



## **Memphis City Council Summary Sheet**

### Resolution for Refunding Bond Anticipation Notes

- This resolution will authorize the issuance of Bond Anticipation Notes, Series 2012, not to exceed Seventy-Five Million Four Hundred Thousand Dollars (\$75,400,000) principal amount of City of Memphis, Tennessee, Bond Anticipation Notes for the purpose of refunding certain outstanding Bond Anticipation Notes of the City.
- The initiating party is the Division of Finance.
- This Resolution does not change any existing Ordinance or Resolution.
- The resolution does not require new contracts, or amend an existing contract.

**RESOLUTION OF THE COUNCIL OF THE CITY OF MEMPHIS, TENNESSEE, AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED SEVENTY-FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$75,400,000) PRINCIPAL AMOUNT OF CITY OF MEMPHIS, TENNESSEE, BOND ANTICIPATION NOTES FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BOND ANTICIPATION NOTES OF THE CITY; PRESCRIBING THE FORM AND CERTAIN DETAILS OF SUCH NOTES; AUTHORIZING AND PROVIDING FOR THE SALE OF SUCH NOTES; APPROVING THE FORM OF NOTICE OF SALE FOR SUCH NOTES; APPROVING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH NOTES AND APPROVING THE FORM THEREOF; AUTHORIZING AND APPROVING AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF SUCH NOTES; AND AUTHORIZING CERTAIN OTHER MATTERS WITH RESPECT TO THE ISSUANCE OF SUCH NOTES**

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 March 4, 2008, and March 3, 2009, adopted Initial Resolutions (the "Initial Resolutions") authorizing the issuance of general obligation bonds of the City of Memphis, Tennessee (the "City"), in each case in the maximum principal amount of One Hundred Fifty Million Dollars (\$150,000,000) (the "Bonds") for the purpose of financing various public works projects of the City.

(b) Pursuant to such authorizations and a resolution adopted by the Council on March 9, 2010, the City issued and currently there are outstanding \$75,400,000 principal amount of Bond Anticipation Notes, 2010 (the "2010 Notes"), maturing on May 1, 2012, for the purposes of (i) providing for the payment at maturity of a portion of the principal of the City's Bond Anticipation Notes, 2009, and (ii) paying costs of issuance of the 2010 Notes.

(c) The City deems it to be in its best interests to provide for the payment at maturity of the principal of all or a portion of the 2010 Notes referred to in subsection (b) above by issuing Bond anticipation notes to refund the principal of such 2010 Notes, the interest on such 2010 Notes due upon maturity to be paid from other available moneys of the City.

SECTION 2. Authorization and Purpose of Notes. (a) In anticipation of the issuance and sale of unissued Bonds, there is hereby authorized to be issued, sold and delivered, pursuant to the Initial Resolutions and this Resolution, Bond anticipation notes of the City, designated "Bond Anticipation Notes, 2012" or otherwise as may be determined by the Director of Finance and Administration of the City (the "Director of Finance and Administration") in an

aggregate principal amount not to exceed Seventy-Five Million Four Hundred Thousand Dollars (\$75,400,000) (the "Notes").

(b) The Notes shall be issued (i) to provide for the refunding and payment at maturity of the principal of all or a portion of the 2010 Notes and (ii) to provide for the payment of costs of issuance of the Notes. Interest on such 2010 Notes due at maturity shall be paid from other available moneys of the City.

SECTION 3. Certain Details of Notes. The Notes, or such portion thereof as shall be determined by the Director of Finance and Administration, shall be sold at one time or from time to time on a date or dates to be selected by the Director of Finance and Administration. The Notes shall be dated as of a date, shall be issued in the denomination of \$5,000 each or any integral multiple thereof, shall mature on the date or dates not to exceed two (2) years from their dated date, and shall bear interest payable periodically until maturity and/or at maturity and at the rate or rates per annum, not to exceed 4.00% per annum, all as shall be determined by the Director of Finance and Administration, calculated on the basis of a 30-day month and a 360-day year.

The Notes shall be issued only in fully registered form without coupons. One Note 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 Notes and the Notes shall be immobilized in the custody of DTC. DTC will act as securities depository for the Notes. Purchasers will not receive physical delivery of certificates representing their interest in the Notes purchased except as provided by Section 4 hereof.

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

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 Notes.

The Bank of New York Mellon Trust Company, National Association, is hereby appointed as Paying Agent and Registrar for the Notes (the "Paying Agent and Registrar").

SECTION 4. Procedure in the Event of Revision of Book-Entry Transfer System - Replacement Notes. The City shall issue Note certificates (the "Replacement Notes") directly to the beneficial owners of the Notes other than DTC, or its nominee, but only in the event that:

(a) DTC determines to discontinue providing its services with respect to the Notes 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 Notes, subject to applicable procedures of DTC. The City and the Paying Agent and Registrar shall be fully protected in relying 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 Replacement Notes.

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 Notes in substantially the form set forth in Section 11 hereof. Such Replacement Notes shall bear thereon a certificate of authentication in the form set forth in Section 11 hereof executed manually by an authorized officer of the Paying Agent and Registrar as registration agent for the City. Only such Notes as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Note 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 Agent and Registrar. Any such certificate of the Paying Agent and Registrar upon any Note executed on behalf of the City shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered under this Resolution and that the registered owner of such Note is entitled to the benefits and security of this Resolution.

Prior to the execution and delivery of Replacement Notes, the City shall notify the beneficial owners of the Notes by mailing an appropriate notice to DTC. Principal of and interest on the Replacement Notes shall be payable by check or draft mailed to each registered owner of such Replacement Notes at the address of such owner as it appears in the books of registry maintained by the Paying Agent and Registrar. Replacement Notes will be transferable only by presentation and surrender to the Paying Agent and Registrar, together with an assignment duly executed by the registered owner of the Replacement Note or by such owner's representative in form satisfactory to the Paying Agent and Registrar and containing information required by the Paying Agent and Registrar 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 Note, 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. The Notes shall not be subject to redemption prior to maturity.

SECTION 6. Sources of Payment and Security for the Notes. The taxing power of the City as to all property subject to *ad valorem* taxation within the City is hereby pledged to the payment of the principal of and interest on the Notes. The Notes shall be direct obligations of the City, the payment of which shall be made according to the tenor and effect thereof. Unless the payment of the principal of and interest on the Notes otherwise shall be provided for by or on behalf of the City from proceeds of general obligation bonds, proceeds of other bond anticipation notes of the City or other funds of the City available and authorized for such purpose, on or before the maturity date thereof, the City hereby agrees to levy and provide for the collection of a special tax over and above all other taxes authorized or limited by law to be imposed and levied on all the property subject to *ad valorem* taxation within the City to create a sinking fund to retire the Notes with interest as they fall due.

Unless the payment of the principal of and interest on the Notes otherwise shall be provided for by or on behalf of the City from proceeds of other bond anticipation notes of the City or other funds of the City available and authorized for such purpose, on or before the maturity date thereof, the City shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of Bonds or other obligations of the City in an amount sufficient to provide for the payment of the outstanding principal of and interest on the Notes at maturity.

SECTION 7. Payment of Notes; Books of Registry; Exchanges and Transfers of Notes.

(a) Payment of Notes. (i) At any time during which the Notes shall be in fully registered form, the interest on the Notes shall be payable by wire transfer or by check or draft mailed by the Paying Agent and Registrar to the registered owners of the Notes at their addresses as the same appear on the books of registry as of the fifteenth (15th) day of the month preceding such interest payment date and the principal of and premium, if any, on the Notes shall be payable at the principal office of the Paying Agent and Registrar or any other office of the Paying Agent and Registrar designated for such purpose; provided, however that at any time during which the Notes shall be in book-entry form, the principal of and premium, if any, and interest on the Notes shall be payable in accordance with the provisions of Section 3 hereof.

(ii) The principal of and premium, if any, and interest on the Notes 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 Notes. (i) At all times during which any Note remains outstanding and unpaid, the Paying Agent and Registrar shall keep or cause to be kept, at its principal office or any other office of the Paying Agent and Registrar designated for such purpose, books of registry for the registration, exchange and transfer of the Notes. Upon presentation at the principal office of the Paying Agent and Registrar or any other office of the Paying Agent and Registrar designated for such purpose, the Paying Agent and Registrar, 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 Notes as herein set forth.

(ii) Any Note may be exchanged for a like aggregate principal amount of such Notes in authorized principal amounts of the same interest rate and maturity.

(iii) Any Note 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 Note to the Paying Agent and Registrar 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 Agent and Registrar.

(iv) All transfers or exchanges pursuant to this Section 7(b) shall be made without expense to the registered owner of such Notes, except as otherwise herein provided, and except that the Paying Agent and Registrar shall require the payment of the registered owner of the Note requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange. All Notes surrendered pursuant to this Section 7(b) shall be canceled.

SECTION 8. CUSIP Identification Numbers. CUSIP identification numbers may be printed on the Notes, but neither the failure to print any such number on any Notes, nor any error or omission with respect thereto, shall constitute cause for failure or refusal by the purchaser of the Notes to accept delivery of and pay for the Notes in accordance with the terms of its proposal to purchase the Notes. No such number shall constitute or be deemed to be a part of any Notes 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 9. 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 Notes shall be and continue to be excluded from gross income for federal income tax purposes under said Sections 103 and 141 through 150.

