

RESOLUTION

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED THIRTY-SIX MILLION DOLLARS (\$36,000,000) PRINCIPAL AMOUNT OF SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS OF THE CITY OF MEMPHIS, TENNESSEE, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING SANITARY SEWERAGE SYSTEM REFUNDING BONDS AND REVENUE BONDS OF THE CITY; PROVIDING FOR CERTAIN DETAILS OF SAID BONDS; APPOINTING THE PAYING AGENT AND BOND REGISTRAR; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT RELATING TO SAID BONDS; AUTHORIZING EITHER A PRIVATE NEGOTIATED SALE OR A PUBLIC COMPETITIVE SALE, FOR THE PURCHASE OF SAID BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, IF NECESSARY; AUTHORIZING A NOTICE OF SALE, IF NECESSARY; AUTHORIZING THE APPOINTMENT OF A THIRD-PARTY BIDDING AGENT, IF NECESSARY; APPOINTING A TRUSTEE FOR THE REFUNDED BONDS; AUTHORIZING A REFUNDING TRUST AGREEMENT BETWEEN THE CITY AND THE TRUSTEE FOR THE REFUNDED BONDS; AUTHORIZING A CONTINUING DISCLOSURE AGREEMENT; AND AUTHORIZING AND RATIFYING CERTAIN OTHER ACTS IN CONNECTION WITH THE SALE AND ISSUANCE OF SAID BONDS.

WHEREAS, the Council (the "Council") of the City of Memphis, Tennessee (the "City"), adopted on February 24, 1981, a resolution authorizing and providing for the issuance of revenue bonds of the City for the purposes of financing and refinancing certain costs incurred in connection with the Sanitary Sewerage System of the City (the "System"), as amended by resolutions adopted by the Council on December 17, 1985, April 11, 2000, and June 1, 2004 (collectively, hereinafter, the "Bond Resolution"); and

WHEREAS, the City has previously issued its \$32,000,000 Sanitary Sewerage System Revenue Bonds, Series 2005 (the "Series 2005 Bonds") and its \$20,000,000 Sanitary Sewerage System Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), pursuant to the Bond Resolution as supplemented by series resolutions adopted by the City on November 15, 2005 and November 6, 2007, respectively; and

WHEREAS, the Council has determined that it is advantageous, legally permissible, prudent, and in the best interests of the City to refund and/or retire all or a portion of the following outstanding Sanitary Sewerage System Revenue Refunding Bonds and Sanitary Sewerage System Revenue Bonds of the City (collectively, the "Refunded Bonds"):

Series 2005 Bonds, maturing in the years 2016 through 2025, inclusive; and

Series 2007 Bonds maturing in the years 2018 through 2027 inclusive;

in order to provide debt service savings to the public with respect to the Refunded Bonds; and

WHEREAS, the Council, after due deliberation, has determined that it is appropriate to issue its not-to-exceed \$36,000,000 Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), pursuant to its authority granted by Sections 9-21-1001 *et seq.* of the Tennessee Code Annotated, as amended, and other applicable provisions of law for such purposes; and

WHEREAS, the plan of refunding of the Refunded Bonds has been submitted to the Tennessee Comptroller of the Treasury, Office of State and Local Finance, as required by Section 9-21-1003, Tennessee Code Annotated, as amended, and it has acknowledged receipt thereof to the City and submitted its letter and report thereon dated May 5, 2014, to the City, which letter and report are attached to this Series Resolution as collective Exhibit A; and

WHEREAS, the Bonds may be sold via private negotiated sale or public competitive sale pursuant to the Council's authority under Section 9-21-1008, Tennessee Code Annotated, as amended; and the Mayor (as defined herein) and/or the Finance Director (as defined herein) of the City shall have sole discretion in determining which method of sale is most appropriate.

WHEREAS, if a public competitive sale is to occur, then prior to the issuance and sale of the Series 2014 Bonds, the City must publish a Notice of Sale and take other actions with respect to the Series 2014 Bonds proposed to be issued; and

WHEREAS, if a public competitive sale is to occur, then it is appropriate for the Mayor and/or Finance Director to conduct the public sale of the Series 2014 Bonds, to accept the best bid for the Series 2014 Bonds, and to sell the Series 2014 Bonds to the best bidder at the public competitive sale; and

WHEREAS, it is appropriate for the Council to provide certain details of the Series 2014 Bonds and the pledge of certain revenues thereto at this time; and

WHEREAS, it is appropriate to authorize the Mayor and/or Finance Director determine the exact principal amount, maturity dates and interest rates and certain other terms of the Series 2014 Bonds and to finalize the sale of the Series 2014 Bonds to the ultimate purchaser(s).

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MEMPHIS, TENNESSEE, as follows:

SECTION 1. Definitions. Unless the context shall clearly indicate some other meaning, all words and terms used in this Series Resolution which are defined in the Bond Resolution shall for all purposes of this Series Resolution, and for all purposes of any certificate, opinion, instrument or other document therein or herein mentioned, have the respective meanings given to them in the Bond Resolution.

Unless or except as the context shall clearly indicate otherwise or may otherwise require in this Series Resolution: (i) all references to a particular section and/or subdivision of the Bond Resolution or this Series Resolution, as the case may be, are to the corresponding section and/or subdivision of the Bond Resolution only, or this Series Resolution only, as the case may be; (ii) the terms "herein", "hereunder", "hereby", "hereto", "hereof", and any similar terms refer to this Series Resolution as a whole and not to any particular section or subdivision hereof; (iii) the terms "therein", "thereunder", "thereby", "thereto", "thereof", and any similar terms, refer to the Bond Resolution as a whole and not to any particular Article, section or subdivision thereof; and (iv) the term "heretofore" means before the time of effectiveness of this Series Resolution and the term "hereafter" means after the time of effectiveness of this Series Resolution.

Unless the context shall clearly indicate some other meaning, the following terms shall, for all purposes of this Series Resolution, and for all purposes of any certificate, opinion, instrument or other document therein or herein mentioned, have the following meanings, with the following definitions to be equally applicable to both the singular and plural forms of such terms and vice versa:

(a) "Bond Purchase Agreement" shall mean a bond purchase agreement, dated as of the date of sale of the Series 2014 Bonds, entered into between the City and the Underwriter, as hereinafter defined, in substantially the form attached hereto as Exhibit B and hereby incorporated by reference, subject to changes therein as shall be permitted by Section 4 hereof;

(b) "Bond Registrar" shall mean Regions Bank, Nashville, Tennessee, as registration and paying agent for the Series 2014 Bonds, or any successor from time to time designated by the Mayor;

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, as hereinafter defined, or to its nominee as "Registered Owner", with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City or the Bond Registrar, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;

(d) "City" shall mean Memphis, Tennessee;

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder;

(f) "Continuing Disclosure Agreement" shall mean a Continuing Disclosure Agreement between the City and Digital Assurance Certification, L.L.C., dated the date of

delivery of the Series 2014 Bonds, in substantially the form attached hereto as Exhibit C and hereby incorporated by reference.

(g) “Depository” shall mean any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC, as hereinafter defined;

(h) “Finance Director” shall mean the appointed Director of Finance and Administration of the City, from time to time;

(i) “DTC” means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(j) “DTC Participant(s)” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;

(k) “Financial Advisor” shall mean, collectively, ComCap Advisors, a division of Community Capital, Memphis, Tennessee and First Southwest Securities, Dallas, Texas;

(l) “Governing Body” shall mean the Council of the City;

(m) “Mayor” shall mean the duly elected Mayor of the City, from time to time;

(n) “Obligations of the United States of America” shall mean direct obligations of, or obligations, the principal and interest on which are unconditionally guaranteed by, the United States of America;

(o) “Paying Agent” shall mean Regions Bank, Nashville, Tennessee, or its successor, or another paying agent appointed by the Mayor;

(p) “Refunded Bonds” shall mean all or a portion of the unpaid and outstanding balance of the City’s:

Series 2005 Bonds, maturing in the years 2016 through 2025, inclusive; and

Series 2007 Bonds maturing in the years 2018 through 2027, inclusive;

collectively, currently outstanding in the approximate principal amount of \$36,000,000.00, to be refunded pursuant to this Series Resolution;

(q) “Refunding Trust Agreement” shall mean a refunding trust agreement between the City and the Trustee, as hereinafter defined, in substantially the form attached hereto as

Exhibit D and hereby incorporated by reference, subject to the changes therein as shall be permitted by Section 25 hereof;

(r) “Series 2014 Bonds” shall mean the Sanitary Sewerage System Revenue Refunding Bonds, Series 2014, of the City in an aggregate principal amount not-to-exceed \$36,000,000 authorized to be issued by this Series Resolution;

(s) “Series Resolution” shall mean a resolution of the Council authorizing the issuance of a series of bonds in accordance with and authorized by the Bond Resolution;

(t) “Trustee” shall mean Regions Bank, Nashville, Tennessee, or its successor, or another Trustee appointed by the Mayor and/or Finance Director of the City;

(u) “Underwriter” shall mean the initial purchaser or purchasers of the Series 2014 Bonds; and

(v) “Verification Agent” shall mean a firm of independent public accountants hired to verify the accuracy of the mathematical computations of the adequacy of the cash flow from the cash and investments to be held pursuant to the Refunding Trust Agreement.

SECTION 2. Findings and Determinations of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The issuance of the Series 2014 Bonds is advantageous, legally permissible, prudent, and in the best interests of the citizens of the City;

(b) The refunding of the Refunded Bonds as set forth herein through the issuance of the Series 2014 Bonds will provide debt service savings to the public with respect to the Refunded Bonds;

(c) The Series 2014 Bonds shall not be sold unless the City realizes a minimum net present value savings of either 3.5% or \$1,000,000.00, or the sale otherwise complies with the City’s Debt Management Policy;

(d) The sale of the Series 2014 Bonds, whether by private negotiated sale or public competitive sale, (i) will provide favorable pricing, and (ii) will be in the best interests of the City;

(e) The Series 2014 Bonds are issued under the authorization of this Series Resolution and the Bond Resolution;

(f) No default exists in the payment of the principal of or interest and premium (if any) on any of the Refunded Bonds;

(g) All provisions and conditions of the Bond Resolution required to the date of adoption of this Series Resolution have been complied with in the issuance under this Series Resolution of the Series 2014 Bonds;

(h) This Series Resolution (i) supplements the Bond Resolution; (ii) is hereby found, determined and declared to constitute and to be a "Series Resolution" within the meaning of the quoted words as defined and used in the Bond Resolution; and (iii) is adopted pursuant to and under the authority of the Bond Resolution;

(i) The Series 2014 Bonds are hereby found, determined and declared to be issued under the Bond Resolution and to constitute and be "Bonds" within the meaning of the quoted words as defined and used in the Bond Resolution. As more fully set forth in the Bond Resolution, the Series 2014 Bonds: (i) shall be entitled to the benefits, security and protection of the Bond Resolution, equally and ratably with one another, with the outstanding Bonds and with any other Bonds hereafter issued thereunder, (ii) shall be payable as provided in the Bond Resolution subject to the prior payment of the Operating Expenses (as defined in the Bond Resolution); and (iii) shall be equally and ratably secured under the Bond Resolution with one another, with the outstanding Bonds and with all Bonds hereafter issued thereunder, without priority by reason of series, number, date of adoption of this Series Resolution providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of issuance, date of delivery or otherwise, by the liens, pledges, charges and assignments created by the Bond Resolution; and

(j) The issuance of the Series 2014 Bonds will comply with the City's Debt Management Policy.

SECTION 3. Authorization of Series 2014 Bonds. The Governing Body hereby authorizes to be issued, and there shall be issued, pursuant to Sections 9-21-1001 *et. seq.* of the Tennessee Code Annotated, as amended, and other applicable provisions of law, and the Bond Resolution, a series of Bonds to be designated "Sanitary Sewerage System Revenue Refunding Bonds, Series 2014", with such other or further series designation, as determined by the Finance Director in the total principal amount of not to exceed Thirty-Two Million Dollars (\$36,000,000) for the purpose of refunding all or a portion of the Refunded Bonds as shall be determined by the Finance Director of the City and paying the costs of issuance of the Series 2014 Bonds, including the premium payable in connection with any bond insurance policy.

