \$86,245                                | \$51,316       | \$137,561        |                    |          |       |                    |          |       |
| 2024         | 95,615                                  | 50,075         | 145,690          |                    |          |       |                    |          |       |
| 2025         | 95,520                                  | 44,935         | 140,455          |                    |          |       |                    |          |       |
| 2026         | 95,800                                  | 40,833         | 136,633          |                    |          |       |                    |          |       |
| 2027         | 50,862                                  | 40,041         | 90,903           |                    |          |       |                    |          |       |
| 2028         | 52,946                                  | 37,780         | 90,726           |                    |          |       |                    |          |       |
| 2029         | 55,126                                  | 35,401         | 90,527           |                    |          |       |                    |          |       |
| 2030         | 57,429                                  | 32,911         | 90,340           |                    |          |       |                    |          |       |
| 2031         | 54,279                                  | 30,437         | 84,716           |                    |          |       |                    |          |       |
| 2032         | 53,271                                  | 28,235         | 81,506           |                    |          |       |                    |          |       |
| 2033         | 54,690                                  | 26,703         | 81,393           |                    |          |       |                    |          |       |
| 2034         | 55,827                                  | 25,125         | 80,952           |                    |          |       |                    |          |       |
| 2035         | 57,250                                  | 23,554         | 80,804           |                    |          |       |                    |          |       |
| 2036         | 52,811                                  | 22,146         | 74,957           |                    |          |       |                    |          |       |
| 2037         | 49,504                                  | 20,853         | 70,357           |                    |          |       |                    |          |       |
| 2038         | 50,672                                  | 19,684         | 70,356           |                    |          |       |                    |          |       |
| 2039         | 51,982                                  | 18,378         | 70,360           |                    |          |       |                    |          |       |
| 2040         | 53,335                                  | 17,013         | 70,348           |                    |          |       |                    |          |       |
| 2041         | 54,922                                  | 15,561         | 70,483           |                    |          |       |                    |          |       |
| 2042         | 52,462                                  | 13,783         | 66,245           |                    |          |       |                    |          |       |
| 2043         | 53,403                                  | 12,055         | 65,458           |                    |          |       |                    |          |       |
| 2044         | 51,722                                  | 10,274         | 61,996           |                    |          |       |                    |          |       |
| 2045         | 40,333                                  | 8,543          | 48,876           |                    |          |       |                    |          |       |
| 2046         | 27,553                                  | 7,319          | 34,872           |                    |          |       |                    |          |       |
| 2047         | 13,690                                  | 1,117          | 14,807           |                    |          |       |                    |          |       |
| 2048         | 14,240                                  | 570            | 14,810           |                    |          |       |                    |          |       |
| <b>Total</b> | <b>1,431,487</b>                        | <b>634,640</b> | <b>2,066,127</b> |                    |          |       |                    |          |       |

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

(2) Totals may not add due to rounding.

(3) As of **August 4**, 2022.

(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

\* Preliminary, subject to change. The preliminary par amount for the Series 2022A Bonds is \$[\_\_\_\_\_]. The par amount and debt service schedule for the Series 2022A Bonds will be determined at sale.

## TAX MATTERS

### General Tax Matters

In the opinion of Butler Snow LLP, Memphis, Tennessee, and Carpenter Law, PLLC, Memphis, Tennessee, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022A Bonds (including any original issue discount properly allocable to the owner of a Series 2022A Bond) is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2022A Bonds. Failure to comply with such requirements could cause interest on the Series 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. The City has covenanted to comply with such requirements. Co-Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

The accrual or receipt of interest on the Series 2022A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2022A Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Co-Bond Counsel have expressed no opinion regarding any such consequences. Purchasers of the Series 2022A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2022A Bonds.

Co-Bond Counsel also are of the opinion that, under existing law, the Series 2022A 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 2022A Bonds during the period the Series 2022A 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 2022A 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 2022A 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 2022A Bonds should consult its, his or her own tax advisor regarding the status of the interest on the Series 2022A Bonds in a particular state or local jurisdiction other than Tennessee.



## **Original Issue Discount**

The Series 2022A Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the “adjusted issue price” of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

## **Original Issue Premium**

The Series 2022A Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium

Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2022A Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2022A Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2022A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

### **State of Tennessee Taxes**

Co-Bond Counsel also are of the opinion that, under existing law, the Series 2022A 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 2022A Bonds during the period the Series 2022A 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 2022A 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 2022A 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 2022A Bonds should consult its, his or her own tax advisor regarding the status of the interest on the Series 2022A 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 2022A 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 2022A 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 2022A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022A 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 2022A 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 2022A BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2022A BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2022A BONDS.

