

**RESOLUTION AUTHORIZING FINAL PAYMENT OF FY 2023 TAX EQUIVALENT
PAYMENT FROM MEMPHIS LIGHT GAS AND WATER DIVISION'S ELECTRIC SYSTEM
AND TOTAL DISTRIBUTION OF THE FY 2023 TAX EQUIVALENT PAYMENT TO
TAXING JURISDICTIONS IN SHELBY COUNTY, TENNESSEE**

WHEREAS, pursuant to Section 2 of the May 29, 1987 Contract Amendment (Supp. No. 8) to the TVA Power Contract between TVA and the City (the "TVA Agreement"), the City's Charter and applicable law, the Memphis City Council has the sole and exclusive authority to calculate and determine for each fiscal year an amount for payments in lieu of taxes, called "tax equivalents" on its electric system and electric operations, which, in the judgment of the City Council, after consultation with MLGW, shall represent the fair share of the cost of government properly to be borne by the City's electric system and the tax equivalent payments to be distributed to each taxing jurisdiction;

WHEREAS, the TVA Agreement and applicable law limits the amount of tax equivalents that MLGW may pay from its Electric System Revenues ("Maximum Allowable Electric Equivalency Payment") in any fiscal year;

WHEREAS, to properly calculate and determine the tax equivalents, the limitation on such tax equivalents and the amounts to be distributed to each taxing jurisdiction, the Council has consulted with MLGW concerning the financial status and forecasts for its electric system and electric operations for the City's fiscal year ending June 30, 2023 ("Fiscal Year 2023"). MLGW has

provided the Council with information concerning its operations as of the beginning of Fiscal Year 2023, including (i) the financial condition of the electric system as a whole, (ii) the equalized property tax rate and the net plant value of the electric system in each taxing jurisdiction, (iii) the applicable assessment ratio in effect as of the beginning of such fiscal year, (iv) the total revenue received from each taxing jurisdiction, (v) the book value of materials and supplies and (vi) the average of revenue less power costs from electric operations for the preceding three (3) fiscal years.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMPHIS CITY COUNCIL:

(1) That the total tax equivalent payment to be made by MLGW's Electric System for Fiscal Year 2023 shall be equal to an amount to be hereafter determined by the City Council in its legislative judgment to represent the fair cost of government properly to be borne by MLGW's Electric System for Fiscal Year 2023 ("FY 2023 Total Electric Tax Equivalent Payment"); provided, however FY 2023 Total Electric Tax Equivalent Payment shall not exceed \$47,057,532.19; and

(2) That the FY 2023 Total Electric Tax Equivalent Payment will be allocated and distributed among the taxing jurisdictions in such amounts as hereafter determined by the City Council in accordance with the City's Charter, applicable law and existing arrangements with several of the taxing jurisdictions.

SPONSOR:
MLGW COMMITTEE

MARTAVIUS JONES
CHAIRMAN