SECTION 4. Finalization of Details of the Bonds. The Mayor and/or Finance Director are hereby authorized and directed to finalize the sale of the Series 2014 Bonds, determine the principal amount of the Series 2014 Bonds not to exceed \$36,000,000 to be actually issued (which may be in one or more emissions) and to effect adjustments in the maturity schedule and optional redemption dates set forth herein as authorized in Section 8. The determinations made by the Mayor and/or Finance Director, as described above, and the finalization of the details of the Series 2014 Bonds and sale of the Series 2014 Bonds by the Mayor and/or Finance Director

shall be binding on the City and no further action by the Governing Body with respect thereto shall be required. The Mayor and/or Finance Director shall cause, if advantageous to the City, all or a portion of the Series 2014 Bonds to be insured by one or more bond insurance policies insuring the payment of principal on the Series 2014 Bonds (either at the stated maturity or when designated for redemption from mandatory sinking fund installments) and the payment of interest thereon, said insurance policies issued by one or more nationally recognized bond insurance companies (which may include an agreement to reimburse amounts paid by the providers thereof together with interest on unreimbursed amounts), so long as it is demonstrated to the Mayor's and/or the Finance Director's satisfaction either (i) that such insurance is necessary to sell the Series 2014 Bonds, or the portion thereof to be insured, or (ii) the net present value of the projected savings in interest costs to the City as a result of obtaining such bond insurance exceeds the premium cost to the City for such bond insurance. The payment of any bond rating fees related to the insurance policy is hereby authorized. Notwithstanding anything to the contrary in Section 16 hereof, the premiums payable such bond insurance policies may be paid directly from the proceeds of the Series 2014 Bonds without the necessity of first depositing such proceeds to any fund or account referred to in said Section 16.

The Mayor and/or Finance Director are authorized to sell the Series 2014 Bonds to the Underwriter at either a private negotiated sale or a public competitive sale as the Mayor and/or Finance Director deems in his or her discretion to be in the best interests of the City at a price of not less than 97.0% of the par value of the Series 2014 Bonds actually issued, plus accrued interest. In connection with any private negotiated sale, the Mayor is authorized to execute and deliver a Bond Purchase Agreement with the Underwriter providing for the purchase and sale of the Series 2014 Bonds substantially in the form set forth in Exhibit B with such changes as shall be approved by the Mayor, his or her execution thereof to constitute conclusive evidence of his or her approval of all such changes. In connection with any competitive public sale, the Mayor is hereby authorized and directed to publish a Notice of Sale for the Bonds and, if appropriate, for any other bonds of the Issuer which are being competitively sold at the same time, in either a financial newspaper having national circulation, or via an electronic communication system that is generally available to the financial community, and the date of publication shall be selected by the Mayor as he may deem appropriate for the purpose of conducting the sale of the Series 2014 Bonds at public competitive sale. If the principal amount of bonds to be sold is not greater than \$5,000,000, then the notice of sale may be published as set forth above or in a newspaper having general circulation in the Issuer. If a public competitive sale is conducted, the Series 2014 Bonds shall be sold by physical delivery of bids or by electronic bidding means of an internet bidding service as shall be determined by the Mayor and the Finance Director.

SECTION 5. Preliminary Official Statement; Official Statement. The Mayor and/or Finance Director, working with the City's disclosure counsel, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Series 2014 Bonds and any other bonds or notes which in the discretion of the Mayor and/or Finance Director are sold at the same time as the Series 2014 Bonds. After the Series 2014 Bonds have been sold, the Mayor and/or the Finance Director shall make such

completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Series Resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission.

The Mayor and/or Finance Director are authorized, on behalf of the City, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the City except for the omission in the Preliminary Official Statement of such pricing and other information.

SECTION 6. Bonds to Be Registered in Book-Entry Form. Subject to the adjustments permitted pursuant to Section 7, the Series 2014 Bonds shall be dated as of their date of issuance, shall be numbered from R-1 upward, shall be issued in fully registered, book-entry only form, without coupons in the denomination of \$5,000 (or integral multiples thereof), and shall be subject to prior redemption as set forth below. The Series 2014 Bonds may be initially issued in temporary form exchangeable for definitive Series 2014 Bonds when ready for delivery. Until exchanged for definitive Series 2014 Bonds, the temporary Series 2014 Bonds shall be entitled to the same benefits as definitive Series 2014 Bonds authenticated and delivered hereunder.

SECTION 7. Bond Maturities; Interest Rates; CUSIP Numbers. The Series 2014 Bonds shall bear interest, payable semiannually, and shall mature in the months and years (not to exceed 15 years) and in the amounts and at the interest rates (not to exceed 5.50%) as determined by the Mayor and/or Finance Director.

The Mayor and/or Finance Director are authorized to determine the amount of each maturity, to set the dated date of the Series 2014 Bonds, to sell the Series 2014 Bonds in one or more emissions, to establish the Series designation of the Series 2014 Bonds, to adjust the principal and interest payment dates of the Series 2014 Bonds, to establish or extend the maturity dates of the Series 2014 Bonds, to establish optional redemption dates and provide for a premium not to exceed two percent (2%) of the par amount to be redeemed, to combine the issuance of the Series 2014 Bonds with the issuance of bonds pursuant to other authorizing resolutions of the City and to make appropriate changes in the name of the Series 2014 Bonds and other adjustments to recognize such combined issuance, such adjustments to be made as the Mayor and/or Finance Director in his/her sole discretion shall deem most advantageous to the City, provided that the aggregate amount of Series 2014 Bonds issued pursuant to this Series Resolution shall not exceed the principal amount set forth in Section 3. The Mayor and/or Finance Director are authorized to sell the Series 2014 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements rather than serial maturities. In the event any or all the Series 2014 Bonds are sold as term bonds, the City shall redeem term bonds on

redemption dates and in aggregate principal amounts, as determined by the Mayor and/or Finance Director, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be redeemed within a single maturity shall be selected in the manner described in Section 8.

CUSIP identification numbers, at the sole option of the City, may be placed on the Series 2014 Bonds but neither the failure to place any such number on any Series 2014 Bond nor any inaccuracy, error or omission with respect thereto shall constitute cause for failure or refusal by the purchasers to accept delivery of and pay for the Series 2014 Bonds. No such CUSIP identification number shall constitute a part of the contract evidenced by the particular Series 2014 Bond upon which it is imprinted and no liability shall attach to the City or any officer or agent thereof, including any registrar or paying agent for the Series 2014 Bonds, by reason of such numbers or any use made thereof, including any use thereof made by the City, any such officer or any such agent, or by reason of any inaccuracy, error or omission with respect thereto or in such use.

SECTION 8. Redemption of Series 2014 Bonds. The Series 2014 Bonds shall be subject to redemption prior to maturity at the option of the City at such times and at such redemption prices not to exceed 102%, or shall not be subject to redemption prior to maturity at the option of the City, all as determined by the Mayor and/or Finance Director.

If less than all the Series 2014 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Series 2014 Bonds within a single maturity shall be called for redemption, the Series 2014 Bonds within the maturity to be redeemed shall be selected as follows:

(a) if the Series 2014 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2014 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(b) if the Series 2014 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2014 Bonds within the maturity to be redeemed shall be selected by the Bond Registrar by lot or such other random manner as the Bond Registrar in its discretion shall determine.

In the event any or all of the Series 2014 Bonds are sold as term bonds, at its option, to be exercised on or before the forty-fifth (45th) day next preceding any mandatory redemption date, the City may (i) deliver to the Bond Registrar for cancellation the Series 2014 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2014 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and

canceled by the Bond Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2014 Bond so delivered or previously purchased or redeemed shall be credited by the Bond Registrar at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2014 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Bond Registrar with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of any redemption of Series 2014 Bonds shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Series 2014 Bond to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Series 2014 Bonds to be redeemed is on deposit in the applicable fund or accounts.

Notice of call for redemption, whether optional or mandatory, shall be given by the Bond Registrar on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2014 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2014 Bond registration records of the Bond Registrar as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2014 Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Series 2014 Bonds, all redemption notices shall be mailed by the Bond Registrar to DTC, or such successor Depository, as the registered owner of the Series 2014 Bonds, as and when above provided, and neither the City nor the Bond Registrar shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners, as hereinafter defined. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner, as hereinafter defined, will not affect the validity of such redemption. The Bond Registrar shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided in the final Bond Purchase Agreement) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Bond Registrar). From and after the redemption date, all Series 2014 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Bond Registrar for the payment thereof and if notice has been duly provided as set forth herein.

SECTION 9. Appointment of Paying Agent and Registrar. The City hereby appoints Regions Bank, Nashville, Tennessee as the initial Paying Agent and Bond Registrar with respect

to the Series 2014 Bonds and authorizes and directs the Bond Registrar to maintain Series 2014 Bond registration records with respect to the Series 2014 Bonds, to authenticate and deliver the Series 2014 Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2014 Bonds, to make all payments of principal and interest with respect to the Series 2014 Bonds as provided herein, and to cancel and destroy the Series 2014 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange, transfer or cancellation and to furnish the City with a certificate of destruction. The Bond Registrar shall maintain registration books for the registration and registration of transfer of the Series 2014 Bonds, which books shall be kept in a manner that complies with the requirements of the Code and Regulations thereunder (or under corresponding provisions of prior law, if applicable) for recordkeeping relating to "registration-required bonds" and in accordance with the Tennessee Public Obligations Registration Act (T.C.A. §9-19-101 et seq., as amended).

SECTION 10. Registration and Transfer Provisions of Bonds. The Series 2014 Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the designated corporate trust office of the Bond Registrar. The Bond Registrar shall make all interest payments with respect to the Series 2014 Bonds on each interest payment date directly to the registered owners as shown on the Series 2014 Bond registration records maintained by the Bond Registrar as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing such payment in the United States mail, postage prepaid, addressed to such owners at such owners' addresses shown on said Series 2014 Bond registration records, without, except for final payment, the presentation or surrender of such registered Series 2014 Bonds, and all such payments shall discharge the obligations of the City in respect of such Series 2014 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2014 Bonds shall be made upon presentation and surrender of such Series 2014 Bonds to the Bond Registrar as the same shall become due and payable. In the event the Series 2014 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000.00 in aggregate principal amount of the Series 2014 Bonds, payment of interest on such Series 2014 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Bond Registrar and written notice of any such election and designated account is given to the Bond Registrar prior to the record date.

The Series 2014 Bonds are transferable only by presentation to the Bond Registrar by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof (or attached thereto) completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2014 Bond(s) in such form and with such documentation, if any, the Bond Registrar shall issue a new Series 2014 Bond or Bonds to the assignee(s) in such authorized denominations, as requested by the registered owner requesting transfer. No charge shall be made to any registered owner for the

privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Series 2014 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary, including, but not limited to, any previous transfer request not accompanied by acceptable documentation.

The Bond Registrar is hereby authorized to authenticate and deliver the Series 2014 Bonds from time to time to the original purchasers thereof or as it or they may designate upon receipt by the City of the proceeds of the sale thereof, together with any necessary documentation, and to authenticate and deliver the Series 2014 Bonds in exchange for Series 2014 Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2014 Bonds shall not be valid for any purpose unless authenticated by the Bond Registrar by the manual signature of an officer thereof on the certificate set forth herein on the Series 2014 Bond form.

In case any Series 2014 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, in its discretion, shall issue, and the Bond Registrar shall authenticate and deliver a new Series 2014 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2014 Bond, or in lieu of and substitution for such lost, stolen or destroyed Series 2014 Bond, or if any such Series 2014 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2014 Bond the City may pay or authorize payment of such Series 2014 Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the City and the Bond Registrar of the destruction, theft or loss of such Bond, and indemnity satisfactory to the City and the Bond Registrar, and the City may charge the applicant for the issue of such new Series 2014 Bond an amount sufficient to reimburse the City for the expense incurred by it in the issue thereof.

Any interest on any Series 2014 Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City to the person or entity in whose names the Series 2014 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the City shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Series 2014 Bond and the date of the proposed payment, and at the same time the City shall deposit with the Bond Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the person or entity entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Bond Registrar of the notice of the proposed payment, the Bond Registrar shall fix

a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Bond Registrar shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Series 2014 Bond registration records maintained by the Bond Registrar as of the date of such notice. Nothing contained in this Section or in the Series 2014 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2014 Bonds when due.

The Bond Registrar shall not be required to transfer or exchange any Series 2014 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Series 2014 Bond after the publication of notice calling such Series 2014 Bond for redemption has been made, nor to transfer or exchange any Series 2014 Bond during the period following the receipt of instructions from the City to call such Series 2014 Bond for redemption; provided, the Bond Registrar, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2014 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary whether or not any payments due on the Series 2014 Bonds shall be overdue. The Series 2014 Bonds, upon surrender to the Bond Registrar, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Series 2014 Bonds of the same maturity in any authorized denomination or denominations.