SECTION 10. Execution and Authentication of Notes. The Notes shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor of the City and of the Comptroller of the City, and shall have impressed or imprinted thereon or affixed thereto, by facsimile or otherwise, the official seal of the City. In case any officer of the City whose signature or whose facsimile signature shall appear on the Notes shall cease to be such officer before the delivery of such Notes, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Notes shall bear thereon a certificate of authentication in the form set forth in Section 11 hereof executed manually by an authorized officer of the Paying Agent and Registrar.

No Notes 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 Agent and Registrar.

SECTION 11. Form of Notes. The Notes 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:

**UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CITY OF MEMPHIS  
BOND ANTICIPATION NOTE, 2012**

**REGISTERED**

**REGISTERED**

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

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

INTEREST RATE

MATURITY DATE

CUSIP NO.

\_\_\_\_\_, 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, the Principal Amount specified above, and to pay interest on such Principal Amount [on \_\_\_\_\_, 20\_\_ and] [semi-annually on each \_\_\_\_\_ and \_\_\_\_\_ thereafter until the payment of such Principal Amount] [at maturity] at the Interest Rate per annum specified above 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 Agent and Registrar hereinafter mentioned to the Registered Owner in whose name this Note is 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 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 Note are payable upon presentation and surrender hereof at the principal office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent and Registrar") or such other office of the Paying Agent and Registrar as may be designated for such purpose. The principal of and premium, if any, and interest on this Note 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 Note is one of a duly authorized series of Notes (herein referred to as the "Notes") of the aggregate principal amount of \_\_\_\_\_ million dollars (\$ \_\_\_\_\_)

of like date and tenor herewith, except for number, denomination, interest rate, maturity and redemption provisions, and is issued for the purposes of refunding and paying at maturity the principal of certain outstanding bond anticipation notes of the City issued to refinance the cost of public works projects of the City and providing for the payment of costs of issuance of the Notes, under and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including Title 9, Chapter 21, Tennessee Code Annotated, being the Local Government Public Obligations Act of 1986, as amended, and resolutions duly adopted by the Council of the City under such Chapter 21 on March 4, 2008, March 3, 2009, and March 6, 2012.

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

The taxing power of the City as to all property subject to *ad valorem* taxation within the City is pledged to the payment of the principal of and interest on this Note. This Note is a direct obligation of the City, the payment of which shall be made according to the tenor and effect hereof. In the resolution hereinabove referred to which was adopted on March 6, 2012, it was recited that unless the payment of the principal of and interest on this Note otherwise shall be provided for by or on behalf of the City from proceeds of bonds, proceeds of other bond anticipation notes of the City or other funds of the City available and authorized for such purpose, on or before the maturity date hereof, the City will levy and provide for the collection of a special tax over and above all other taxes authorized or limited by law to be imposed and levied on all the property subject to *ad valorem* taxation within the City to create a sinking fund to retire the Notes with interest as they fall due.

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 Note 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 Note and the Notes of the series of which this Note is one do not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City, by its Council, has caused this Note to be executed by the manual or facsimile signature of its Mayor; the seal of the City or a facsimile thereof to be impressed or imprinted hereon or affixed hereto, by facsimile or otherwise, attested by the manual or facsimile signature of its Comptroller; and this Note to be dated as of \_\_\_\_\_, 2012.

CITY OF MEMPHIS, TENNESSEE

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Comptroller

**Certificate of Authentication**

This Note is one of the Notes described in the within-mentioned Resolution

The Bank of New York Mellon Trust  
Company, National Association,  
As Paying Agent and Registrar

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

Date of Authentication: \_\_\_\_\_, 2012

**Assignment**

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

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

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

the within-mentioned Note 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 Agent and Registrar 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 Note in every particular, without alteration, enlargement or any change whatsoever.

SECTION 12. Sale of Notes. The Notes shall be sold at a public competitive sale on a date to be determined by the Director of Finance and Administration and at a price of not less than ninety-nine percent (99%) of the principal amount of the Notes, plus accrued interest, if any. The Director of Finance and Administration is hereby authorized to distribute to potential purchasers of and investors in the Notes an Official Notice of Sale of the Notes, substantially in the form presented to and filed with the minutes of the meeting at which this Resolution is adopted. The form of Official Notice of Sale as distributed may include such changes as shall be approved by the Director of Finance and Administration, upon the advice of counsel (including the City Attorney, bond counsel and disclosure counsel) and the City's financial advisors, which approval shall be conclusively evidenced by such distribution.

The Director of Finance and Administration is also hereby authorized to distribute to purchasers of and investors in the Notes a Preliminary Official Statement of the City relating to the Notes (the "Preliminary Official Statement"), substantially in the form presented to and filed with the minutes of the meeting at which this Resolution is adopted, which form is hereby approved, ratified and confirmed. The form of the Preliminary Official Statement as published and distributed may include such changes as shall be approved by the Director of Finance and Administration, upon the advice of counsel (including the City Attorney, bond counsel and

disclosure counsel) and the City's financial advisors, which approval shall be conclusively evidenced by its publication and distribution, as applicable. As so changed, the Preliminary Official Statement may recite that it is in a form which is "deemed final" as of its date within the meaning of 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 Director of Finance and Administration is authorized to separately so certify. The Director of Finance and Administration is hereby authorized to prepare an 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 Notes and by making such other insertions, changes or corrections as the Director of Finance and Administration, based on the advice of counsel (including the City Attorney, bond counsel and disclosure counsel) and the City's financial advisors, approves as necessary or appropriate, such approval to be conclusively evidenced by the execution thereof; and the Council hereby authorizes the Official Statement and the information contained therein to be used by the purchasers in connection with the sale of the Notes.

A Continuing Disclosure Certificate of the City (the "Continuing Disclosure Certificate"), substantially in the form described in the Preliminary Official Statement, is hereby authorized to be executed and delivered by the Director of Finance and Administration. The form of the Continuing Disclosure Certificate as executed and delivered may include such changes as shall be approved by the Director of Finance and Administration, upon the advice of counsel (including the City Attorney, bond counsel and disclosure counsel) and the City's financial advisors, which approval shall be conclusively evidenced by its execution and delivery. The City covenants with the holders from time to time of the Notes 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 Certificate 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 Certificate shall not constitute a default under this Resolution and the Continuing Disclosure Certificate may be enforced only as provided therein.

SECTION 13. Application of Proceeds of Sale of the Notes. The proceeds derived from the sale of the Notes shall be applied as follows:

(A) Accrued interest received on the Notes, if any, from their date to the date of delivery of and payment for the Notes shall be applied to the payment of interest on the Notes on the first interest payment date thereof.

(B) The balance shall be used to pay (i) principal of 2010 Notes at maturity and (ii) costs of issuance of the Notes, including without limitation any premiums for municipal bond insurance authorized by Section 14 hereof.

SECTION 14. Municipal Bond Insurance and Special Provisions Required Thereby. The obtaining of a policy of insurance insuring the payment of the principal of and interest on all or any portion of the Notes (the "Policy"), and the execution and delivery by the Director of Finance and Administration on behalf of the City of any commitments or other

agreements related thereto, are hereby authorized. The Director of Finance and Administration may determine such matters as may be necessary or desirable to comply with the conditions precedent to the issuance of the Policy, which may include, but shall not be limited to, provisions deeming the issuer of the Policy to be the holder of the Notes insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of such Notes are entitled to take for certain purposes as so determined.

SECTION 15. Further Authorizations. The appropriate officers of the City are hereby authorized to take all such actions and execute such documents (upon advice of the City Attorney, bond counsel and disclosure counsel) as shall be necessary to effect the delivery of and payment for the Notes and as may be reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including but not limited to making application to the State Office of State and Local Finance with respect to the issuance of the Notes as required by Section 9-21-505, Tennessee Code Annotated. Any actions heretofore taken by or on behalf of the City in connection with such application are hereby ratified and confirmed.

SECTION 16. Effective Date. This Resolution shall take effect upon its adoption.

