



JASON E. MUMPOWER
Comptroller

April 19, 2024

Honorable Paul Young, Mayor
and Honorable Councilmembers
City of Memphis
125 N. Main Street
Memphis, TN 38103

Dear Mayor Young and Councilmembers:

Thank you for your request. We acknowledge receipt on April 11, 2024, of a request from the City of Memphis (the "City") for a report on a plan of refunding (the "Plan"). The City is proposing the issuance of an estimated \$149,200,000 General Obligation Refunding Bonds, Series 2024B.

Our website contains specific compliance requirements your local government will be responsible for once the bonds are issued: <http://tncot.cc/debt>. The listing is not all inclusive and you should work with your financial advisor and bond counsel to ensure compliance with legal and regulatory requirements related to the proposed refunding.

Private Negotiated Sale Approval - Pursuant to Tenn. Code Ann. § 9-21-910, the City's request to sell the Series 2024B Refunding Bonds by negotiated sale is approved. This approval is conditioned upon the requirement that the bonds are sold with the same, or accelerated, principal repayment schedule as presented in the City's Plan.

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, Nate Fontenot, at 615.747.5238 or Nate.Fontenot@cot.tn.gov.

Sincerely,

A handwritten signature in black ink that reads "Sheila A. Reed".

Sheila Reed, Director
Division of Local Government Finance

cc: Mr. Walter Person, Chief Financial Officer, City of Memphis
Ms. Lauren Lowe, PFM Financial Advisors, LLC
Ms. Miska Shaw, Ahmad Zaffarese, LLC
Mr. Robert Cox, Siebert Williams Shank & Co., LLC
Ms. Lillian Blackshear, Bass Berry & Sims



**Report on General Obligation Refunding Bonds, Series 2024B
The City of Memphis, Tennessee**

This report is being issued pursuant to Tenn. Code Ann. § 9-21-903 and is based upon information as presented in a plan of refunding (the “Plan”) received by our office on April 11, 2024, from the City of Memphis, Tennessee (the “City”). Our report provides information to assist the governing body in its responsibility to understand the nature of the refunding transaction, including the costs and benefits, prior to approving the issuance of the refunding bonds and is designed to provide consistent and comparable information for all local governments in Tennessee. This report does not constitute approval or disapproval of the Plan or a determination that a refunding is advantageous or necessary. This report and the City’s Plan must be presented to the governing body prior to the adoption of a resolution authorizing the refunding bonds.

BONDS TO BE REFUNDED:

The City plans to issue an estimated \$149,200,000 General Obligation Refunding Bonds, Series 2024B, by negotiated sale, to current refund \$153,175,000 General Obligation Bonds as listed below:

- \$10,175,000 General Obligation Bonds, Series 2012A
- \$14,275,000 General Obligation Bonds, Series 2014A
- \$52,045,000 General Obligation Bonds, Series 2014B
- \$22,755,000 General Obligation Bonds, Series 2015C
- \$53,925,000 General Obligation Bonds, Series 2016

COSTS:

Estimated costs of issuance are summarized below and based upon the estimated principal amount of \$149,200,000 of the Series 2024B Refunding Bonds:

	Amount	Price per \$1,000 Bond
Underwriter (Siebert Williams Shank & Co)	\$ 322,720	\$ 2.16
Municipal Advisor (PFM Financial Advisors & CLB Porter)	122,500	0.82
Bond Counsel (Carpenter Law & Ahmad Zaffarese)	140,000	0.94
Bond Counsel (Bass Berry & Sims & Bruce Law)	105,000	0.70
Rating Agency (Moody's & S&P)	154,000	1.03
Other Costs	12,950	0.10
Total Cost of Issuance	\$ 857,170	\$ 5.75

BENEFITS:

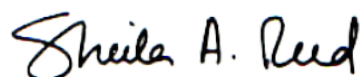
The City’s stated objective for the refunding is to achieve savings. The anticipated net present value savings are \$10,046,580, achieved by reducing the average interest rate on the debt.

Balloon Indebtedness

The proposed structure of the Series 2024B Bonds is balloon indebtedness as defined in Tenn. Code Ann. § 9-21-133 because the proposed issuance does not maintain a level or declining debt repayment structure. The City has indicated that issuing the refunding bonds with a balloon structure allows the City to improve its fiscal position in FY 2025 and FY 2026 by reducing debt service obligations while simultaneously refunding certain outstanding maturities for aggregate debt service savings. The City’s request for approval to issue the Series 2024B Bonds as balloon indebtedness is approved in a separate letter.

Effective Date for this Report

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been priced during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to our office. We will then issue a report on the new plan for the City’s governing body to review prior to adopting a new authorizing resolution for the refunding bonds.



Sheila Reed
Director of the Division of Local Government Finance
Date: April 19, 2024