Except as otherwise provided in this Series Resolution, the Series 2014 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2014 Bonds. References in this Section to a Series 2014 Bond or Bonds shall be construed to mean the Series 2014 Bond or the Bonds that are held under the Book-Entry System. One Series 2014 Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC and the Series 2014 Bonds will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2014 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2014 Bonds. Beneficial ownership interests in the Series 2014 Bonds may be purchased by or through DTC Participants. The holders of these beneficial

ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2014 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2014 Bonds. Transfers of ownership interests in the Series 2014 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE BOND REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS SERIES RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE BOND REGISTRAR TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2014 Bonds, so long as DTC is the only owner of the Series 2014 Bonds, shall be paid by the Bond Registrar directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series 2014 Bonds from the City and the Bond Registrar to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The City and the Bond Registrar shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants or persons acting through such participants or for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owner of the Series 2014 Bonds.

SECTION 11. Execution and Authentication of Series 2014 Bonds; Form of Series 2014 Bonds. The Series 2014 Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City and the seal of the City (or a facsimile thereof) shall be affixed thereto or impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Comptroller of the City, from time to time, neither of which signatures shall be required to be manual, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed or sealed any of the Series 2014 Bonds shall cease to be such officer before the Series 2014 Bonds so signed and sealed shall have been delivered by the City, such Series 2014 Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Series 2014 Bonds had not ceased to hold such offices. Any Series 2014 Bond may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Series 2014 Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Series 2014 Bonds such persons may not have been so authorized or have held such office.

The Series 2014 Bonds shall bear thereon a certificate of authentication in the form set forth in this Section 11 executed manually by an authorized officer of the Bond Registrar as registration agent for the City. Only such Series 2014 Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Bond Resolution and this Series Resolution and no Series 2014 Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by an authorized officer of the Bond Registrar. Any such certificate of the Bond Registrar upon any Series 2014 Bond executed on behalf of the City shall be conclusive evidence that the Series 2014 Bonds so authenticated has been duly authenticated and delivered under the Bond Resolution and this Series Resolution and that the holder of such Series 2014 Bond is entitled to the benefits and security of the Bond Resolution and this Series Resolution

The Series 2014 Bonds shall recite that they are issued pursuant to Chapter 21 of Title 9, Tennessee Code Annotated, as amended, and shall be in substantially the following form:

(Form of Bond)

REGISTERED

REGISTERED

No. R-

\$ _____

**UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SHELBY**

CITY OF MEMPHIS

**SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BOND,
SERIES 2014**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
_____%	_____	June ___, 2014	586145____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ Dollars

KNOW ALL MEN BY THESE PRESENTS: That the City of Memphis in the State of Tennessee (hereinafter referred to as the "City"), for value received, hereby promises to pay the principal amount specified above to the registered owner named above, or registered assigns, in the manner hereinafter provided, on the maturity date specified above (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on January 1, 2015, and semi-annually thereafter on the first day of January and July in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon 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 by wire transfer or by check or draft at the corporate trust office of Regions Bank, Nashville, Tennessee, as bond registrar and paying agent (the "Bond Registrar"). The Bond Registrar shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Bond Registrar as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by wire transfer or check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made.

Any interest that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City to the person or entity in whose name this Bond is registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the City shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on this Bond and the date of the proposed payment, and at the same time the City shall deposit with the Bond Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the person or entity entitled to such Defaulted Interest as provided herein. Thereupon, not less than ten (10) days after the receipt by the Bond Registrar of the notice of the proposed payment, the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owner. The Bond Registrar shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to the registered owner at the address thereof as it appears in the Bond registration records maintained by the Bond Registrar as of the date of such notice. Nothing contained herein shall impair any statutory or other rights in law or in equity of the registered owner arising as a result

of the failure of the City to punctually pay or duly provide for the payment of principal, [premium, if any,] and interest on this Bonds when due.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds, as hereinafter defined, of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC and the Bonds will be immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, as hereinafter defined, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City and the Bond Registrar shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Resolution, as hereinafter defined, including receipt of all principal, [premium, if any,] and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution, as hereinafter defined. Neither the City nor the Bond Registrar shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the City may discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Bond Registrar to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City nor the Bond Registrar shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts, [premium, if any,] and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution, as hereinafter defined, to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one maturing _____ through _____ shall mature without option of prior redemption. Bonds of the issue of which

this Bond is one maturing _____ (or portions thereof in installments of \$5,000) and thereafter shall be subject to redemption at the option of the City, in whole or in part on _____, and by lot within a maturity (if less than a full maturity is to be redeemed), and at any time thereafter at a price of par plus interest accrued to the redemption date.]

or, [This Bond shall not be subject to redemption prior to maturity].

Notice of any redemption of this Bond shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bond to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or accounts.

If Term Bonds are issued, the following provisions shall be included:

[The City shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each DTC Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Bond Registrar by lot or such other random manner as the Bond Registrar in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Stated</u> <u>Maturity</u>	<u>Redemption</u> <u>Date</u>	<u>Principal Amount</u> <u>of Bonds</u> <u>Redeemed</u>
----------------------------------	----------------------------------	---

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City may (i) deliver to the Bond Registrar for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Bond Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Bond Registrar at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future

redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Bond Registrar with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of call for redemption shall be given by the Bond Registrar not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Bond Registrar as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Bond Registrar to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Bond Registrar shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Bond Registrar for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's legal representative duly authorized in writing at the designated corporate trust office of the Bond Registrar set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution, as hereinafter defined. The Bond Registrar shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the City to call such Bond for redemption.

This Bond is one of a duly authorized series of the City's Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (herein referred to as the "Bonds"), all of like tenor and effect, except as to date, number, rate of interest, principal amount, maturity and redemption provisions, in an aggregate principal amount of \$ _____ and is issued for the purpose of:

(i) refunding all or a portion of certain outstanding Sanitary Sewerage System Revenue Bonds of the City which were issued for the purpose of financing the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and betterment of the City's Sanitary Sewerage System (the "System"), as follows:

Sanitary Sewerage System Revenue Bonds, Series 2005, maturing in the years 2016 through 2025, inclusive; and

Sanitary Sewerage System Revenue Bonds, Series 2007, maturing in the years 2018 through 2025, inclusive;

(ii) paying the associated costs of issuance of the Bonds;

This Bond is issued 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 a resolution duly adopted by the Council of the City on February 24, 1981, as amended by resolutions adopted by the Council of the City on December 17, 1985, April 11, 2000 and June 1, 2004, and a series resolution adopted on June 3, 2014 under and pursuant to the authorization of Section 3.2 of the February 24, 1981 resolution (all collectively, hereinafter, the "Resolution").

Both the principal of and interest on this Bond are payable solely from and equally and ratably secured solely by the net revenues derived from the City through the ownership and operation of the System on a parity and equality of lien with all of the City's Outstanding Sewer Debt and any bonds hereafter issued on parity therewith or with the Bonds, and such net revenues by the terms of the Resolution, are hereby pledged to the payment thereof, subject to the provisions of the Resolution permitting the application of such revenues to the purposes, and on the terms and conditions set forth in the Resolution. The punctual payment of the principal of, [premium, if any,] and interest on the Bonds, the Outstanding Sewer Debt and bonds hereafter issued on parity therewith or with the Bonds shall be secured equally and ratably by the net revenues of the System without priority by reason of series, number or time of sale or delivery.

Reference is hereby made to the Resolution, certified copies of which are on file in the principal office of the City's Comptroller, from time to time, and to all of the provisions of which any holder of this Bond by his or her acceptance hereof hereby assents, for the definition of terms; the description of and the nature and extent of the security for the Bonds issued under the Resolution, including this Bond; the properties constituting the System; the revenues and other moneys pledged to the payment of principal of [, premium, if any] and interest on the

Bonds issued thereunder; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which this Bond and the series of which it is one are issued and upon which other Bonds may hereafter be issued thereunder, and certain reimbursement obligations under support facilities or interest rate exchange agreements which may be incurred, and which are payable on parity from such revenues and equally and ratably secured therewith; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the holders of the Bonds; the rights and remedies of the holder hereof with respect thereto, including the limitations therein contained upon the right of a holder hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the holders of the Bonds thereunder, the terms and provisions upon which the liens, pledges, charges, trusts, assignments and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, such that this Bond thereafter no longer be secured by the Resolution or be deemed outstanding thereunder, if moneys or certain specific securities shall have been deposited with the Bond Registrar sufficient and held in trust solely for the payment hereof and for other terms and provisions hereof.

This Bond shall not be deemed to constitute a general obligation of the City or a debt of the City within the meaning of any Constitutional, charter or statutory limitation, and no holder of this Bond shall ever have the right to compel any exercise of the taxing powers of the City to pay this Bond or the interest hereon, but this Bond shall be payable solely from the revenues of the System as herein set forth.

This Bond and the income herefrom are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except Tennessee franchise, excise and corporate privilege taxes applicable to certain holders.

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 Bond and the series of which it is one, do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Bond and the Bonds of the series of which this Bond is one do not exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution of the Certificate of Authentication hereon by the Bond Registrar, as authenticating agent.

IN WITNESS WHEREOF, the City, by its Council, has caused this Bond 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 Bond to be dated as of the Bond Date specified above.

CITY OF MEMPHIS, TENNESSEE

[SEAL]

Mayor

ATTEST:

Comptroller

Certificate of Authentication

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

Regions Bank, Nashville, Tennessee
As Paying Agent and Registrar

By: _____
Authorized Officer

Date of Authentication: June ____, 2014

Assignment

For value received, _____ hereby sells, assigns and transfers unto

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

the within-mentioned Bond and hereby irrevocably constitutes and appoints _____, attorney, to transfer the same on the books of registry of the City kept at the principal office of the Paying 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 Bond in every particular, without alteration, enlargement or any change whatsoever.

SECTION 13. Procedure in the Event of Revision of Book-Entry Transfer System - Replacement Bonds. In the event that (1) DTC determines not to continue to act as securities depository for the Series 2014 Bonds or (2) the City determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2014 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2014 Bonds, or (3) the Beneficial Owners of all Series 2014 Bonds shall request that such Series 2014 Bonds no longer be held under the Book-Entry System and shall agree to hold the Series 2014 Bonds for investment and not to reoffer the Series 2014 Bonds, the City shall discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Bond Registrar to authenticate and deliver replacement Series 2014 Bonds to each Beneficial Owner in the form of fully registered Series 2014 Bonds set forth in Section 12 of this Series Resolution.

THE CITY AND THE BOND REGISTRAR SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, [PREMIUM, IF ANY,] AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL

REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The Bond Registrar is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2014 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2014 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2014 Bonds and provision of notices with respect to Series 2014 Bonds registered by DTC (or any of its designees identified to the Bond Registrar) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Series 2014 Bonds, provided, however, that the Bond Registrar shall not be liable with respect to any such arrangements it may make pursuant to this section.

The City may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to an exchange or transfer of a Series 2014 Bond, and may charge the person requesting such exchange or transfer a sum or sums which shall be paid as a condition precedent to the exercise of the privilege of making such exchange or transfer.

SECTION 14. Security for the Bonds. Both the principal of and interest on the Series 2014 Bonds are payable solely from and equally and ratably secured solely by the net revenues derived from the City through the ownership and operation of the System on a parity and equality of lien with all Bonds issued and outstanding, from time to time, under the Bond Resolution, and such net revenues by the terms of the Bond Resolution, are hereby pledged to the payment thereof, subject to the provisions of the Bond Resolution permitting the application of such revenues to the purposes, and on the terms and conditions set forth in the Bond Resolution. The punctual payment of principal of and premium, if any, and interest on the Series 2014 Bonds, and on all Bonds issued and outstanding, from time to time, under the Bond Resolution shall be secured equally and ratably by the net revenues of the System without priority by reason of series, number or time of sale or delivery.

Reference is hereby made to the Bond Resolution, certified copies of which are on file in the principal office of the City's Comptroller, from time to time, and to all of the provisions of which any holder of the Series 2014 Bonds by his or her acceptance hereof hereby assents, for the definition of terms; the description of and the nature and extent of the security for the Series 2014 Bonds issued under the Bond Resolution, including the Series 2014 Bonds; the properties constituting the System; the revenues and other moneys pledged to the payment of principal of, premium, if any, and interest on the Series 2014 Bonds issued thereunder; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which the Series 2014 Bonds and the series of which it is one are issued and upon which other Series 2014 Bonds may hereafter be issued thereunder, and certain reimbursement obligations under support facilities or interest rate exchange agreements which may be incurred, and which are payable on parity from

such revenues and equally and ratably secured therewith; the conditions upon which the Bond Resolution may be amended or supplemented with or without the consent of the holders of the Series 2014 Bonds; the rights and remedies of the holder hereof with respect thereto, including the limitations therein contained upon the right of a holder hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the holders of the Series 2014 Bonds thereunder, the terms and provisions upon which the liens, pledges, charges, trusts, assignments and covenants made therein may be discharged at or prior to the maturity or redemption of the Series 2014 Bonds, such that the Series 2014 Bonds thereafter no longer be secured by the Bond Resolution or be deemed outstanding thereunder, if moneys or certain specific securities shall have been deposited with the Bond Registrar sufficient and held in trust solely for the payment hereof and for other terms and provisions hereof.