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**OFFICIAL NOTICE OF SALE**

**\$75,400,000\***  
**City of Memphis, Tennessee**  
**Bond Anticipation Notes, 2012**

Electronic Bids, as Described Herein  
Will Be Accepted Until  
9:30 a.m., Central Time, \_\_\_\_\_, April , 2012\*

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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

Roland McElrath  
Director of Finance & Administration      roland.mcelrath@memphis.tn.gov      (901) 576-6657

André D. Walker  
Deputy Director of Finance      andre.walker@memphistn.gov      (901) 576-6324

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**Hawkins Delafield & Wood LLP, Bond Counsel to City**

One Chase Manhattan Plaza, 42nd Floor  
New York, New York 10005  
Fax: (212) 820-9615

Steven I. Turner, Esquire      sturner@hawkins.com      (212) 820-9462

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**Brittenum Bruce, PLLC, Co-Disclosure Counsel**

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Fax: (901) 271-3780

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**Greenberg Traurig, P.A., Co-Disclosure Counsel**

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Orlando, Florida 32801  
Fax: (407) 420-5909

Jéan E. Wilson, Esquire      wilson@jtlaw.com      (407) 420-1000

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**First Southwest Company, Co-Financial Advisor**

325 N. St. Paul Street, Suite 800  
Dallas, Texas 75201

Wayne B. Placide, Managing Director      wayne.placide@firstsw.com      (214) 953-4024

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**ComCap Advisors, a division of Community Capital, Co-Financial Advisor**

1708 Monroe Avenue  
Memphis, TN 38104  
Fax: (901) 274-8040

Archie Willis III      awwillis@community-capital.com      (901) 274-5666  
Pamela Z. Clary, Vice-President      pclary@community-capital.com      (901) 274-5666  
Marcus Newman      mnewman@community-capital.com      (901) 274-5666

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**PARITY®**

Customer Service      (212) 849-5021

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**i-Deal Prospectus**

Karen Persaud      (212) 849-5024

## OFFICIAL NOTICE OF SALE

**\$75,400,000\***

**City of Memphis, Tennessee  
Bond Anticipation Notes, 2012**

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

SALE DATE: \_\_\_\_\_ day, April \_\_\_\_, 2012\*

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 \$75,400,000\* Bond Anticipation Notes, 2012 (the "Notes") to be issued by the City of Memphis, Tennessee (the "City"). The Notes are more particularly described in the Preliminary Official Statement dated March \_\_, 2012, relating to the Notes, available at the i-Deal Prospectus website, [www.i-dealprospectus.com](http://www.i-dealprospectus.com). Prior to accepting bids, the City reserves the right to change the principal amount of the Notes being offered or other terms of the Notes, to postpone the sale to a later date or to cancel the sale. Notice of a change, postponement, or cancellation will be announced via Thomson Municipal News at the website address [www.tm3.com](http://www.tm3.com) not later than 9:30 a.m., Central Time, on the day preceding the bid opening. Such notice will specify the revised principal amount or other terms, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. 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 forty-eight hours' notice via Thomson Municipal News at the internet website address [www.tm3.com](http://www.tm3.com). Consideration of the bids and the award will be made by the City not later than 4:00 p.m. on the Sale Date (as set forth above and in the Bidding Parameters table herein). The City will continue to reserve the right to adjust the principal amount of the Notes offered or to cancel the sale of the Notes after the bids are opened as further described herein. See "ADJUSTMENT OF AMOUNTS AND MATURITIES".

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\* Preliminary, subject to change.

## BIDDING PARAMETERS TABLE\*

INTEREST		PRICING	
Dated Date:	April 1, 2012	Maximum Aggregate Bid:	None.
Delivery Date:	April , 2012	Minimum Aggregate Bid:	100.0%
Interest Payment Dates:	April 1 and October 1		
First Interest:	October 1, 2012		
Coupon Multiples:	1/20% or 1/8%		
Maximum Coupon:	4.00%		
Maximum TIC:	N.A.	PROCEDURAL	
Minimum Coupon:	N.A.	Sale Date:	
		Bid Submission:	PARITY® only
		All or None?	Yes
		Bid Award Method	TIC
		Bid Confirmation:	Fax Signed PARITY® screen
PRINCIPAL			
Optional Redemption:	None	Awarding of Bid:	City Mayor, or designee, not later than 4:00 p.m. Central Time on Sale Date
Principal Increases:	None	Good Faith Deposit:	\$754,000
Principal Reductions:	5.00%	Insurance:	May be purchased by the bidder at its option

## MATURITY SCHEDULE

Maturity	Principal Amount
April 1, 2014	\$75,400,000 <sup>1</sup>

### THE NOTES

The Notes will be issued in fully registered, book-entry only form, without coupons; will be dated as of the date set forth in the Bidding Parameters Table; will be issued in denominations of \$5,000 or integral multiples thereof; and will bear interest from their date until paid at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Notes must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table.

The Notes will mature on the month and day, and in the year and principal amounts, shown on the Maturity Schedule, subject to change before and after award of the Notes as provided herein.

\* 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.

<sup>1</sup> Preliminary, subject to change.

## **SECURITY**

The 2012 Notes will constitute valid and legally binding general obligations of the City and, unless paid from other sources, the principal of and interest on the 2012 Notes will be payable from ad valorem taxes levied, without limitation as to rate or amount, upon all taxable property within the City, including real and personal property.

## **ADJUSTMENT OF AMOUNTS AND MATURITIES**

Prior to the Sale Date, the City may cancel the sale of the Notes or adjust the aggregate principal amount and the principal amount of any maturity of the Notes. Notice of a change or cancellation will be announced via Thomson Municipal News at the website address [www.tm3.com](http://www.tm3.com) not later than 9:30 a.m., Central Time, of the day preceding the day previously scheduled for bid opening.

After the receipt and opening of the bids for their purchase, the City may cancel the sale of the Notes or adjust the aggregate principal amount and the principal amount of each maturity of the Notes; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The City will consult with the successful bidder before adjusting the amount of any maturity of the Notes or canceling the sale of the Notes; however, the City reserves the sole right to make adjustments, within the limits described above, and to cancel the sale of the Notes. Any adjustments made after the opening of the bids will be communicated to the successful bidder no later than 12:30 p.m., Central Time, on the Sale Date. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Notes, assuming the City has satisfied all other conditions of this Official Notice of Sale.

In the event that the principal amount of any maturity of the Notes is revised after the award, the interest rate and reoffering price (as a percentage of principal) for each maturity and the Underwriter's Discount on the Notes 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 Notes submitted by the bidder and the price at which the Notes 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 Notes will be issued in fully registered, book-entry only form and a certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes, with transfers of ownership effected on the records of DTC and its participants (the "DTC Participants") pursuant to rules and procedures adopted by DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal, interest and any redemption premium on the Notes will be made to DTC or its nominee as registered owner of the Notes. Transfer of principal, premium, if any, and interest payments to the beneficial owners by DTC Participants will be the responsibility of such DTC Participants and other nominees of beneficial owners. Neither the City nor The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, who will serve as paying agent and bond registrar for the Notes (the "Paying Agent") will be responsible or liable for payments by DTC to its participants or by DTC

Participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, DTC Participants or persons acting through such participants. 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 Notes 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 a Preliminary Official Statement dated March \_\_\_\_, 2012 (the "Preliminary Official Statement") containing information relating to the Notes. The Preliminary Official Statement comprises the "deemed final" Official Statement required by Rule 15c2-12 of the Securities and Exchange Commission. The City will furnish the successful bidder on the date of closing with its 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.i-dealprospectus.com](http://www.i-dealprospectus.com). Assistance in obtaining the documents will be available at i-Deal's Customer Service Desk or from Marcus Newman, of ComCap Advisors. For their contact information, see the "Contacts" section at the front of this Official Notice of Sale.

The Preliminary Official Statement, when amended to reflect the results of the sale of the Notes and other information will constitute a "Final Official Statement" with respect to the Notes, as that term is defined in Rule 15c2-12. No more than seven (7) business days after the date of the sale, the City will provide without cost to the successful bidder up to 125 copies of the Final Official Statement. If the Notes are awarded to a syndicate, the City by its award of the Notes designates the senior managing underwriter of the syndicate as its representative for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter submitting a bid with respect to the Notes agrees thereby that if its bid is accepted, it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purpose of assuring the receipt and distribution by each participating underwriter of the Final Official Statement.

## **CONTINUING DISCLOSURE**

As set forth in the Preliminary Official Statement, the City will contract with the successful bidder regarding the City's continuing disclosure obligations, as required by Rule 15c2-12. The contract will be generally in the form of the Continuing Disclosure Agreement attached to, and defined in, the Preliminary Official Statement.

## **LEGAL OPINION**

As a condition to the purchaser's obligation to accept delivery of and pay for the Notes, the City will furnish, with the delivery of the Notes, the opinions of Hawkins Delafield & Wood LLP, of New York, New York, Note Counsel to the City ("Note Counsel"), regarding the Notes, as described in the Preliminary Official Statement and final Official Statement, together with the usual closing documents. In addition, Greenberg Traurig, LLP, Orlando, Florida and Brittenum Bruce, PLLC, Memphis, Tennessee, are serving as Co-Disclosure Counsel to the City with

respect to the issuance of the Notes and, accordingly, will pass upon certain legal issues for the City.

## **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 directly to the City will be accepted. Bidders are permitted to submit bids for the Notes during the bidding time period, provided they are eligible to bid as described under the heading "ELIGIBILITY TO BID" below.

Each bid must be unconditional and received by PARITY® before the Sale Date set forth in the Bidding Parameters Table, accompanied by a financial surety bond, as a good faith deposit, as described under the heading "GOOD FAITH DEPOSIT" below. No proposal to purchase the Notes 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 last modified will constitute its bid for the Notes. 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 Notes 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.

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 prices, both delivered by fax to the City (at the number specified in "Contacts" section at the front of this Official Notice of Sale) 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 City on the following business day at the address shown above. Failure to deliver this written confirmation does not relieve the bidder of the obligation to purchase the Notes.

If any provisions of this Official Notice of Sale conflict 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.

## **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 BidCOMP Competitive Bidding System, such bidder should contact Marcus Newman, of ComCap Advisors

to arrange to participate in the bidding process. For his contact information, see the "Contacts" section at the front of this Official Notice of Sale.