## LITIGATION

### **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 City begin funding one hundred percent (100%) of its annual actuarially determined contribution ("ADC") of its defined benefit plan no later than June 15, 2020. The City has met its statutory pension funding obligation for 2020.

The City Council adopted an amendment to the Hybrid Pension Plan on December 15, 2020, which gave the non-vested fire and police employees, who were transferred to the 2016 Plan, the irrevocable option to re-transfer from the 2016 Plan to the 1978 Defined Benefit Plan and be subject to funding solely from a referendum sales tax fund rather than from general city revenues. Of six hundred seventy-eight (678) public safety employees eligible to re-transfer to the 1978 Defined Benefit Plan six hundred seven two (672) elected to re-transfer and six (6) elected to remain in the 2016 Plan. The City has moved to dismiss the claims of all six hundred seventy-eight (678) public safety employees as moot. The motion is pending. In any event, the City believes that it will successfully defend this action.

## **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. Plaintiffs voluntarily dismissed this case without prejudice on July 22, 2021.

## **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**

In order to assist the Underwriter in complying with the Rule, simultaneously with the issuance of the Series 2022A Bonds, the City will enter into the Disclosure Agreement for the benefit of the Holders of the Series 2022A Bonds, substantially in the form attached hereto as "APPENDIX C - 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 2022A 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 C - 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 believes that it has complied, in all material respects, with its Undertakings, except that the City did not timely file: (i) 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; (ii) notice of the incurrence of a State Revolving Fund loan, which was incurred on or about October 13, 2021, and notice of which was filed on November 30, 2021; and (iii) certain audited financial information for Fiscal Year 2021, due on December 30, 2021, though unaudited financial information for Fiscal Year 2021 was timely filed on December 30, 2021. The City filed audited financial information for Fiscal Year 2021 on January 5, 2022.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the Series 2022A 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 D - FORM OF OPINIONS OF CO-BOND COUNSEL," will be delivered concurrently with the issuance of the Series 2022A Bonds. No representation is made to the Holders of the Series 2022A 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 2022A Bonds except for the matters that will be set forth in their approving opinion.

Certain legal matters will be passed upon for the City by Jennifer A. 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.

The legal opinions to be delivered concurrently with the delivery of the Series 2022A 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, 2021, 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, 2021, are set forth in the 2021 Audited Financial Statements attached hereto as "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021". 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 2022A Bonds. The Co-Financial Advisors assisted in matters related to the planning, structuring and issuance of the Series 2022A 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 2022A Bonds.

## CERTAIN RELATIONSHIPS

Butler Snow LLP, Co-Bond Counsel, from time to time, represents the Paying Agent and Registrar in connection with various matters unrelated to the issuance of the Series 2022A Bonds and provides other legal services to the City.

Bass, Berry & Sims PLC, Co-Disclosure Counsel, from time to time, represents the Paying Agent and Registrar in connection with various matters unrelated to the issuance of the Series 2022A Bonds and provides other legal services to the City.

## 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 2022A 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 2022A Bonds. The City has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

## SALE OF THE SERIES 2022A BONDS

[The Series 2022A Bonds are being purchased by \_\_\_\_\_ (the "Underwriter"), as the successful bidder in a competitive sale, at an aggregate purchase price of \$\_\_\_\_\_, representing the principal amount of the Series 2022A Bonds of \$\_\_\_\_\_, [plus][minus] a bond [premium][discount] of \$\_\_\_\_\_ and minus an underwriters' discount of \$\_\_\_\_\_.

**The Underwriter's obligations are subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Series 2022A Bonds if any Series 2022A Bonds are purchased.]**

The Series 2022A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2022A 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.

## **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 the City does not assume 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 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 2022A Bonds, the security for and the sources for repayment for the Series 2022A 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 2022A Bonds.

**AUTHORIZATION OF AND CERTIFICATION  
CONCERNING OFFICIAL STATEMENT**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter in connection with the original public offer, sale and distribution of the Series 2022A Bonds by the Underwriter, have been duly authorized and approved by the City.

**CITY OF MEMPHIS, TENNESSEE**

By: \_\_\_\_\_  
Jim Strickland, Mayor

**APPENDIX A**

**GENERAL INFORMATION REGARDING  
THE CITY OF MEMPHIS, TENNESSEE**

## **APPENDIX B**

### **AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Audited Financial Statements of the City of Memphis, Tennessee, and supplementary information as of and for the Fiscal Year ended June 30, 2021, 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/acfr-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 C**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX D**

**FORM OF OPINIONS OF CO-BOND COUNSEL**