The Series 2014 Bonds shall not be deemed to constitute a general obligation of the City or a debt of the City within the meaning of any Constitutional, charter or statutory limitation, and no holder of the Series 2014 Bonds shall ever have the right to compel any exercise of the taxing powers of the City to pay the Series 2014 Bonds or the interest hereon, but the Series 2014 Bonds shall be payable solely from the revenues of the System as herein set forth.

SECTION 15. Remedies of Bondholders. Except as herein expressly limited, the registered owners of the Series 2014 Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Tennessee and of the United States of America for the enforcement of payment of such Series 2014 Bonds and the interest thereon and of the pledge of the revenues made hereunder and of the covenants of the City hereunder, including all the benefits and rights granted by Sections 9-21-1001 et seq. of the Tennessee Code Annotated.

SECTION 16. Application of Proceeds of Sale. The proceeds of the sale of the Series 2014 Bonds shall be applied by the City as follows:

(a) Any accrued interest shall be deposited into the Bond Fund (as defined in the Bond Resolution) of the City and used to pay interest on the Series 2014 Bonds on the first interest payment date following delivery of the Series 2014 Bonds;

(b) If the amount required to be credited to the Bond Reserve Account in the Revenue Fund shall not then be on deposit therein, an amount shall be deposited in the Revenue Fund for credit to the Bond Reserve Account therein such that there shall be credited thereto an amount equal to the maximum Debt Service Requirement on the Bonds, including the Series 2014 Bonds;

(c) An amount shall be deposited in the Refunding Trust Fund established under the Refunding Trust Agreement, and used and applied in accordance with the provisions of the Refunding Trust Agreement to provide for the payment of the redemption price of, and interest

on the portion of the Refunded Bonds which are not subject to immediate payment or redemption;

(d) The City shall pay, or cause to be paid, all costs of issuance of the Series 2014 Bonds, including, but not limited to, necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premiums, bond rating fees, Bond Registrar fees, administrative and clerical costs, and other necessary miscellaneous expenses incurred in connection with the authorization, issuance, sale and delivery of the Series 2014 Bonds; and

(e) Any remaining excess proceeds shall be deposited into the Bond Fund of the City.

SECTION 17. Advance Refunding of Refunded Bonds. If at the time of the issuance of the Series 2014 Bonds, any Refunded Bonds will not be retired or a valid and timely notice of redemption of such Refunded Bonds is not given in accordance with the resolutions governing such Refunded Bonds, then prior to the issuance of the Series 2014 Bonds notice of the City's intention to refund such Refunded Bonds shall be given either (i) by mail to the owners of such Refunded Bonds at their addresses shown on the bond registration records for such Refunded Bonds, or (ii) by publication of an appropriate notice one (1) time each in a financial newspaper published in New York, New York, and having a national circulation and in a newspaper having a general circulation in the City. If the issuance of the Series 2014 Bonds does not occur as provided in such notice, notice thereof shall be given in the same manner. The Finance Director is hereby authorized and directed to publish any such notices as may be required in accordance with this Section 17.

SECTION 18. Federal Tax Covenant. The City recognizes that the purchasers and holders of the Series 2014 Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is exempt from federal income taxation under laws in force on the date of delivery of the Series 2014 Bonds. In this connection, the City agrees that it shall take no action which may render the interest on any of said Series 2014 Bonds subject to federal income taxation and agrees to take all action as may be necessary to comply with the provisions of the Code and the regulations thereunder in order to maintain or assure the tax-exempt status of the Series 2014 Bonds. It is the reasonable expectation of the Governing Body of the City that the proceeds of the Series 2014 Bonds will not be used in a manner which will cause the Series 2014 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including any lawful regulations promulgated or proposed thereunder (or under corresponding provisions of prior law, if applicable), and to this end the said proceeds of the Series 2014 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body of the City further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Series 2014 Bonds to the United States government, it will make such payments as and when required by Section 148(f) and will take such other actions as shall be necessary or permitted to prevent interest on the Series 2014 Bonds

from becoming taxable. The Mayor and/or the Finance Director or any of them, are authorized and directed to make such certifications in this regard and as is otherwise customary or appropriate in connection with the sale of the Series 2014 Bonds as they shall deem appropriate, and such certifications shall constitute the representations and certifications of the City.

The City hereby covenants with the registered owners from time to time of the Series 2014 Bonds that (i) throughout the term of the Series 2014 Bonds and (ii) through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code it will comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Series 2014 Bonds shall be and continue to be excluded from gross income for federal income tax purposes under said Section 103.

SECTION 19. Defeasance. If the City shall pay and discharge the indebtedness evidenced by any of the Series 2014 Bonds in any one or more of the following ways, to wit:

(a) By paying or causing to be paid the principal of and interest on such Series 2014 Bonds as and when the same become due and payable; or

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers (the "Agent" which Agent may be the Bond Registrar), in trust, on or before the date of maturity or redemption, sufficient money or Obligations of the United States of America, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Series 2014 Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Series 2014 Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice) and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Series 2014 Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Bond Registrar for further payment to the registered owners for the payment of principal of and interest and redemption premiums, if any, on such Series 2014 Bonds when due; or

(c) By delivering such Series 2014 Bonds to the Bond Registrar for cancellation;

then the indebtedness evidenced by such Series 2014 Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the owners of such Series 2014 Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Series 2014 Bonds in the manner provided in clause (b) above, then the registered owners thereof shall

thereafter be entitled only to payment out of the money or Obligations of the United States of America deposited as aforesaid.

Except as otherwise provided in this Section 19, neither the Obligations of the United States of America nor moneys deposited with the Agent pursuant to this Section nor principal or interest payments on any such Obligations of the United States of America shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Series 2014 Bonds; provided, that any cash received from such principal or interest payments on such Obligations of the United States of America deposited with the Agent, (a) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Agent and (b) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Series 2014 Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Agent.

SECTION 20. Continuing Disclosure. The City hereby covenants and agrees that it will provide certain annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2014 Bonds. The Finance Director is authorized to execute a Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit C, for the benefit of and enforceable by the owners of the Series 2014 Bonds specifying the details of the financial information and material event notices to be provided and the City's obligations relating thereto. The City covenants with the holders from time to time of the Series 2014 Bonds that it will, and hereby authorizes the appropriate officers and employees of the City to take all action necessary or appropriate to comply with and carry out all of the provisions of the Continuing Disclosure Agreement as amended from time to time. Notwithstanding any other provision of this Series Resolution, failure of the City to comply with the undertaking herein described and to be detailed in the Continuing Disclosure Agreement shall not be a default hereunder or under the Bond Resolution, but any such failure shall entitle the owner or owners of any of the Series 2014 Bonds to take such actions and to initiate such proceedings as provided in the Continuing Disclosure Agreement.

SECTION 21. Action of Officers. All other actions of officers of the City in conformity with the purposes and intent of this Series Resolution and the Bond Resolution and in furtherance of the issuance and sale of the Series 2014 Bonds are hereby approved and confirmed. The officers of the City are hereby authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Series 2014 Bonds.

SECTION 22. Resolution a Contract. The provisions of this Series Resolution shall constitute a contract between the City and the registered owners of the Series 2014 Bonds, and after the issuance of the Series 2014 Bonds, no change, variation or alteration of any kind in the

provisions of this Series Resolution shall be made in any manner until such time as the Series 2014 Bonds and interest due thereon shall have been paid in full except such changes as shall be required or may be appropriate to assure the validity and/or tax exempt status of the Series 2014 Bonds.

SECTION 23. Invalidity. If any section, paragraph, clause or provision of this Series Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Series Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of the Series Resolution would have been adopted by this Governing Body despite the invalidity of such section, paragraph, clause or provision.

SECTION 24. Repeal of Contrary Order or Resolutions. All orders or resolutions in conflict with or inconsistent herewith be and the same are hereby repealed insofar as such conflict exists.

SECTION 25. Refunding Trust Agreement: Appointment of Trustee; Authorization of Purchase of Securities; Designation of Refunded Bonds for Redemption.

(a) The form of the Refunding Trust Agreement attached hereto as Exhibit D, and the terms, conditions and provisions thereof, are hereby approved, and the appropriate officers of the City are hereby authorized and directed to execute and deliver to the Trustee under the Refunding Trust Agreement in such form, together with such changes as shall be approved by such officers, upon the advice of counsel (including the City Attorney and bond counsel), such approval to be conclusively evidenced by their execution thereof. There shall be transferred to the Trustee from the City's Sanitary Sewerage System Bond Account in the Revenue Fund, such amounts, if any, as shall be determined by the Finance Director, on credit to such fund attributable to the Refunded Bonds for deposit into the Refunding Trust Fund thereunder.

(b) The appointment of Regions Bank, Nashville, Tennessee as Trustee under the Refunding Trust Agreement is hereby approved, ratified and confirmed.

(c) The Trustee is hereby authorized to purchase from moneys deposited in the Refunding Trust Fund, created and established under the Refunding Trust Agreement, Federal Securities as referred to in the Refunding Trust Agreement, including Obligations of the United States of America; provided, however, that the yield on such investments shall be determined in such manner that none of the Series 2014 Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The Mayor and/or Finance Director are hereby authorized to subscribe for the purchase of permitted Obligations of the United States of America for deposit to the Refunding Trust Agreement. Such securities so purchased shall be held by the Trustee under and in accordance with provisions of the Refunding Trust Agreement. The Finance Director is hereby authorized to execute, on behalf of the City, any instruments required to be executed on behalf of the City in connection with investments contemplated by the Refunding Trust Agreement.

(d) The Refunded Bonds shall be redeemed on the respective first dates hereafter that the same may be redeemed at the option of the City and at the respective applicable redemption prices. The Council hereby designates (effective upon the delivery of and payment for the Series 2014 Bonds) the Refunded Bonds for redemption as aforesaid.

(e) The Governing Body hereby grants and confirms the authority of the Mayor and/or Finance Director, in their sole discretion, to hire a firm of independent public accountants to serve as Verification Agent and to verify the accuracy of the mathematical computations of the adequacy of the cash flow from the cash and investments to be held by the Trustee pursuant to the Refunding Trust Agreement in order to pay the debt service on the Refunded Bonds as and when the same shall become due up to and including the respective redemption dates thereof.

(f) The Governing Body hereby grants and confirms the authority of the Mayor and/or Finance Director, in their sole discretion, to hire a third-party bidding agent to solicit bids for the City's purchase of Obligations of the United States of America pursuant to the Refunding Trust Agreement.

SECTION 26. 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 and bond counsel) as shall be necessary to effect the delivery of and payment for the Series 2014 Bonds and as may be reasonably required to carry out, give effect to and consummate the transactions contemplated hereby.

SECTION 27. Effect of Section Headings. The heading or titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Series Resolution.

SECTION 28. Effective Date. This Series Resolution shall take effect from and after its adoption, the general welfare of the City requiring it.

I hereby certify that the foregoing is a true copy
and document was adopted, approved by the
Council of the City of Memphis in regular
session on

Date _____

Deputy Comptroller-Council Records

EXHIBIT A

Refunding Report and Letter of the State



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986**

May 5, 2014

Honorable A. C. Wharton, Mayor
City of Memphis
125 North Main RM 368
Memphis, TN 38103-2017

Re: Review of the Refunding Plan for the Proposed Sanitary Sewerage System Revenue Refunding Bonds, Series 2014

Dear Mayor Wharton:

This letter acknowledges receipt of a request on April 25, 2014, to review a plan of refunding (the "Plan") for the proposed issuance by the City of Memphis (the "City") of an amount not to exceed \$36,000,000 Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Revenue Refunding Bonds").

Pursuant to the provisions of Title 9 Chapter 21 of Tennessee Code Annotated a plan of refunding must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of revenue refunding bonds. The information presented in the plan of refunding includes the assertions of the City and may not reflect either the City's current or future financial condition or current market conditions or market conditions at the time of sale.

FINANCIAL PROFESSIONALS

The City has reported ComCap Advisors as its municipal advisor. Municipal advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The Plan was prepared by the City with the assistance of its municipal advisor.

THE CITY'S PROPOSED REFUNDING OBJECTIVE

The Plan indicated the Series 2014 Revenue Refunding Bonds are being issued to realize debt service savings. The Debt Service Comparison Schedule presented in the Plan indicates the proposed refunding will generate net present value savings of \$2,406,380 or 7.6% of the refunded principal amount of \$31,630,000.