## **FORM OF BID, INTEREST RATES AND BID PRICES**

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Notes. No bid will be considered which does not offer to purchase all of the Notes. Each bid must specify: (1) an annual rate of interest for each maturity; (2) reoffering price or yield for each maturity; and (3) a dollar purchase price for the entire issue of the Notes.

A bidder must specify the rate or rates of interest per annum (with no more than one rate of interest per maturity), which the Notes are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Notes of each maturity must bear interest at the same single rate for all Notes of that maturity.

Each bid for the Notes must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Notes of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the City will notify the successful bidder that it is the apparent winner.

## **AWARD OF BID**

The City expects to award the Notes to the winning bidder no later than 4:00 p.m. Central Time on the Sale Date. Bids may not be withdrawn prior to the award. Unless all bids are rejected, the Notes 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 Notes. If two or more bidders offer to purchase the Notes at the same lowest TIC, the Notes 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; provided, however, that if apportionment is not acceptable to such bidders, the City, in its own discretion, will have the right to award the Notes to one of such bidders. There will be no auction.

## **RIGHT OF REJECTION**

The City expressly reserves the right: (i) to waive any informalities; (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein; and (iii) to solicit new bids or proposals for the sale of the Notes; or (iv) to otherwise provide for the public sale of the Notes if all bids are rejected or the winning bidder defaults.

## **DELIVERY AND PAYMENT**

Delivery of the Notes will be made by the City to DTC, in New York, New York, in book-entry only form on or about the Delivery Date shown in the Bidding Parameters Table, or such other date agreed upon by the City and the successful bidder. Payment for the Notes must be made in federal funds or other legal tender immediately available to the City at the time of delivery of the Notes. Any expenses incurred in providing immediate funds, whether by transfer of federal funds or otherwise, will be borne by the purchaser. The cost of printing the Notes, if any, will be borne by the City.

## **RIGHT OF CANCELLATION**

The successful bidder will have the right, at its option, to cancel its obligation to purchase the Notes if the City and the Paying Agent fail to execute the Notes and tender the same for delivery within 60 days from the date of sale thereof. 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 Notes is required to submit the good faith amount of \$ \_\_\_\_\_ (the "Good Faith Deposit") to the City in the form of a wire transfer in federal funds, as instructed by the First Southwest Company, one of the City's Co-Financial Advisors, not later than two hours after the verbal award is made. 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 own discretion, may direct the next lowest bidder(s), in ascending order, to submit a Good Faith Deposit and, thereafter, may award the sale of the Notes to the same. 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 Notice of Sale and of its bid, a sum equal to either: (i) the difference between the TIC of the original apparent winner and the TIC of the ultimate winner; or (ii) the amount of the Good Faith Deposit. Submission of a bid to purchase the Notes shall constitute acknowledgement and acceptance of the terms of the Good Faith Deposit requirements, including liquidated damages, as provided herein.

The Good Faith Deposit so wired will be retained by the City until the delivery of the Notes, at which time the Good Faith Deposit will be applied against the purchase price of the Notes 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 Notes 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. The balance of the purchase price must be wired to the City in federal funds simultaneously with delivery of the Notes and in accordance with instructions to be given to the purchaser by the City.

## **NO LITIGATION**

There is no litigation pending concerning the validity of the Notes, the existence of the City or the entitlement of the officers thereof to their respective offices and the successful bidder

will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the Notes.

### **CUSIP NUMBERS**

CUSIP numbers may be printed on the Notes, but neither failure to print such numbers on any Notes 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 the Notes. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Notes. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers will be the responsibility of and will be paid for by the successful bidder.

### **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 Notes. Certain jurisdictions may have filing requirements which must be satisfied prior to any offer and sale of the Notes to the public.

### **REOFFERING PRICE CERTIFICATE**

Simultaneously with the delivery of the Notes, the successful bidder shall furnish to the City a certificate acceptable to Note Counsel stating that: (i) on the date of the award, the successful bidder made a bona fide public offering of the Notes at the prices or yield shown in the Official Statement; and (ii) as of such date, the first price or yield at which at least 10% of the Notes of each maturity was sold to the public (excluding bond houses, brokers and other intermediaries) was not greater than the respective price or not lower than the respective yield (the "first price rule"), with the exception of those maturities, if any, identified in such certificate, for which such certificate shall explain the reasons why the first price rule was not satisfied and certify that the unsold Notes were bought by members of the syndicate for the Notes and that, even though, on the date of the award of the Notes, it was reasonably expected that such unsold Notes would be held as inventory until sold to the public (as opposed to being held for the bond houses' own accounts), and even though it could then be reasonably expected that such sale to the public might be at prices higher than the prices, or yields lower than the yields, shown in the Official Statement, their reasonable expectations regarding the fair market value of the Notes, as of the date of the award of the Notes, were those reflected as the public offering prices or yields of such Notes shown in the Official Statement.

### **CERTIFICATE**

The City will deliver to the purchaser of the Notes a certificate of an official of the City, dated the date of delivery of said Notes, stating that as of the date thereof, to the best of the knowledge and belief of said official, the 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**

Additional information may be obtained from André D. Walker, Deputy Director of Finance of the City, Wayne B. Placide, Managing Director of First Southwest Company, or Pamela Z. Clary, ComCap Advisors, a division of Community Capital. For contact information for each of these people, see the "Contacts" section on the inside cover of this Official Notice of Sale.

CITY OF MEMPHIS, TENNESSEE

Dated: March \_\_, 2012

By: Roland McElrath  
Its: Director of Finance and Administration

PRELIMINARY OFFICIAL STATEMENT DATED [\_\_\_\_\_, 2012]

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATINGS: See "RATINGS" herein.**

*In the opinion of Bond Counsel to the City, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, (i) interest on the 2012 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, under the existing laws of the State of Tennessee, the 2012 Notes and the income therefrom are exempt from all Tennessee state, county and municipal taxation except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes imposed pursuant to the laws of the State of Tennessee. See "TAX MATTERS" herein.*

[§\_\_\_\_\_] \*  
**CITY OF MEMPHIS, TENNESSEE**  
**BOND ANTICIPATION NOTES, 2012**

**Dated: Date of Delivery**

**Due: April 1, as shown below.**

The City of Memphis, Tennessee (the "City"), a municipal corporation of the State of Tennessee, is issuing its [§\_\_\_\_\_] \* Bond Anticipation Notes, 2012 (the "2012 Notes") in anticipation of the issuance of general obligation bonds of the City for the purposes of (a) providing for the refunding and payment, at maturity, of the principal of all of the City's Bond Anticipation Notes, 2010, currently outstanding in the principal amount of \$75,400,000 (the "2010 Notes") maturing on May 1, 2012, and (b) providing for the payment of the costs of issuance related to the 2012 Notes. Interest on the 2010 Notes due at maturity will be paid from other available monies of the City. See "PLAN OF FINANCE" herein.

The 2012 Notes will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2012 Notes. Individual purchases may be made only in book-entry form through DTC participants in the principal amounts of \$5,000 or any integral multiple thereof. No physical delivery of the 2012 Notes will be made to Beneficial Owners (as defined herein) of the 2012 Notes. So long as Cede & Co. is the registered owner of the 2012 Notes, payment of the principal of the 2012 Notes, interest thereon and any premium applicable thereto will be made to Cede & Co. as nominee for DTC, which in turn will remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the 2012 Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the 2012 Notes is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2012 (each such date, an "Interest Payment Date") by The Bank of

\* Preliminary, subject to change.

New York Mellon Trust Company, N.A., Dallas, Texas, as the paying agent and bond registrar. The 2012 Notes bear interest and mature as set forth below. See "THE 2012 NOTES" herein.

The 2012 Notes are not subject to redemption prior to maturity.

The 2012 Notes are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property in the City subject to taxation by the City without limitation as to rate or amount. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 NOTES" herein and "APPENDIX A - SUPPLEMENTAL INFORMATION STATEMENT OF THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

Simultaneous with the issuance of the 2012 Notes, the City is issuing its General Obligation Improvement and Refunding Bonds, Series 2012 in an amount not to exceed **[\$125,890,000]** for the purpose of, among other things, financing various public works projects of the City and refunding certain outstanding general improvement bonds of the City.

### MATURITY SCHEDULE

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Initial CUSIP No. <sup>1</sup>
April 1, 2014	\$	%		

Electronic proposals for the purchase of the 2012 Notes will be received via PARITY on [\_\_\_\_\_, 2012] at 9:30 a.m. Central Time, as provided in the Notice of Sale relating to the 2012 Notes, or on such other date or time as may be determined by the City with notice provided through Thomson Municipal Market Monitor.

This cover page contains limited information for quick reference only. It is not a summary of the matters relating to the 2012 Notes. 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.

*The 2012 Notes are being offered when, as, and if issued by the City and subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the City by Herman Morris, Esquire, City Attorney. Certain legal matters will be passed upon for the City by Greenberg Traurig, LLP, Orlando, Florida and Brittenum Bruce, PLLC, Memphis, Tennessee, Co-Disclosure Counsel. First Southwest Company, Dallas, Texas and ComCap Advisors, a division of Community Capital, Memphis, Tennessee, are serving as Co-Financial Advisors to the City. The 2012 Notes will be delivered through the book-entry system of DTC in New York, New York on or about [\_\_\_\_\_, 2012].*

<sup>1</sup> CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the 2012 Notes. The City is not responsible for the selection or uses of CUSIP numbers, nor is a representation made as to their accuracy on the 2012 Notes, or as indicated above.

[\_\_\_\_\_, 2012]

**CITY OF MEMPHIS, TENNESSEE**

**ELECTED OFFICIALS**

**Mayor**

A C Wharton, Jr.

**City Council**

Bill Morrison, Chairman

William Boyd	Janis Fullilove
Joe Brown	Wanda Halbert
Harold Collins	Lee Harris
Kemp Conrad	Reid Hedgepeth
Shea Flinn, III	Myron Lowery
Edmund Ford, Jr.	Jim Strickland

**ADMINISTRATIVE**

George Little.....	Chief Administrative Officer
Robert Lipscomb .....	Director of Housing and Community Development
Roland McElrath .....	Director of Finance and Administration
Alvin Benson.....	Director of Fire Services
Martha Lott.....	Director of General Services
Cynthia Buchanan .....	Director of Park Services
Quinton Robinson.....	Director of Human Resources
Toney Armstrong.....	Director of Police Services
Dwan Gilliom .....	Director of Public Works
Richard Copeland .....	Director Office of Planning and Development
Herman Morris .....	City Attorney
Janet Hooks .....	Director of Public Services and Neighborhoods
John Cameron.....	City Engineer
Johnie McKay.....	Director of Community Enhancement
Brenton Nair .....	Director of Information Services

**CONSULTANTS TO THE CITY**

**Bond Counsel**

Hawkins Delafield & Wood LLP  
New York, New York

**Co-Disclosure Counsel**

Brittenum Bruce, PLLC  
Memphis, Tennessee

Greenberg Traurig, P.A.  
Orlando, Florida

**Co-Financial Advisors**

First Southwest Company  
Dallas, Texas

ComCap Advisors, a division of Community Capital  
Memphis, Tennessee

**External Auditors**

Mayer Hoffman McCann P.C.  
Memphis, Tennessee

Jones and Tuggle  
Memphis, Tennessee

This Official Statement does not constitute a contract between the City or the Underwriters and any one or more owners of the 2012 Notes, nor does it constitute an offer to sell or the solicitation of an offer to buy the 2012 Notes 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 to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the 2012 Notes, 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. The information contained in this Official Statement, including in the appendices, has been obtained from representatives of the City, the Underwriters and from public documents, records and other sources considered to be reliable. No guaranty is made, however, as to the accuracy or completeness of such information.

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 2012 NOTES, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2012 NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE NOTE 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 2012 NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2012 NOTES 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 2012 NOTES 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 2012 Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, other than as expressly provided in certificates to be delivered to the Underwriters

in connection with the closing, the City has not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

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APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS,  
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APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE  
APPENDIX D - FORM OF OPINION OF BOND COUNSEL

## OFFICIAL STATEMENT

*relating to*

[§ \_\_\_\_\_]\*  
**CITY OF MEMPHIS, TENNESSEE**  
**BOND ANTICIPATION NOTES, 2012**

### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the issuance and sale by the City of Memphis, Tennessee (the "City") of its [§ \_\_\_\_\_]\* Bond Anticipation Notes, 2012 (the "2012 Notes"). 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, 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 2012 Notes 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.*

#### **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 Tennessee. The City is the State's largest city and the county seat of Shelby County, Tennessee (the "County"). See "THE CITY" herein and "APPENDIX A - SUPPLEMENTAL INFORMATION STATEMENT OF THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

#### **Purpose of the 2012 Notes**

The 2012 Notes are being issued in anticipation of the issuance of general obligation bonds of the City for the purposes of (a) providing for the refunding and payment, at maturity, of the principal of all of the City's Bond Anticipation Notes, 2010 currently outstanding in the principal amount of \$75,400,000 (the "2010 Notes") maturing on May 1, 2012, and (b) providing for the payment of the costs of issuance of the 2012 Notes. Interest on the 2010 Notes due at maturity will be paid from other available monies of the City.

Simultaneous with the issuance of the 2012 Notes, the City is issuing its General Obligation Improvement and Refunding Bonds, Series 2012 in an amount not to exceed

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\* Preliminary, subject to change.

**[\$125,890,000]** (the "Series 2012 Bonds") for the purpose of, among other things, financing various public works projects of the City and refunding certain outstanding general improvement bonds of the City.

### **Security and Sources of Payment for the Notes**

The 2012 Notes are direct obligations of the City for the payment of the principal of and interest on which the City has pledged its taxing power as to all property subject to ad valorem taxation within the City over and above all other taxes or permitted by law. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 NOTES" herein. See also "APPENDIX A - SUPPLEMENTAL INFORMATION STATEMENT OF THE CITY OF MEMPHIS, TENNESSEE" attached hereto.

### **Description of the 2012 Notes**

The 2012 Notes will be dated their date of delivery and will bear interest and mature as set forth on the cover of this Official Statement. Interest on the 2012 Notes is payable semiannually on April 1 and October 1 in each year beginning October 1, 2012.

The 2012 Notes are not subject to redemption prior to maturity.

The 2012 Notes are being issued in book-entry only form as fully registered bonds in denominations equal to the principal amount of each maturity set forth on the cover of this Official Statement, and when issued, shall, as described herein, be registered in the name of Cede & Co., as Bondholder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of beneficial interests in the 2012 Notes will be made in book-entry form only through Direct Participants (as herein described). See "BOOK-ENTRY ONLY SYSTEM" herein.

### **Paying Agent and Registrar**

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as paying agent and registrar for the 2012 Notes (the "Paying Agent").

### **Authority for Issuance**

The 2012 Notes are being issued pursuant to the provisions of the Local Government Public Obligations Act of 1986, constituting Chapter 21 of Title 9, Tennessee Code Annotated, as amended (the "Act") and those certain resolutions adopted by the Council of the City on March 4, 2008, March 3, 2009 and **[March 6, 2012]** (the "Note Resolution").

### **Continuing Disclosure**

In order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission ("SEC") promulgated pursuant to the Securities Exchange Act of 1934, as in effect on the date hereof (the "Rule"), the City will execute a Continuing Disclosure Certificate dated the date of delivery of the 2012 Notes (the

"Disclosure Certificate") for the benefit of the Beneficial Owners (as defined herein) of the 2012 Notes. The annual report and notices of material events (as described in the Disclosure Certificate) will be filed by the City with the centralized information repository developed and operated by 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 CERTIFICATE" attached hereto.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All capitalized terms used in this Official Statement and not otherwise defined herein will have the same meanings ascribed to such terms in the Note Resolution.

This Official Statement and the Appendices attached hereto contain brief descriptions of, among other matters, the City, the 2012 Notes, and the security and sources of payment for the 2012 Notes. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Note Resolution, the 2012 Notes, the Disclosure Certificate and other documents are intended as summaries only and are qualified in their entirety by reference to such documents. Copies of the Note Resolution, the Disclosure Certificate 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 Director of Finance, 125 North Main Street, Room 368, Memphis, Tennessee 38103 (901) 576-6324.

### **THE CITY**

The City is located on the east bank of the Mississippi River in the southwest corner of Tennessee. The City is the State's largest city and the county seat of the County. The corporate limits contain 324.5 square miles, representing 40.9 percent of the total land area of the County. The City ranks as the 21<sup>st</sup> largest city in the nation. According to the U.S. Bureau of the Census, the 2010 population was 646,889.

The City was incorporated as a city in 1826. Memphis 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, which territorial boundaries are determined by dividing the City in half with each multi-member district consisting of 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 appoints City board members, officers and division directors, with City Council approval. The City's operating and service departments are organized under the Chief Administrative Officer who is appointed by and serves at the pleasure of the Mayor. The Mayor may veto action of the City Council, but a simple majority can override any veto.

The Chief Administrative Officer, under the direction of the Mayor, coordinates the activities of all administrative divisions of City Government. The Chief Administrative Officer acts as liaison officer between the Mayor and all divisions, bureaus, boards, commissions and authorities. The directors of all divisions, excluding the City Attorney, report to the Chief Administrative Officer on administrative procedures.

The major administrative divisions of the City include: Engineering, Executive, Finance, Fire Services, General Services, Housing and Community Development, Human Resources, Information Systems, Legal, Park Services, Office of Planning and Development, Police Services, Public Works/Sanitation, Community Enhancement and Public Services and Neighborhoods.

The Mayor is responsible for all City appointments to boards which serve the City. These include the boards of the Memphis Light, Gas and Water Division; Memphis Area Transit Authority; Memphis Housing Authority; the DMC; Memphis & Shelby County Convention Center Complex; Memphis Brooks Museum of Art; Mid-South Coliseum; Memphis & Shelby County Building Code Advisory Board; and Memphis & Shelby County Public Library Board. The Mayor appoints five of the seven members of the Board of the Memphis-Shelby County Airport Authority. Many of these boards also have members appointed by the Mayor of the County. Most of the members of these boards are private citizens giving their time to the City without compensation.