May 5, 2014

Letter to City of Memphis

Re: Review of the Refunding Plan for the Proposed Sanitary Sewerage System Revenue Refunding Bonds, Series 2014

PLAN OF REFUNDING

The City intends to competitively sell \$29,870,000 Series 2014 Revenue Refunding Bonds priced at an estimated premium of \$4,838,490 to advance refund:

- \$19,485,000 of the Sanitary Sewerage System Revenue Bonds, Series 2005; and
- \$12,145,000 of the Sanitary Sewerage System Revenue Bonds, Series 2007.

Collectively, these are the "Refunded Bonds." The total amount of refunded principal is \$31,630,000.

Financial Analysis

We reviewed the financial statements for the City's Sewer Collection and Treatment Fund (the "Sewer Fund") for the fiscal year ended June 30, 2013.

The Sewer Fund had operating income of \$47,424,000 and operating income before depreciation of \$61,461,000 for fiscal year 2013 (from the Statement of Revenues, Expenses, and Changes in Fund Net Assets). The Sewer Fund had an increase in net position of \$35,817,000 with net assets totaling \$308,867,000 for the fiscal year ended June 30, 2013. The Sewer Fund made debt service payments of \$16,918,000 consisting of interest payments of \$6,438,000 and principal payments of \$10,480,000 for fiscal year 2013 (from the Statement of Cash Flows).

COMPLIANCE WITH THE CITY'S DEBT MANAGEMENT POLICY

The City provided a copy of its debt management policy, and within forty-five days of issuance of the debt reviewed in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the City amends its policy, please submit the amended policy to this office.

MSRB Rule G-17

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the City in the conduct of its municipal securities or municipal advisory activities. MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities was approved by the Securities and Exchange Commission on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

To learn more about the obligations of the City's underwriter (if applicable) and municipal advisor, please read the information posted on the MSRB website: www.msrb.org.

May 5, 2014

Letter to City of Memphis

Re: Review of the Refunding Plan for the Proposed Sanitary Sewerage System Revenue Refunding Bonds, Series 2014

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the City's website. The same report is to be provided to each member of the governing body and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.

This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel.

This report is effective for a period of one hundred twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office, at that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

May 5, 2014

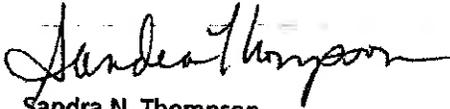
Letter to City of Memphis

Re: Review of the Refunding Plan for the Proposed Sanitary Sewerage System Revenue Refunding Bonds, Series 2014

PUBLIC DEBT ENTITY REPORT

We are enclosing the Report on Debt Obligation. This form is to be completed and filed with the governing body of the City no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Sincerely,



Sandra N. Thompson

Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Andre D. Walker, Deputy Director of Finance, City of Memphis
Ms. Pamela Z. Clary, ComCap Advisors
Mr. Doug Earthman, Glankler Brown

Enclosures (2): Report of the Director of the Office of State & Local Finance
State Form CT-0253, Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 2014
CITY OF MEMPHIS, TENNESSEE**

The City of Memphis, Tennessee ("the City") submitted a plan of refunding (the "Plan") as required by Tennessee Code Annotated Section 9-21-1003 regarding the proposed issuance of an amount not to exceed \$36,000,000 Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Revenue Refunding Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, ComCap Advisors. The actual Series 2014 Revenue Refunding Bonds may be structured differently being sold either at par, at a discount or with a different principal repayment schedule. The information presented in the Plan includes the assertions of the City and may not reflect either the City's current or future financial condition or current market conditions or market conditions at the time of sale.

THE CITY'S PROPOSED REFUNDING OBJECTIVE

The City's Plan indicated the Series 2014 Revenue Refunding Bonds are being issued to realize debt service savings. The Debt Service Comparison Schedule presented in the Plan indicates the proposed refunding will generate net present value savings of \$2,406,380 or 7.6% of the refunded principal bond amount of \$31,630,000.

PLAN OF REFUNDING

The City intends to competitively sell \$29,870,000 of Series 2014 Revenue Refunding Bonds priced at an estimated premium of \$4,838,490 to advance refund:

- \$19,485,000 of the Sanitary Sewerage System Revenue Bonds, Series 2005 (the "2005 Bonds"); and
- \$12,145,000 of the Sanitary Sewerage System Revenue Bonds, Series 2007 (the "2007 Bonds").

Collectively, these are the "Refunded Bonds." The total amount of refunded principal is \$31,630,000.

Considerations

The structure of the proposed transaction delays the repayment of principal, which could cause financial stress for the City in future years. The Series 2014 Revenue Refunding Bonds are structured so that the City repays 19.0% of the \$29,870,000 principal in the first five years, 49.3% of principal in the second five year period, and 31.8% of principal in the final four year period of the life of the bonds. In fiscal years 2015 and 2016, the City will make no principal payments on the Series 2014 Revenue Refunding Bonds. Effective July 1, 2014, State statutes were amended to require approval of the Office of the Comptroller for delaying principal repayment or "Balloon indebtedness."

The Series 2007 Bonds are payable on October 1 of each year through 2027. The Series 2014 Refunding Bonds are payable on June 30 of each year through 2028. This creates an extension of principal payment of approximately nine months.

REFUNDING ANALYSIS

- Gross savings of \$2,804,372 are estimated to be generated by this refunding with annual savings of \$763,181 projected for fiscal year 2015.
- Debt service savings are achieved in part by issuing the bond at a premium reducing principal from \$31,630,000 for the Refunded Bonds to an estimated \$29,870,000 for the Series 2014 Refunding Bonds.
- Interest payments are anticipated to be reduced by \$1,044,372 from \$11,535,022 for the Refunded Bonds to \$10,490,650 for the Series 2014 Refunding Bonds.
- The premium and the proceeds from the Series 2014 Revenue Refunding Bonds are used to fund the escrow as well as the costs of issuance.
- The Plan provided by the City was for competitive sale of the Series 2014 Revenue Refunding Bonds. The City is considering sale by negotiation. The results of a sale by negotiation may be different from the presented plan.
- Estimated costs of issuance are \$349,350 or \$11.70 per \$1,000 of par amount for the Series 2014 Revenue Refunding Bonds. See Table 1 for individual costs of issuance.

Table 1
Costs of issuance of the Refunding Bonds

	Amount	Price per \$1,000 Par Amount of Bonds
Underwriter's Discount (To be determined)	\$ 149,350.00	\$ 5.00
Municipal Advisor (CapCom Advisors)	65,000.00	2.18
Bond Counsel (Glankler Brown)	33,800.00	1.13
Disclosure Council (Greenburg Traurig, LLP and Hagler, Bruce & Turner, PLLC)	33,280.00	1.11
Rating Agency Fee	45,000.00	1.51
Other Costs	22,920.00	0.77
Total Cost of Issuance	\$ 349,350.00	\$ 11.70

Financial Analysis

We reviewed the financial statements for the City's Sewer Collection and Treatment Fund (the "Sewer Fund") for the fiscal year ended June 30, 2013.

The Sewer Fund had operating income of \$47,424,000 and operating income before depreciation of \$61,461,000 for fiscal year 2013 (from the Statement of Revenues, Expenses, and Changes in Fund Net Assets). The Sewer Fund had an increase in net position of \$35,817,000 with net assets totaling \$308,867,000 for the fiscal year ended June 30, 2013. The Sewer Fund made debt service payments of \$16,918,000 consisting of interest payments of \$6,438,000 and principal payments of \$10,480,000 for fiscal year 2013 (from the Statement of Cash Flows). The Sewer Fund appeared to have sufficient revenues to meet its total costs.

The City has identified ComCap Advisors as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the Refunded Bonds should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Series 2014 Refunding Bonds, then a new plan must be submitted to this Office for review of a plan of refunding for the residual bonds.



Sandra N. Thompson
 Director of the Office of State and Local Finance
 Date: May 5, 2014

EXHIBIT B

Form of Bond Purchase Agreement

[29,870,000]
CITY OF MEMPHIS, TENNESSEE
SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS,
SERIES 2014

BOND PURCHASE AGREEMENT

[], 2014

City of Memphis, Tennessee
125 N. Main Street
Room 368
Memphis, Tennessee 38103

Ladies and Gentlemen:

The undersigned, [] (the "Representative"), on behalf of itself, [] and [] (collectively with the Representative, the "Underwriters"), does hereby offer to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the City of Memphis, Tennessee (the "City"), which upon the City's acceptance hereof will be binding upon the City and the Underwriters concerning the sale by the City and the purchase by the Underwriters of \$[] aggregate principal amount of the City's Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), maturing and bearing interest at rates as set forth in Exhibit A attached hereto. This offer is made subject to acceptance by the City prior to [] p.m. Central Time, on the date hereof. If this offer is not so accepted, it is subject to withdrawal by the Underwriters upon notice to the City at any time prior to acceptance. Capitalized terms used herein but not defined herein shall have the meanings set forth in the hereafter defined Bond Resolution or Official Statement.

1. **Purpose of Financing, Security and Authorization.** The Series 2014 Bonds are being issued for the purpose of providing funds to: (a) refund all or a portion of the City's outstanding: (i) Sanitary Sewerage System Revenue Bonds, Series 2005 (the "Series 2005 Bonds"), and (ii) Sanitary Sewerage System Revenue Bonds, Series 2007 (the "Series 2007 Bonds"); and (b) pay certain costs of issuance related to the Series 2014 Bonds. The Series 2014 Bonds are being issued pursuant to, among other things, a resolution adopted by the City Council of the City (the "City Council") on February 24, 1981, as amended by resolutions adopted by the City Council on December 17, 1985, April 11, 2000, and June 1, 2004 (collectively, the "Resolution"), and as supplemented with respect to the Series 2014 Bonds by that certain series resolution adopted by the City Council on [], 2014] (the "Series Resolution" and, together with the Resolution, hereinafter collectively referred to as the "Bond Resolution"), and under the Constitution and statutes of the State of Tennessee (the "State"), including Title 9, Chapter 21, Tennessee Code Annotated, being the Local Government Public Obligations Act of 1986, as amended (the "Act"). Pursuant to the Resolution, payment of the Series 2014 Bonds, together with parity bonds of the City heretofore or hereafter issued under the Resolution, will be secured by the revenues of the System, as that term is defined in the Official Statement (as hereafter defined), subject to payment of operating expenses of the System.

2. **The Representative and the Underwriters.** Any authority, discretion or other power conferred upon the Underwriters under any provision of this Purchase Agreement may be exercised by the Representative. The payment for, acceptance of, and delivery and execution of any receipt for the Series 2014 Bonds and any other instruments upon or in connection with the Closing (defined herein) by the Underwriters, shall be valid and sufficient for all purposes and binding upon the Underwriters, provided that such action by the Underwriters shall not impose any obligation or liability upon them other than as may arise as expressly set forth in this Purchase Agreement.

3. **Good Faith Deposit.** The Representative has delivered herewith to the City a check in the amount of \$[_____], payable to the order of the City. In the event that the City does not accept this offer, such check shall be immediately returned to the Representative. If the offer made hereby is accepted, the City agrees to hold this check uncashed until the Closing Date as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2014 Bonds at the Closing. In the event of their compliance with such obligation, such check shall be returned to the Representative at the Closing. In the event of the City's failure to deliver the Series 2014 Bonds at the Closing, if the City shall be unable to satisfy the conditions of Closing contained herein or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, such check shall be immediately returned to the Representative as liquidated damages and, as such, shall constitute a full release and discharge of all claims by the Underwriters arising out of the transactions contemplated hereby. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2014 Bonds at the Closing, such check shall be retained by the City as liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, as such, such retention shall constitute a full release and discharge of all claims by the City against the Underwriters arising out of the transactions contemplated hereby.

4. **Representations and Warranties of the City.** The City makes the following representations and warranties, as of the date hereof, all of which shall survive the delivery of the Series 2014 Bonds.

(a) The Preliminary Official Statement (hereinafter defined) was, as of its date, other than as modified by the Official Statement (hereinafter defined), and the Official Statement is as of the date of this Purchase Agreement, and at all times subsequent thereto up to and including the date of the Closing will be, true and correct in all material respects and did not, does not and will not at any such time contain any untrue or misleading statement of a material fact and did not, does not and will not at any such time omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. Any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The City is an existing municipal corporation of the State.

(c) The City has full right, power and authority under the laws of the State and the Charter of the City (i) to issue bonds, such as the Series 2014 Bonds, (ii) to pay the Series 2014

Bonds from the revenues of the System, and (iii) to pledge to the payment of the Series 2014 Bonds the revenues of the System and to otherwise secure the Series 2014 Bonds in the manner contemplated by the Bond Resolution and the Official Statement.