See "APPENDIX A - SUPPLEMENTAL INFORMATION STATEMENT OF THE CITY OF MEMPHIS, TENNESSEE" and "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2011" attached hereto.

## **PLAN OF FINANCE**

The proceeds from the sale of the 2012 Notes will be used to: (a) provide for the refunding and payment, at maturity, of the principal of all of the 2010 Notes maturing on May 1, 2012, which 2010 Notes were issued in anticipation of the issuance of general obligation bonds of the City, and (b) provide for the payment of the costs of issuance related to the 2012 Notes. Interest on the 2010 Notes due at maturity will be paid from other available monies of the City.

## **THE 2012 NOTES**

### **General**

The 2012 Notes will be dated, will mature on the date and in the amount, and will bear interest, all as set forth on the cover of this Official Statement, with interest payable semiannually on April 1 and October 1 in each year beginning October 1, 2012 (each such date, an "Interest Payment Date"). The 2012 Notes will be issued as fully registered notes without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest on the 2012 Notes will be calculated on the basis of a 30-day month and a 360-day year.

Purchases of beneficial ownership interests in the 2012 Notes will be made in book-entry form only and purchasers will not receive physical delivery of note certificates representing the beneficial ownership interests in the 2012 Notes so purchased. If the book-entry system is discontinued, the 2012 Notes will be delivered as described in the Note Resolution and Beneficial Owners will become the registered owners of the 2012 Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the 2012 Notes will be paid by wire transfer or by check or draft mailed by the Paying Agent on any Interest Payment Date to the person in whose name the 2012 Note is registered in the bond registration books kept by the Paying Agent as of the close of business on the 15th day of the calendar month preceding any Interest Payment Date.

### **Redemption Provisions**

The 2012 Notes are not subject to redemption prior to maturity.

### **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 2012 Notes. The 2012 Notes 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 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 Direct Participants' accounts. 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"). 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 2012 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Notes on DTC's records. The ownership interest of each actual purchaser of each 2012 Note ("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 2012 Notes 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 2012 Notes, except in the event that use of the book-entry system for the 2012 Notes is discontinued.

To facilitate subsequent transfers, all 2012 Notes 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 2012 Notes 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 2012 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Notes 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 2012 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2012 Notes may wish to ascertain that the nominee holding the 2012 Notes 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 2012 Notes 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 2012 Notes 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 2012 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2012 Notes 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 on the payment date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the 2012 Notes, 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 and/or the Paying Agent, 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 and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012 Notes at any time by giving reasonable notice to City or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2012 Note 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, 2012 Note certificates will be printed and delivered to DTC.

**ESTIMATED SOURCES AND USES**

The sources and applications of funds in connection with the issuance of the 2012 Notes are estimated below:

**Sources of Funds:**

Par Amount of the 2012 Notes .....	\$ _____
Original Issue Discount.....	_____
Original Issue Premium.....	_____
Total Sources of Funds .....	\$ <u>          </u>

**Uses of Funds:**

Retirement of 2010 Notes .....	\$ _____
Costs of Issuance <sup>(1)</sup> .....	_____
Total Uses of Funds.....	\$ <u>          </u>

<sup>(1)</sup> Includes Underwriters' discount, legal and accounting fees, Co-Financial Advisors fees, rating agency fees, initial Paying Agent fees, printing costs, validation court costs (if any), and other miscellaneous fees and costs.

**SECURITY AND SOURCES OF PAYMENT FOR THE 2012 NOTES**

The 2012 Notes are being issued pursuant to the provisions of the Act and the Note Resolution.

The 2012 Notes are direct obligations of the City for which the City has pledged its full faith, credit and unlimited taxing power as to all property subject to ad valorem taxation within the City to the punctual payment of the principal of and interest thereon. The Note Resolution provides that unless the payment of the principal of and interest on the 2012 Notes otherwise shall be provided for by or on behalf of the City from proceeds of general obligation bonds, proceeds of other bond anticipation notes of the City or other funds of the City available and authorized for such purpose, on or before the maturity date thereof, the City agrees to levy and provide for the collection of a special tax over and above all other taxes authorized or limited by law to be imposed and levied on all the property subject to ad valorem taxation within the City to create a sinking fund to retire the 2012 Notes with interest as they fall due. See "CONDENSED CURRENT FINANCIAL RESULTS- Statement of Debt" herein and "APPENDIX A - SUPPLEMENTAL INFORMATION STATEMENT OF THE CITY OF MEMPHIS, TENNESSEE - FINANCIAL INFORMATION" attached hereto for a discussion of the City's outstanding debt and legal ability to incur future indebtedness and for a discussion of City ad valorem taxation.

Any holder or holders of the 2012 Notes, including a trustee or trustees for holders of the 2012 Notes, 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 and 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 and 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 2012 Notes.

The Note Resolution also provides that unless the payment of the principal of and interest on the 2012 Notes otherwise shall be provided for by or on behalf of the City from proceeds of other bond anticipation notes of the City or other funds of the City available and authorized for such purpose, on or before the maturity date thereof, the City shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of general obligation bonds or other obligations of the City in an amount sufficient to provide for the payment of the outstanding principal of and interest on the 2012 Notes at maturity. The City currently anticipates paying the principal of the 2012 Notes, at maturity, from proceeds of one or more series of the City's general obligation bonds. Interest on the 2012 Notes due at maturity will be paid from other available monies of the City.

### **CONDENSED CURRENT FINANCIAL RESULTS**

For the fiscal year ended June 30, 2011, the audited net operating results for the general fund revenues/transfers were \$668,766,000 and expenditures/transfers were \$662,275,000 resulting in a \$6,491,000 increase in General Fund total fund balance. The increase in fund balance is primarily attributable to execution of several cost saving measures and new funding strategies.

As of the second quarter of fiscal year ended June 30, 2012, actual revenues received represented 65.5% of total revenues (including transfers) budgeted for fiscal year ended June 30, 2012. Approximately 92.6% of budgeted current property taxes have been collected as of December 31, 2011.

The City adopted a \$661,401,000 General Fund operating budget for the fiscal year ended June 30, 2012 with a planned contribution to fund balance of \$27,182,000. The City has exceeded the established goal of maintaining at least 10% unassigned fund balance as a percent of General Fund expenditures.

**SUMMARY OF GENERAL FUND**

(Years Ended June 30)  
(in Thousands of Dollars)

	<u>2007</u> <sup>(1)</sup>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Fund Balance	\$ 38,737	\$ 78,840	\$ 98,558	\$ 106,603	\$ 84,570
Revenues and other sources	552,546	565,558	605,444	606,521	647,706
Expenditures and other uses	<u>(507,965)</u>	<u>(545,840)</u>	<u>(597,399)</u>	<u>(628,554)</u>	<u>(641,215)</u>
Ending Fund Balance	<u>\$ 83,318</u>	<u>\$ 98,558</u>	<u>\$ 106,603</u>	<u>\$ 84,570</u>	<u>\$ 91,061</u>
Ending Undesignated Fund Balance	<u>\$ 76,571</u>	<u>\$ 89,613</u>	<u>\$ 80,912</u>	<u>\$ 76,271</u>	<u>\$ 81,125</u>

<sup>(1)</sup> The difference in the 2007 ending fund balance and the 2008 beginning fund balance is a result of the reclassification reclassification of \$4.478 million from the Golf Fund to the General Fund.

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**STATEMENT OF DEBT**  
**As of February 1, 2012<sup>(1)</sup>**  
**(Unaudited)**

<b>Total Direct Debt:</b>		
General Obligation Bonds		\$1,145,305,000
Appropriation Obligations <sup>(2)</sup>		31,864,954
Bond Anticipation Notes <sup>(3)</sup>		75,400,000
<b>Total Direct Debt:</b>		<b>\$1,252,569,954</b>
Plus: Series 2012 Bonds*		[125,890,000]
Less: Refunded Bonds*		[(120,900,000)]
<b>Total Direct Debt After the issuance of the Series 2012 Bonds:</b>		<b>\$1,257,559,954</b>
Plus: City's Share of Shelby County Net Overlapping Debt <sup>(4)</sup>		1,039,381,000
<b>Total Direct and Overlapping Debt:</b>		<b>\$2,296,940,954</b>

**DEBT RATIOS**

	Direct Debt	Direct and Overlapping Debt
Debt Per Capita <sup>(5)</sup>	\$1,944	\$3,551
Debt/Assessed Valuation <sup>(6)</sup>	10.64%	19.44%
Debt/Appraised Valuation <sup>(7)</sup>	3.30%	6.03%

- <sup>(1)</sup> This Statement of Debt does not include the following outstanding revenue bonds as they are payable solely from net revenues derived from the respective systems or projects: the City's Sanitary System Revenue Bonds, the Memphis Light Gas and Water Electric System Revenue Bonds and Water Division Revenue Bonds, the Memphis-Shelby County Airport Authority Airport Revenue Bonds, the Memphis-Shelby County Airport Authority Special Facility Revenue Bonds and the Memphis Center City Revenue Finance Corporation Pyramid and Pinch District Revenue Bonds.
- <sup>(2)</sup> Includes capital leases and an appropriation obligation entered into pursuant to an Interlocal Agreement among and between the City, the County, and the Memphis and Shelby County Port Commission. See "CONTINGENT LIABILITIES AND OTHER OBLIGATIONS - Port Commission" herein.
- <sup>(3)</sup> The City is proposing to issue the 2012 Notes to refund and redeem the 2010 Notes.
- <sup>(4)</sup> **[From the Shelby County Division of Finance for the period ending June 30, 2011.]**
- <sup>(5)</sup> The City's 2010 population was 646,889 according to the U.S. Bureau of the Census.
- <sup>(6)</sup> The City's assessed valuation was \$11,816,478 for the period ending June 30, 2011 according to the Shelby County Assessor.
- <sup>(7)</sup> The City's appraised valuation was \$38,069,899 for the period ending June 30, 2011 according to the Shelby County Assessor.

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\* Preliminary; subject to change.

## CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

### **Sports Authority**

The Memphis and Shelby County Sports Authority, Inc. (the "Sports Authority") issued on May 29, 2002 \$202,290,000 of its revenue bonds, all of the then outstanding par amount of were refunded on April 3, 2007 by \$187,335,000 of the Sports Authority's Revenue Refunding Bonds, Series 2007, issued on that date (the "2007 Sports Authority Bonds"). On July 9, 2009, a portion of the 2007 Sports Authority Bonds were refunded by the Sports Authority's \$144,850,000 Revenue Refunding Bonds, Series 2009 (the "2009 Sports Authority Bonds"), collectively, together with the remaining 2007 Sports Authority Bonds, the "Sports Authority Bonds"). The proceeds of the Sports Authority Bonds were used to finance and refinance the acquisition, construction and equipping of an arena ("FedExForum") for the National Basketball Association's franchise known as the Memphis Grizzlies (the "Grizzlies"). The Sports Authority Bonds are payable as to principal and interest from (i) seat rental fees derived from the FedExForum, (ii) certain sales tax rebate revenues to the City and to the County, (iii) City hotel/motel tax revenues derived from certain hotel/motel taxes imposed by the City, (iv) County hotel/motel tax revenues derived from certain hotel/motel taxes imposed by the County, (v) certain payments in lieu of taxes from the Water Division of Memphis Light, Gas and Water, and (vi) certain car rental taxes collected in the County (collectively, the "Project Revenue Stream").

In the event the Project Revenue Stream is insufficient to pay the debt service on the Sports Authority Bonds, the City and the County have agreed to timely appropriate from legally available non-ad valorem revenues, not later than October 31 of the fiscal year following the date of such deficit, sufficient moneys to replenish draws from the debt service reserve fund relating to the Sports Authority Bonds (the "Reserve Fund").

The City's obligation to fund any deficits in the Reserve Fund from such non ad-valorem revenues is limited to 50% of such deficit and the maximum amount of such replenishment obligation is the debt service on not to exceed \$115,000,000 of the Sports Authority Bonds, which represents one-half of the authorized Sports Authority Bonds. THE CITY CAN OFFER NO ASSURANCE AS TO WHETHER THERE WILL BE FUTURE DEFICITS THAT IT WILL BE REQUIRED TO PAY. No feasibility report with respect to the FedExForum was prepared.

### **Port Commission**

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 have entered into a Site Location and Development Agreement dated December 15, 2010 (the "Development Agreement"), whereby each has 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") to be located in the City and the County, within the Port Commission's boundaries and jurisdiction.

The City and the County have agreed to match funds of the State to subsidize or assist in the Electrolux Development.

The Port Commission issued its \$40,795,000 Development Revenue Bonds, Series 2011 (the "Port Commission Electrolux Bonds") on September 7, 2011 pursuant to Chapters 500 and 529 of the Private Acts of 1947 of the State of Tennessee (collectively, the "1947 Act"). The Port Commission Electrolux Bonds are secured in part by all of the Port Commission's right, title and interest of in that certain interlocal agreement by and among the Port Commission, the County and the City, under which the City and the County, pursuant to the provisions of the 1947 Act, have covenanted to timely appropriate from legally available non-ad valorem revenues sufficient moneys to pay scheduled debt service on the Port Commission Electrolux Bonds.

The obligation of the City and the County to support the payment of debt service on the Port Commission Electrolux Bonds is apportioned on an equal basis (i.e., 50 percent by the City and 50 percent by the County). The maximum amount of the City's or the County's support obligation, respectively, under the Development Agreement is the debt service on not to exceed \$22,000,000 of the principal amount of the Port Commission Electrolux Bonds.

## **Center City Revenue Finance Corporation**

Pursuant to a Trust Indenture dated as of September 1, 2011 (the "Indenture"), the Memphis City Center Revenue Finance Corporation of Memphis, Tennessee (the "Corporation") issued its \$40,540,000 Federally Taxable Senior Revenue Bonds, Series 2011A (Pyramid and Pinch District Redevelopment Project) ("Series 2011A CCRFC Bonds"), its \$100,245,000 Tax Exempt Subordinate Revenue Bonds, Series 2011B (Pyramid and Pinch District Redevelopment Project), and its \$56,150,000 Federally Taxable Subordinate Revenue Bonds, Series 2011C (Pyramid and Pinch District Redevelopment Project) (collectively, the "Series 2011 CCRFC Subordinate Bonds," and together with the Series 2011A CCRFC Bonds, the "Series 2011 CCRFC Bonds"). The proceeds of the Series 2011 CCRFC Bonds were used by the Corporation to fund a loan to the City, the proceeds of which loan, together with certain other funds of the City, are currently being used to, among other things, finance 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 Memphis Cook Convention Center.

In order to further secure the Series 2011 CCRFC Subordinate Bonds and any other subordinate bonds subsequently issued under the Indenture (collectively, the "Subordinate Bonds"), the City and the Corporation entered into a Debt Service Reserve Replenishment Agreement (the "Replenishment Agreement") pursuant to which the City has agreed to appropriate and pay, from legally available non-ad valorem revenues, funds sufficient to restore the debt service reserve account with respect to the Series 2011 CCRFC Subordinate Bonds to the required reserve requirement under the Indenture for the Subordinate Bonds.

### **Compensated Absence Liabilities**

Governmental Accounting Standards require recognition of the liability for compensated absences which has been earned and is reasonably expected to be paid to existing employees. The City has recognized the non-current portion of this liability for City employees in its Statement of Net Assets in the amount of \$92,301,000 as of June 30, 2011.

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**PRINCIPAL AND INTEREST REQUIREMENTS**

Following are the principal and interest payment requirements with respect to the outstanding general obligation bonds of the City, less the principal and interest payment requirements with respect to the portions of the City's outstanding General Improvement Bonds, Series 2004 and General Improvement Bonds, Series 2006A which the City proposes to refund with the a portion of the proceeds of the proposed Series 2012 Bonds, plus the principal and interest payment requirements with respect to the proposed Series 2012 Bonds:

**CITY OF MEMPHIS, TENNESSEE  
LONG-TERM DEBT SERVICE SCHEDULE**

As of [\_\_\_\_\_, 2012]  
(In Thousands of Dollars)

Fiscal Year Ending June 30	Existing Debt Service <sup>(1)(2)</sup>			Less Refunded Bonds			Plus Series 2012 Bonds			Total Debt Service <sup>(1)(2)</sup>			% of Principal Retired
	Principal <sup>(1)</sup>	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2012	\$ 75,400	\$ 23,469	\$ 98,869										
2013	66,000	54,213	120,213										
2014	76,290	50,904	127,194										
2015	73,985	47,308	121,293										
2016	83,190	43,665	126,855										
2017	84,490	39,695	124,185										
2018	88,505	35,685	124,190										
2019	92,090	31,430	123,520										
2020	89,550	27,147	116,697										
2021	93,345	22,940	116,285										
2022	92,285	18,561	110,846										
2023	90,175	13,854	104,029										
2024	68,120	10,006	78,126										
2025	25,185	7,542	32,727										
2026	18,965	6,324	25,289										
2027	12,085	5,528	17,613										
2028	12,575	4,862	17,437										
2029	13,090	4,151	17,241										
2030	13,640	3,404	17,044										
2031	8,815	2,615	11,430										
2032	9,180	2,151	11,331										
2033	9,555	1,660	11,215										
2034	9,620	1,154	10,774										
2035	10,015	612	10,627										
2036	4,555	226	4,781										
	<b>\$1,220,705</b>	<b>\$459,106</b>	<b>\$1,679,811</b>										

- (1) Includes the \$75,400,000 of outstanding principal amount of the 2010 Notes which the City is proposing to refund and redeem with the 2012 Notes.
- (2) Does not include subsidy payments on [Series 2010C or Series 2010F Bonds].