(d) The City has and had, as the case may be, full legal right, power and authority (i) to adopt the Bond Resolution, (ii) to execute and deliver this Purchase Agreement, (iii) to issue, sell and deliver the Series 2014 Bonds to the Underwriters as provided in this Purchase Agreement, and (iv) to carry out and consummate all other transactions contemplated by the aforesaid instruments. As of the date of the Closing (hereinafter defined), the City will have complied with all provisions of applicable law in all matters relating to such transactions.

(e) The City Council has duly (i) adopted the Bond Resolution, (ii) authorized the execution, delivery and performance of this Purchase Agreement, the Series 2014 Bonds, the Refunding Trust Agreement and the Disclosure Agreement (hereinafter defined), (iii) authorized or ratified the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and (iv) authorized the taking of any and all such actions as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by the aforesaid instruments.

(f) The Bond Resolution constitutes, and this Purchase Agreement and the Refunding Trust Agreement, when executed and delivered by the parties thereto, will constitute, the legal, valid and binding obligations of the City and the same are and will be, as the case may be, enforceable in accordance with their terms except to the extent that enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

(g) The City has complied, or will at the Closing be in compliance, in all respects with the Bond Resolution and the Act.

(h) When delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Agreement, the Series 2014 Bonds will be duly authorized, executed, issued and delivered and will constitute legal, valid and binding obligations of the City enforceable in accordance with their terms and the terms of the Bond Resolution.

(i) At the Closing, all approvals, consents and orders of and filings with any governmental authority or agency which would constitute a condition precedent to the execution and delivery of or the performance by the City of its obligations under this Purchase Agreement, the Series 2014 Bonds or the Bond Resolution will have been obtained or made and any consents, approvals and orders so received or filings so made will be in full force and effect. Notwithstanding, no representation is made concerning compliance with the securities or Blue Sky laws of the various states.

(j) The adoption by the City Council of the Bond Resolution, and the authorization, execution, delivery and performance of this Purchase Agreement, the Series 2014 Bonds and any other agreement or instrument to which the City is a party and which is used or is to be used or is contemplated for use in consummation of the transactions contemplated hereby or by the Official Statement, and compliance with the provisions of each such agreement or instrument, do not and

will not conflict with, or constitute or result in a violation or breach of or a default under, the Constitution of the State, or any existing law, administrative regulation, rule, decree or order, whether state or federal, or any material provision of any agreement, indenture, mortgage, lease, note or other instrument to which the City or its properties or any of the officers of the City as such is subject, and do not and will not result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the taxes, revenues, property or assets of the City under the terms of the Constitution of the State or any law, instrument or agreement.

(k) The City is not in breach of or default in any material respect under the Act or under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is, or any of its properties or assets are, otherwise subject, which such breach or default could in any way, materially adversely affect the ability of the City to pay debt service on the Series 2014 Bonds. No event has occurred and is continuing which constitutes or, with the passage of time or the giving of notice, or both, would constitute a default or event of default by the City under any of the foregoing, which such default or event of default could, in any way, materially adversely affect the ability of the City to pay debt service on the Series 2014 Bonds.

(l) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, other than as may be described in the Official Statement, pending or, to the best of the City's knowledge, threatened, against or affecting the City or any of the officers of the City in their respective capacities as such (or to the best of the City's knowledge, any basis therefor) or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (i) the issuance, sale or delivery of the Series 2014 Bonds or any of the other transactions contemplated by this Purchase Agreement or by the Official Statement, (ii) the validity or enforceability of the Series 2014 Bonds, the Bond Resolution, this Purchase Agreement or any other agreement or instrument to which the City is a party and which is used or is to be used or is contemplated for use in the consummation of the transactions contemplated hereby, or (iii) the ability of the City to pay debt service on the Series 2014 Bonds.

(m) The City has not been in default in the payment of principal of, premium, if any, or interest on, or otherwise been in default with respect to, any bonds or notes issued under the Bond Resolution.

(n) The City is currently in compliance with, and during the last five (5) years, the City has not failed to comply in all material respects with, any undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12 (hereinafter defined), except as otherwise disclosed in the Preliminary Official Statement and the Official Statement.

(o) Since the date of the most recent audited financial statements of the City contained in the Preliminary Official Statement and the Official Statement, there has been no material adverse change in the financial position or results of operations of the City.

(p) Any certificate signed by any official of the City and delivered to the Underwriters in connection with the issuance or sale of the Series 2014 Bonds shall be deemed to be a representation and warranty by the City to the Underwriters as to the statements made therein.

5. Official Statement; Offering by the Underwriter.

(a) The City hereby authorizes the distribution by the Underwriters of the Official Statement in connection with the public offering and sale of the Series 2014 Bonds. The Preliminary Official Statement was as of its date, "deemed final" by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("SEC") promulgated under the Securities-Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the "permitted omissions" described in paragraph (b)(1) of Rule 15c2-12. The City agrees to furnish the Underwriters with a final Official Statement relating to the Series 2014 Bonds dated the date hereof (including the cover page and all appendices, exhibits and reports attached thereto, the "Official Statement") and shall cause copies of the Official Statement, in a quantity specified by the Representative as sufficient to enable the Underwriters to comply with applicable rules of the SEC (including Rule 15c2-12) and the Municipal Securities Rulemaking Board (the "MSRB"), to be available to the Underwriters within seven (7) business days of the execution of this Purchase Agreement (but in no event later than two (2) business days prior to the Closing Date). To the extent required by rules of the SEC or MSRB, the City hereby authorizes the Underwriters to file, and the Underwriters hereby agree to file, the Official Statement with the MSRB or its designee, including the MSRB's Electronic Municipal Market Access system (together with any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information, "EMMA"), within the timeframe required by Rule G-32 of the MSRB. Such Official Statement along with the Refunding Trust Agreement shall be delivered in the currently required designated format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as hereinafter defined). "EMMA Dataport Manual" means the documents or documents designated as such and published by the MSRB from time to time that sets forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under MSRB Rule G-32. Failure of the printer to provide copies of the Official Statement within seven (7) business days after the execution of this Purchase Agreement by the City will not constitute a breach of this Purchase Agreement by the City if such failure is proximately caused by the Underwriters or an agent or representative of the Underwriters.

Unless the Representative otherwise notifies the City in writing, the Underwriters agree that the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the Closing Date. The Representative shall, at its own expense, submit the Official Statement and the Refunding Trust Agreement to EMMA within the timeframe required by Rule G-32 of the MSRB. The Representative will comply with the provisions of MSRB Rule G-32 as in effect on the date hereof, including without limitation with respect to the submission of Form G-32 the Official Statement and the Refunding Trust Agreement, and will notify the City of the date on which the Official Statement and the Refunding Trust Agreement have been so filed with EMMA.

(b) The City authorizes, consents to and ratifies the use by the Underwriters of the Preliminary Official Statement dated [] relating to the Series 2014 Bonds (such

Preliminary Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto and any amendments and supplements thereto that may be authorized by the City for use with respect to the Series 2014 Bonds, being herein called the "Preliminary Official Statement") for the purposes of marketing the Series 2014 Bonds in connection with the original public offer, sale and distribution of the Series 2014 Bonds by the Underwriters.

(c) The Underwriters agree to make a public offering of the Series 2014 Bonds at the initial offering prices or yields set forth in the Official Statement, but reserve the right to change such prices or yields as they may deem necessary or desirable in connection with the offering and sale of the Series 2014 Bonds, and to sell the Series 2014 Bonds to dealers (including dealer banks and dealers depositing Series 2014 Bonds into investment trusts) and others at prices lower than the public offering prices.

(d) The City shall take all actions as the City shall determine reasonable (i) to provide all information reasonably requested by the Representative necessary or desirable to register the Series 2014 Bonds under, or comply with, any state Blue Sky laws, provided that in connection therewith, the City shall not be required to file a general consent to service of process in any jurisdiction, and (ii) to ensure that the Official Statement at all times during the initial offering and distribution of the Series 2014 Bonds does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) From the date hereof until the date which is twenty-five (25) days following the "end of the underwriting period" for purposes of Rule 15c2-12, if any event shall occur that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall notify the Representative and if, in the reasonable opinion of the City and the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall, at the City's expense (unless such misstatement is a result of information provided by the Underwriters, then at the expense of the Underwriters), supplement or amend the Official Statement in a form and in a manner reasonably satisfactory to the City and the Representative. Any such amendments or supplements that may be authorized under the foregoing provision for use with respect to the Series 2014 Bonds are hereinafter included within the term "Official Statement."

(f) If the Official Statement is supplemented or amended pursuant to subsection (e) of this Section 5, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date which is twenty-five (25) days following the "end of the underwriting period" for the Series 2014 Bonds, the City will take all steps necessary to ensure that the Official Statement, as then supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. **Issuance, Sale and Purchase of Series 2014 Bonds.** On the basis of the representations and warranties contained herein and the other agreements referred to herein and subject to the terms and conditions set forth herein, the City agrees to issue and sell to the Underwriters, and the Underwriters agree to purchase from the City: (a) all (and not less than all) of the Series 2014 Bonds at an aggregate price of \$[____], which represents a par amount of the Series 2014 Bonds of \$[____], [plus/minus] a bond [premium/discount] in the amount of \$[____] and less an underwriting discount of \$[____].

Having approved the terms of such issuance and sale, the City hereby sells the Series 2014 Bonds to the Underwriters, subject to the terms of this Purchase Agreement. The delivery and sale of the Series 2014 Bonds (the "Closing") will be at such place in Memphis, Tennessee, as the City may designate, at [__ p.m.], Central Time, on [____], 2014; or at such other time or such other place or on such other date as the City and the Representative may agree upon (the "Closing Date"). On the Closing Date, (a) the City will deliver the Series 2014 Bonds to the Underwriters, in definitive form and duly executed through the FAST system of registration with The Depository Trust Company, New York, New York, at such place in Memphis, Tennessee, as the Representative may designate or at such other place as the City and the Representative may agree upon, (b) the City will deliver to the Representative in Memphis, Tennessee, the closing documents hereinafter mentioned and (c) the Underwriters will accept such delivery and pay the aggregate purchase price as set forth in this Section 6 hereof by wire transfer of federal funds.

A single typewritten bond for each maturity of each series of the Series 2014 Bonds shall be delivered by the City, duly executed and authenticated, with CUSIP identification numbers thereon, registered in the name of Cede & Co., as nominee of The Depository Trust Company.

7. **Conditions.** The Underwriters' obligations hereunder are subject to:

(a) The accuracy on the Closing Date, as if made as of such date, of all representations and warranties of the City contained herein;

(b) The due performance by the City of its obligations hereunder;

(c) There being no material change in the condition (financial or otherwise) of the City between the most recent dates for which information is given in the Official Statement and the Closing Date, other than as reflected in or contemplated by the Official Statement, and there being on the Closing Date no material transactions or obligations (not in the ordinary course of business) entered into by the City subsequent to the date of the Official Statement other than as reflected in or contemplated by the Official Statement; and

(d) Delivery of all documentation required by Section 8 hereof.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2014 Bonds contained in this Purchase Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2014 Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriters nor the City shall be under any further obligation hereunder, except that the City shall return the

good faith check referred to in Paragraph 3 hereof and the respective obligations of the City and the Underwriters set forth in Paragraph 10 hereof shall continue in full force and effect.