**TOTAL FUND BALANCE/RETAINED EARNINGS TRENDS**  
**Fiscal Years Ended June 30**  
(in Thousands of Dollars)

<u>Fund Types</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General:					
Reserved	\$ 6,747	\$ 8,945	\$ 9,691	\$ 8,299	\$ 9,936
Unreserved	76,571	89,613	80,912	76,271	81,125
Unreserved, Designated for Contingencies			16,000		
Special Revenue <sup>(1)</sup>	6,608	6,305	4,888	6,179	15,816
Debt Service	53,793	58,716	46,488	34,680	17,201
Capital Improvements <sup>(1)</sup>	(31,809)	12,673	67,239	74,030	47,182
Governmental Funds	<u>\$ 111,910</u>	<u>\$ 176,252</u>	<u>\$ 225,218</u>	<u>\$ 199,459</u>	<u>\$ 171,260</u>
Enterprise <sup>(2)</sup>	232,536	231,804	225,416	232,237	274,089
Internal Services Funds	(274)	(4,774)	(7,185)	(15,122)	(13,707)
Proprietary Funds	<u>232,262</u>	<u>227,030</u>	<u>218,231</u>	<u>217,115</u>	<u>260,382</u>
Total	<u>\$ 344,172</u>	<u>\$ 403,282</u>	<u>\$ 443,449</u>	<u>\$ 416,574</u>	<u>\$ 431,642</u>

<sup>(1)</sup> Excludes the Board of Education Component Unit.

<sup>(2)</sup> Excludes Memphis Light, Gas, and Water Division, the Convention Center, the Mid-South Coliseum MATA, and the Port Commission.

Source: APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### LITIGATION

At the time of delivery of the 2012 Notes, the City will deliver, or cause to be delivered, a certificate of certain officers of the City stating that, other than as described in this Official Statement, there is no controversy or litigation of any nature then pending or, to their knowledge, threatened, (a) restraining or enjoining the issuance, sale, execution or delivery of the 2012 Notes, or (b) in any way contesting or affecting the validity of the 2012 Notes, any proceedings of the City taken with respect to the issuance or sale thereof or the pledge or application of any money or security provided for the payment of the 2012 Notes or the corporate existence, boundaries or powers of the City, or the title of its officials to their respective offices or (c) which may materially affect the City's right to collect the tax revenues or the use thereof to pay debt service on obligations such as the 2012 Notes or the pledge thereof for the benefit of the Holders of the 2012 Notes. Such certificate may make reference to pending litigation involving the annexation by the City of certain territory adjacent to the City and to litigation involving the Memphis City School District and Shelby County School District.

## **Annexation**

There are two annexation ordinances being presently challenged. They are the Southwind-Wyndyke annexation and South Cordova annexation. A final resolution of the annexation cases in favor of the City will result in additional taxes and revenue for the City. However, it is the opinion of the City Attorney that these matters are not material to the City's financial condition, based on information known at the date of this Official Statement.

## **Recent Developments Regarding Memphis City Schools District and Shelby County School District**

**[ADD DISCLOSURE REGARDING STATUS OF LITIGATION]**

## **TAX MATTERS**

### **Opinions of Bond Counsel**

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the 2012 Notes, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to assure the exclusion of interest on the 2012 Notes from gross income under Section 103 of the Code.

In addition, in the opinions of Bond Counsel, under the existing laws of Tennessee, the 2012 Notes and the income therefrom are exempt from all Tennessee state, county and municipal taxation except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes imposed pursuant to the laws of the State of Tennessee.

Bond Counsel expresses no opinions regarding any other Federal or state tax consequences with respect to the 2012 Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update their opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinions on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Notes, or under state and local tax law.

## **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2012 Notes in order that interest on the 2012 Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2012 Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2012 Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2012 Notes from gross income under Section 103 of the Code.

## **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2012 Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2012 Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2012 Notes.

Prospective owners of the 2012 Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes. Interest on the 2012 Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

## **Original Issue Discount**

Original issue discount ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2012 Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2012 Notes of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2012 Notes is expected to be the initial public offering price set forth on the cover page of this Official Statement. Bond Counsel further is of the opinion that, for any 2012 Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2012 Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

### **Bond Premium**

In general, if an owner acquires a 2012 Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2012 Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "Bond premium" on that 2012 Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles. (In certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note.) An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, and the sale, exchange, or other disposition of, Premium Notes.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest (including OID) paid on tax-exempt obligations, including the 2012 Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that

the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2012 Note through a brokerage account has an executed Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2012 Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2012 Notes under Federal or state law and could affect the market price or marketability of the 2012 Notes.

Prospective purchasers should consult their own tax advisors regarding the foregoing matters.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the Rule , the City will execute the Disclosure Certificate for the benefit of the Beneficial Owners of the 2012 Notes, the form of which is attached hereto as "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE.". Under the Disclosure Certificate, the City, as an "obligated person" under the Rule and, initially, the sole obligated person under the Disclosure Certificate, will provide certain financial information and operating data (the "Annual Report") relating to the City and notices of the occurrence of certain enumerated events with respect to the 2012 Notes.

The Annual Report, and notices of the occurrence of certain enumerated events, will be filed by or on behalf of the City to EMMA, in an electronic format prescribed by the MSRB. The nature of the information to be provided in the Annual Report and the notices of such enumerated events is set forth in "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These undertakings have been made in order to assist the Underwriters in complying with the Rule, and such undertaking shall only apply so long as the 2012 Notes remain outstanding; provided, however, that the undertaking shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action and may be amended as provided in the Disclosure Certificate. The Disclosure Certificate further provides that a default under the Disclosure Certificate shall not constitute an event of default under the Note Resolution.

**[There have been several instances in the previous five years in which the City has failed to comply in all material respects with previous undertakings entered into pursuant to the Rule.]**

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the 2012 Notes are subject to the approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, whose approving opinion (in substantially the form attached hereto as APPENDIX D) will be delivered concurrently with the issuance of the 2012 Notes. Bond Counsel has not undertaken to verify and therefore expresses no opinion as to the accuracy, completeness or sufficiency of any of the information or statements contained in this Official Statement or any exhibits, schedules or appendices hereto.

Certain legal matters will be passed upon for the City by Herman Morris, Esquire, City Attorney. Greenberg Traurig, LLP, Orlando, Florida and Brittenum Bruce, PLLC, Memphis, Tennessee, are serving as Co-Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by [\_\_\_\_\_], Memphis, Tennessee.

The legal opinions to be delivered concurrently with the delivery of the 2012 Notes express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the attorneys providing such opinion do not become insurers or guarantors of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **FINANCIAL STATEMENTS**

First Southwest Company, Dallas, Texas and ComCap Advisors, a division of Community Capital, Memphis, Tennessee are serving as Co-Financial Advisors to the City. The Co-Financial Advisors assisted in matters related to the planning, structuring and issuance of the 2012 Notes and provided other advice. The Co-Financial Advisors did not engage in any underwriting activities with regard to the issuance and sale of the 2012 Notes.

## **FINANCIAL ADVISORS**

First Southwest Company, Dallas, Texas and ComCap Advisors, a division of Community Capital, Memphis, Tennessee are serving as Co-Financial Advisors to the City. The Co-Financial Advisors assisted in matters related to the planning, structuring and issuance of the 2012 Notes and provided other advice. The Co-Financial Advisors did not engage in any underwriting activities with regard to the issuance and sale of the 2012 Notes.

## RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC, a division of The McGraw-Hill Companies, Inc. ("S&P" and together with Moody's, the "Rating Agencies") have assigned ratings of "\_\_\_" (\_\_\_\_\_ outlook) and "\_\_\_" (\_\_\_\_\_ outlook), respectively, to the 2012 Notes.

Such ratings express only the views of the Rating Agencies. An explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the same. There is no assurance that either or all of such ratings will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by the Rating Agencies if, in their 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 and/or market price of the affected 2012 Notes. The City does not undertake any responsibility to oppose any such revision or withdrawal.

## SALE OF 2012 NOTES

The 2012 Notes were sold by the City at a competitive public sale on [\_\_\_\_\_, 2012], via electronic bids. Details concerning the sale of the 2012 Notes are contained in the City's Official Notice of Sale dated [\_\_\_\_\_, 2012] (the "Notice of Sale"), which was available to bidders of the 2012 Notes.

The underwriters listed on the cover page (collectively, the "Underwriters") have agreed, subject to the conditions of closing set forth in the Notice of Sale, to purchase the 2012 Notes at a purchase price of [\$\_\_\_\_\_] (representing the principal amount of the 2012 Notes of [\$\_\_\_\_\_] minus an underwriting discount of [\$\_\_\_\_\_], plus/minus an original issue premium/original issue discount of [\$\_\_\_\_\_]). The 2012 Notes will be offered at the initial public offering price shown on the cover page of this Official Statement. The Underwriter may offer and sell the 2012 Notes to certain dealers (including dealers depositing 2012 Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering price may be changed from time to time by the Underwriter in its discretion.

## FORWARD LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and 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, 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 assumes no

obligation to update any such forward-looking statements. It is important to note that the 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 risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and 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 and 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 and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

### MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein 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 2012 Notes, the security for and the source for repayment for the 2012 Notes and the rights and obligations of the noteholders. Copies of such documents may be obtained as specified under the caption "INTRODUCTION - Other Information" herein.

The information in this Official Statement 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.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. 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 2012 Notes.

**CERTIFICATION**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters, have been duly authorized and approved by the City.

**CITY OF MEMPHIS, TENNESSEE**

By: \_\_\_\_\_  
A C Wharton, Jr., Mayor

**APPENDIX A**

**SUPPLEMENTAL INFORMATION STATEMENT  
OF THE CITY OF MEMPHIS, TENNESSEE**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF MEMPHIS, TENNESSEE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX D**

**FORM OF OPINION OF BOND COUNSEL**