8. Closing Documentation. There shall be delivered to the Underwriters at Closing the following, all dated as of the Closing Date and in form and substance reasonably satisfactory to the Representative:

- (a) The Official Statement executed on behalf of the City by the duly authorized officials or representatives thereof;
- (b) The certificate of the Mayor of the City in substantially the form attached as Exhibit B attached hereto;
- (c) Certified copies of the Bond Resolution;
- (d) A specimen of the Series 2014 Bonds;
- (e) A certificate of the City Attorney in substantially the form attached as Exhibit C attached hereto;
- (f) The unqualified approving opinion of Glankler Brown, PLLC ("Bond Counsel"), in substantially the form thereof set forth in the Official Statement and a letter from Bond Counsel to the Underwriters stating that the Underwriters may rely upon such opinion;
- (g) The supplemental opinion of Bond Counsel, addressed to the Representative, in substantially the form attached as Exhibit D attached hereto;
- (h) The opinions of Greenberg Traurig, P.A., and Hagler Bruce & Turner, PLLC (together, "Co-Disclosure Counsel"), addressed to the City, in substantially the form attached as Exhibit E attached hereto and letters from Co-Disclosure Counsel to the Underwriters stating that the Underwriters may rely upon such opinion;
- (i) The verification report of the Verification Agent with respect to the defeasance of the Refunded Bonds;
- (j) The certificates of ComCap Advisors, a division of Community Capital, Memphis, Tennessee, and First Southwest Company, Dallas, Texas (together, "Co-Financial Advisors"), in substantially the form attached hereto as Exhibit F;
- (k) The letter from Banks, Finley, White & Co., independent certified public accountants, consenting to the use of the Independent Auditors' Report dated December 19, 2013, in substantially the form attached as Exhibit G hereto;
- (l) Written evidence that Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies Inc. ("S&P"), have assigned ratings of at least "[]" and "[]," respectively, to the Series 2014 Bonds;

(m) Verification that the City's Blanket Letter of Representation to the Depository Trust Company is in effect with respect to the Series 2014 Bonds;

(n) The Continuing Disclosure Agreement dated [____], between the City and Digital Assurance Certification, L.L.P, in substantially the form attached to the Official Statement (the "Disclosure Agreement"), executed on behalf of the City by its duly authorized officials or representatives;

(o) The Refunding Trust Agreement executed on behalf of the City and the Refunding Trustee by the duly authorized officials or representatives thereof; and

(p) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters, Bond Counsel or Co-Disclosure Counsel may reasonably request to evidence compliance by the City with applicable legal requirements, the truth and accuracy as of the Closing Date of the representations of the City herein, in the Preliminary Official Statement and in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing Date of all agreements then to be satisfied.

9. **Termination.** The Underwriters may terminate this Purchase Agreement at any time prior to the Closing Date by notice to the other parties hereto if, between the date hereof and the Closing Date:

(a) Legislation shall have been enacted or a bill shall have been filed in either house of the United States Congress or favorably reported out of committee of either house, or a decision by any court of the United States, including the Tax Court, shall have been rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States or any branch thereof, including the Internal Revenue Service, or any other governmental agency shall have been made or proposed, with respect to federal taxation upon revenues or other income of the general character derived by the City or upon interest received on obligations of the general character of the Series 2014 Bonds or other action or events shall have transpired, except as may have been described in the Official Statement, that, in the reasonable opinion of the Representative, materially adversely affects the market price of the Series 2014 Bonds or the market price generally of obligations of the general character of the Series 2014 Bonds;

(b) Any legislation, ordinance, rule or regulation shall have been passed by the legislature or enacted or proposed by any governmental body, department or agency of the State or the City or any decision by any court of competent jurisdiction within the State shall have been rendered that, in the reasonable opinion of the Representative, materially affects the market price of the Series 2014 Bonds;

(c) Any legislation shall have been enacted or a bill shall have been proposed or favorably reported out of a legislative committee, any decision by a court of the United States shall have been rendered or any stop order, ruling, regulation or official statement by or on behalf of the SEC or other governmental agency shall have been made to the effect that obligations of the general character of the Series 2014 Bonds or the Bond Resolution, in the reasonable opinion of counsel to the Underwriters (i) are not exempt from registration,

qualification or other requirements of the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, or (ii) are, or would be, in violation of any other provision of federal securities laws on the Closing Date;

(d) Any event shall have occurred or condition shall exist that, in the reasonable opinion of the Representative, makes untrue or incorrect in any material respect as of the Closing Date any material statement of information contained in the Official Statement or that is not reflected in the Official Statement but should be reflected therein as of such time in connection with the offering and sale of the Series 2014 Bonds in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect as of such time, including without limitation events or conditions relating to the business and affairs of the City;

(e) In the reasonable opinion of the Representative, the market price of the Series 2014 Bonds, or the market price generally of obligations of the general character of the Series 2014 Bonds, has been materially adversely affected because (i) a general suspension of trading on any national exchange shall have occurred or additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (ii) a general banking moratorium shall have been established by federal, New York or State authorities, or (iii) the occurrence of any new outbreak of hostilities or any national or international calamity or crises, including a financial crisis, or any escalation of activities involving the military forces of the United States; or

(f) There shall have occurred any downgrade or published information from a rating agency that at the date of this Purchase Agreement has published a rating of the City which action reflects a change, or possible change, in the ratings accorded any obligations of the City which, in the reasonable opinion of the Representative, would materially adversely affect the market price of the Series 2014 Bonds or the market price generally of obligations of the general character of the Series 2014 Bonds.

10. Expenses. The City shall pay or cause to be paid, from the proceeds of the Series 2014 Bonds, all expenses and costs of the City incident to the performance of its obligations in connection with the authorization, issuance and sale of the Series 2014 Bonds to the Underwriters, including but not limited to the costs of pre-sale advertising of the Series 2014 Bonds; printing or reproducing the Preliminary Official Statement, the Official Statement, the Bond Resolution and all ancillary papers; fees and expenses of consultants, including fees of the accountants, fees and expenses of counsel to the City, Bond Counsel and Co-Disclosure Counsel, rating agency fees, fees and expenses of the Co-Financial Advisors, fees and expenses of the paying agent and the fees and expenses of the Underwriters.

The Underwriters shall pay or cause to be paid: (a) all advertising expenses; and (b) all other expenses incurred by them or any of them in connection with the public offering of the Series 2014 Bonds, including the fees and disbursements of counsel to the Underwriters. In the event that either party shall have paid obligations of the other as set forth in this Section 10, adjustment shall be made at the time of the Closing.

11. **Finders.** The City and the Underwriters each represents and warrants that no finder or other agent has been employed or consulted by it in connection with this transaction.

12. **Acknowledgment of Transaction.** The City acknowledges and agrees that: (i) the purchase and sale of the Series 2014 Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as a municipal advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), financial advisor, agent or a fiduciary of the City and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby or the discussions, undertaking and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters), (iii) the only obligations the Underwriters have to the City with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; and (iv) the City has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2014 Bonds.

13. **Notices.** Any notice or other communication under this Purchase Agreement may be given by delivering the same in writing to the City at the address of the City set forth above to the attention of the Deputy Director of Finance and Administration; and to the Underwriters as follows: [_____].

14. **Counterparts.** This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

15. **Effective Date.** This Purchase Agreement shall become effective upon acceptance hereof by the City.

16. **Miscellaneous.** This Purchase Agreement is made solely for the benefit of, and is binding on each of, the parties and their respective successors and assigns. It is the entire agreement of the parties, superseding all prior agreements, and may not be modified except in writing signed by all of the parties hereto.

17. **Governing law.** This Purchase Agreement shall be governed by the applicable laws of the State.

[SIGNATURE PAGE TO FOLLOW]

**SIGNATURE PAGE TO BOND PURCHASE AGREEMENT
(Sanitary Sewerage System Revenue Refunding Bonds, Series 2014)**

[____], on its own behalf and as representative
of the Underwriters

By: _____
Name: _____
Title: _____

Accepted:

CITY OF MEMPHIS, TENNESSEE

By: _____
A C Wharton, Jr., Mayor

EXHIBIT A

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIPS†**

[\$29,870,000]*

**Sanitary Sewerage System
Revenue Refunding Bonds, Series 2014**

Maturity (July 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP No. †
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

\$ _____ - _____% Term Bond, Due _____ 1, 20____,
Price ____ Yield ____%, Initial CUSIP No. _____ †

† CUSIP numbers have been assigned to the Series 2014 Bonds by an organization not affiliated with the City and are included for the convenience of the owners of the Series 2014 Bonds. Neither the City, the Co-Financial Advisors nor the Underwriter is responsible for the selection, use or accuracy of the CUSIP numbers set forth herein.

* Preliminary, subject to change.

Redemption Provisions

[TO COME]

EXHIBIT B

CERTIFICATE OF CITY

I, A C Wharton, Jr., Mayor of the City of Memphis, Tennessee (the "City"), hereby certify on the date hereof, being the date of delivery of and payment for the City's Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), that: (a) the representations and warranties of the City contained in the Bond Purchase Agreement dated [] (the "Purchase Agreement"), are true and correct in all material respects as of the date of the Closing and all of the obligations required under or specified in the Purchase Agreement to be performed by the City at or prior to the Closing have been performed; (b) the City has complied or is presently in compliance with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Purchase Agreement and the Bond Resolution at or prior to the Closing; (c) since the respective dates for which information is given in the Official Statement and except as set forth therein, there has not been any material adverse change in the condition, financial or otherwise, of the City; and (d) the City has no knowledge or reason to believe that the Official Statement as of its date or as of the date hereof makes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Unless the context indicates otherwise, all terms not otherwise defined herein shall have the meaning ascribed to them in the Purchase Agreement.

Dated this [] day of [], 2014.

CITY OF MEMPHIS, TENNESSEE

By: _____
A C Wharton, Jr., Mayor

EXHIBIT C

**CERTIFICATE OF CITY ATTORNEY AS TO INCUMBENCY,
NON-LITIGATION, NON-CONFLICT AND LEGISLATION**

The undersigned, in his capacity as City Attorney for the City of Memphis, Tennessee (the "City"), does hereby certify as follows in connection with the issuance and delivery of the City's Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"):

(i) That A C. Wharton, Jr., Brian Collins and Patrice Thomas are the duly elected or appointed, as the case may be, and acting Mayor, Director of Finance and Administration and Comptroller, respectively, of the City;

(ii) That no litigation of any nature is now pending or, to the knowledge of the undersigned, threatened seeking to restrain or enjoin the City's execution and delivery of the Series 2014 Bonds, the imposition of rates and charges for use of the City's Sanitary Sewerage System sufficient to pay the principal amount of the Series 2014 Bonds or interest thereon or in any manner questioning the proceedings and authority therefor or affecting the validity of the Series 2014 Bonds; that neither the existence nor the present boundaries of the City nor the title of the present officers in their respective offices is being contested; that no authority or proceeding for the execution and delivery of the Series 2014 Bonds has been repealed, revoked or rescinded; and that there has been no change in the status of pending litigation from that indicated in the final Official Statement dated [____], relating to the Series 2014 Bonds;

(iii) That the resolution adopted by the Council of the City on February 24, 1981, as amended by resolutions adopted by the City on December 17, 1985, April 11, 2000 and June 1, 2004, and the resolution adopted by the Council of the City on [____], collectively authorizing the issuance of the Series 2014 Bonds, do not violate or conflict with any other ordinance, resolution, agreement or other instrument to which the City is a party or to which the City is or may be bound; and

(iv) That, as of the date hereof, no legislation has been introduced, passed or enacted in the current legislative session of the Legislature of the State of Tennessee, or is pending from such session, affecting the power and authority of the City to execute and deliver the Series 2014 Bonds and levy and collect sewer system revenues to pay the principal amount of the Series 2014 Bonds and interest thereon.

[Execution page follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate on this, the [] day of [], 2014.

Herman Morris, Jr.
City Attorney

Exhibit D

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

EXHIBIT E

OPINION OF CO-DISCLOSURE COUNSEL

EXHIBIT F

**CERTIFICATES OF FINANCIAL ADVISOR WITH RESPECT TO THE
PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT**

[\$29,870,000]

**CITY OF MEMPHIS, TENNESSEE
SANITARY SEWERAGE SYSTEM
REVENUE REFUNDING BONDS,
SERIES 2014**

The undersigned, an authorized officer of ComCap Advisors, a division of Community Capital, serving as Co-Financial Advisor in connection with the issuance of **[\$29,870,000]** in aggregate principal amount of the Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") of the City of Memphis, Tennessee (the "City"), hereby certifies that we have participated in the preparation of the Preliminary Official Statement dated [] relating to the Series 2014 Bonds (the "Preliminary Official Statement"), and of the Official Statement dated [] (the "Official Statement") and that the information contained in the Preliminary Official Statement and the Official Statement accurately reflects information received from public records, discussions with public officials and employees and other sources which we believe are reliable. We have not, however, made an independent investigation of the information supplied to us in the preparation of the Preliminary Official Statement and the Official Statement and we are not passing upon or warranting the truth or the accuracy of such information. To the best of our knowledge and belief (a) the Preliminary Official Statement did not, as of its date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (b) as of the date thereof and as of the date hereof, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (c) as of this date there has been no material adverse change in the financial condition or financial affairs of the System (as defined in the Official Statement) or the City since the date of the Official Statement.

Dated this, the [] day of [], 2014.

**COMCAP ADVISORS, a division of Community
Capital**

By: _____
Its: _____

[**\$29,870,000**]
CITY OF MEMPHIS, TENNESSEE
SANITARY SEWERAGE SYSTEM
REVENUE REFUNDING BONDS,
SERIES 2014

The undersigned, an authorized officer of First Southwest Company, serving as Co-Financial Advisor in connection with the issuance of \$[**29,870,000**] in aggregate principal amount of the Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") of the City of Memphis, Tennessee (the "City"), hereby certifies that we have participated in the preparation of the Preliminary Official Statement dated [_____] relating to the Series 2014 Bonds (the "Preliminary Official Statement"), and of the Official Statement dated [_____] (the "Official Statement") and that the information contained in the Preliminary Official Statement and the Official Statement accurately reflects information received from public records, discussions with public officials and employees and other sources which we believe are reliable. We have not, however, made an independent investigation of the information supplied to us in the preparation of the Preliminary Official Statement and the Official Statement and we are not passing upon or warranting the truth or the accuracy of such information. To the best of our knowledge and belief (a) the Preliminary Official Statement did not, as of its date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (b) as of the date thereof and as of the date hereof, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (c) as of this date there has been no material adverse change in the financial condition or financial affairs of the System (as defined in the Official Statement) or the City since the date of the Official Statement.

Dated this, the [] day of [_____] , 2014.

FIRST SOUTWEST COMPANY

By: _____
Its: _____

EXHIBIT G

CONSENT LETTER OF AUDITORS

[_____, 2014]

Ladies and Gentlemen:

We agree to the inclusion in the Preliminary Official Statement and the Official Statement relating to the issuance by the City of Memphis, Tennessee (the "City") of its \$[29,870,000] Sanitary Sewerage System Revenue Refunding Bonds, Series 2014, of our report dated December 19, 2013, related to our audit of the basic financial statements of the Sewer Collection and Treatment Fund appearing in Appendix B of the Preliminary Official Statement and the Official Statement.

BANKS, FINLEY, WHITE & CO.

By: _____
Its: _____

EXHIBIT C

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

by and between

CITY OF MEMPHIS, TENNESSEE

and

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

relating to:

\$[_____]

**CITY OF MEMPHIS, TENNESSEE
SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 2014**

DATED [_____]

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated [____], is executed and delivered by the CITY OF MEMPHIS, TENNESSEE (the "City") and DIGITAL ASSURANCE CERTIFICATION, L.L.C. ("DAC"), and any successor disclosure dissemination agent serving hereunder pursuant to Section 10 hereof as Disclosure Dissemination Agent (including DAC, the "Disclosure Dissemination Agent").

RECITALS:

A. Contemporaneously with the execution and delivery of this Disclosure Agreement, the City issued its Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), pursuant to a resolution adopted by the City Council of the City (the "City Council") on February 24, 1981, as amended by resolutions adopted by the City Council on December 17, 1985, April 11, 2000, and June 1, 2004, as supplemented with respect to the Series 2014 Bonds by that certain series resolution adopted by the City Council on [____] (collectively, the "Bond Resolution").

B. The City has authorized the preparation and distribution of the Preliminary Official Statement dated [____] with respect to the Series 2014 Bonds (the "Preliminary Official Statement").

C. Upon the sale of the Series 2014 Bonds to the underwriters named in the hereinafter referenced Official Statement (collectively, the "Underwriters"), the City authorized the preparation and use of the Official Statement dated [____] with respect to the Series 2014 Bonds (the "Official Statement").

D. As a condition precedent to the initial purchase of the Series 2014 Bonds by the Underwriters in accordance with the Bond Purchase Agreement dated [____], by and between the Underwriters and the City and in compliance with the Underwriters' obligations under the Rule (as defined herein), the City has agreed to undertake certain disclosure obligations with respect to the Series 2014 Bonds for the benefit of the Holders (hereinafter defined) as specified hereunder on an ongoing basis during the term hereof and has agreed to retain the Disclosure Dissemination Agent to perform certain disclosure dissemination tasks as provided for herein on its behalf.

NOW THEREFORE, in consideration of the purchase of the Series 2014 Bonds by the Underwriters and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the City and the Disclosure Dissemination Agent do hereby certify and agree as follows:

SECTION 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into and made a part hereof.

SECTION 2. Definitions. Capitalized terms used, but not otherwise defined, in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Bond Resolution or the Official Statement, as applicable. In

addition to the terms defined elsewhere herein, the following capitalized terms shall have the following meanings for the purposes of this Disclosure Agreement:

"Annual Report" means an Annual Report described in and consistent with Section 4 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 3(a) and 3(f) hereof, by which the Annual Report is to be filed with the Repositories.

"Annual Financial Information" means annual financial information, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Audited Financial Statements" means the comprehensive annual finance report of the City, prepared in accordance with GAAP (as defined herein) for the prior Fiscal Year, certified by an independent auditor and specified in Section 4(b) of this Disclosure Agreement.

"Business Day" means a day other than a Saturday or a Sunday or a day on which banks in Tennessee are authorized or required by law to close.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to each Repository under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Series 2014 Bonds and, to the best of its knowledge, the 9-digit CUSIP numbers for all Series 2014 Bonds to which the document applies.

"Disclosure Representative" means Director of Finance and Administration of the City or his designee, or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the City pursuant to Section 10 hereof.

"EMMA" means the MSRB's Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule. Further information regarding EMMA can be retrieved by visiting the web site <http://emma.msrb.org/>.

"Fiscal Year" means the fiscal year of the City, which currently is the twelve month period beginning July 1 and ending on June 30 of the following year, or any such other twelve month period designated by the City, from time to time, to be its fiscal year.

"GAAP" means generally accepted accounting principles promulgated by the Government and Financial Accounting Standards Boards, as in effect from time to time in the United States.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2014 Bonds for federal income tax purposes.

"Information" means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event notices and the Voluntary Reports.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. Currently, MSRB's address, phone number and fax number for purposes of the Rule is:

MSRB
c/o CDINet
1900 Duke Street
Suite 600
Alexandria, VA 22314
Phone: (703) 797-6000
Fax: (703) 683-1930

"Notice Event" means an event listed in Section 5(a) of this Disclosure Agreement.

"Obligated Person" means the City and any person who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Series 2014 Bonds (other than providers of municipal bond insurance, letters of credit or other liquidity facilities). The City confirms that currently it is the only Obligated Person.

"Repository" or "NRMSIR" means any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the SEC at www.sec.gov. Currently, the sole Repository is the MSRB, through the operation of EMMA.

"Rule" means Rule 15c2-12 of the SEC promulgated pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"State" means the State of Tennessee.

"System Financial Statements" means the financial statements of the Sewer Collection and Treatment Fund of the City for a particular Fiscal Year.

"Voluntary Report" means the information provided to the Disclosure Dissemination Agent by the City pursuant to Section 8 of this Disclosure Agreement.

SECTION 3. Provision of Annual Reports.

(a) The City shall provide, annually, an electronic copy of the Annual Report and a Certification to the Disclosure Dissemination Agent on or before the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to each Repository not later than January 31st after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2014. If January 31st falls on a day that is not a Business Day, the Annual Report will be due on the first Business Day thereafter. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(b) If the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification by 12:00 noon on the Annual Filing Date, the Disclosure Dissemination Agent shall contact the Disclosure Representative by e-mail and telephone to remind the City of its undertaking to provide the Annual Report pursuant to Section 3(a) of this Disclosure Agreement. Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that an event as described in Section 3(e)(iii)(15) hereof has occurred and to immediately send a notice to each Repository in substantially the form attached as Exhibit A.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date is not a Business Day, then the first Business Day thereafter) for the Annual Report, an event described in Section 3(e)(iii)(15) of this Disclosure Agreement shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit B or such other cover sheet or information as may be required by the Repository.

(d) If the Audited Financial Statements or the System Financial Statements are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements or the System Financial Statements is available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, for filing with each Repository.

(e) The Disclosure Dissemination Agent shall:

(i) upon receipt, promptly file with each Repository each Annual Report received under Section 3(a) of this Disclosure Agreement;

(ii) upon receipt, promptly file with each Repository each Audited Financial Statement and System Financial Statement received under Section 3(d) of this Disclosure Agreement;

(iii) upon receipt, promptly file with each Repository the text of each disclosure to be made together with a completed copy of the MSRB Event Notice Cover Sheet substantially in the form attached hereto as Exhibit B, or such other cover sheet or information as may be required by the Repository, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:

1. "Principal and interest payment delinquencies," pursuant to Sections 5(c) and 5(a)(1) hereof;
2. "Non-Payment related defaults," pursuant to Sections 5(c) and 5(a)(2) hereof;
3. "Unscheduled draws on debt service reserves reflecting financial difficulties," pursuant to Sections 5(c) and 5(a)(3) hereof;
4. "Unscheduled draws on credit enhancements reflecting financial difficulties," pursuant to Sections 5(c) and 5(a)(4) hereof;
5. "Substitution of credit or liquidity providers, or their failure to perform," pursuant to Sections 5(c) and 5(a)(5) hereof;
6. "Adverse tax opinions or material events affecting the tax-exempt status of the Series 2014 Bonds," pursuant to Sections 5(c) and 5(a)(6) hereof;
7. "Modifications to rights of securities Holders," pursuant to Sections 5(c) and 5(a)(7) hereof;
8. "Bond calls," pursuant to Sections 5(c) and 5(a)(8) hereof;
9. "Defeasances," pursuant to Sections 5(c) and 5(a)(9) hereof;
10. "Release, substitution, or sale of property securing repayment of the Series 2014 Bonds," pursuant to Sections 5(c) and 5(a)(10) hereof;
11. "Ratings changes on the Series 2014 Bonds," pursuant to Sections 5(c) and 5(a)(11) hereof;
12. "Bankruptcy, insolvency, receivership or similar event," pursuant to Sections 5(c) and 5(a)(12) hereof;
13. "Merger, consolidation, or acquisition," pursuant to Sections 5(c) and 5(a)(13) hereof;

14. "Appointment of a successor or additional trustee or a change in the name of a trustee" for the Series 2014 Bonds, pursuant to Sections 5(c) and 5(a)(14) hereof;

15. "Failure to provide annual financial information as required," pursuant to Section 3(b) or Section 3(c) hereof, together with a completed notice substantially in the form set forth in Exhibit A to this Disclosure Agreement;

16. "Other material event notice," pursuant to Section 8 hereof, together with the summary description provided by the Disclosure Representative; and

(iv) provide the City evidence of the filings of each of the above when made, which shall be by means of the DAC system for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The City may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the Repositories, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 4. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the City, consisting of or cross-referencing the following:

- (i) the Audited Financial Statements and the System Financial Statements;
- (ii) to the extent not included in the System Financial Statements or the Audited Financial Statements, operating data and financial information with respect to the City or the System, consisting of:

[(A) the table under the heading "ANNUAL DEBT SERVICE REQUIREMENTS;"

(B) the table entitled "Sewer Collection and Treatment Fund" under the heading "THE SYSTEM—Funding of Sewer Extensions;"

(C) the table entitled "City of Memphis Sanitary Sewerage System Sewer System – Sewer Development Charges" under the heading "SYSTEM REVENUES—Rates, Fees and Charges;"

(D) the table entitled "City of Memphis Sanitary Sewerage System Revenues" under the heading "SYSTEM REVENUES—Rates, Fees and Charges;"

(E) the table entitled "City of Memphis Sanitary Sewerage System Rates and Charges" under the heading "SYSTEM REVENUES—Rates, Fees and Charges;"

(F) the table entitled "City of Memphis Sanitary Sewerage System Fifteen Largest Industrial Customers" under the heading "SYSTEM REVENUES—Rates, Fees and Charges;"

(G) the table entitled "City of Memphis Sanitary Sewerage System Operating Revenue History" under the heading "SYSTEM FINANCIAL INFORMATION—Five Year Operating History;"

(H) the table entitled "Sanitary Sewerage System Historical Debt Service Coverage" under the heading "SYSTEM FINANCIAL INFORMATION—Historical Debt Service Coverage Ratios;"

(I) the table entitled "City of Memphis Sanitary Sewerage System Capital Projects Budget" under the heading "CAPITAL IMPROVEMENT PROGRAM;" and

(iii) a description of any material litigation which would have been disclosed in the Official Statement if such litigation were pending at the time the Official Statement was prepared.

(b) Audited Financial Statements and the System Financial Statements will be included in the Annual Report; provided, however, if the Audited Financial Statements or the System Financial Statements are not completed prior to January 31st of any year, the City shall provide unaudited financial statements, prepared in accordance with GAAP, on such date and shall provide the Audited Financial Statements and the System Financial Statements as soon as practicable following their completion. Audited Financial Statements and the System Financial Statements completed after January 31st will be provided pursuant to Section 3(d) of this Disclosure Agreement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

If the City has not filed the Annual Report when due, then the City or the Dissemination Agent on behalf of the City shall file a notice with each Repository as required by the Rule.

SECTION 5. Reporting of Notice Events.

(a) The occurrence of any of the following events, with respect to the Series 2014 Bonds shall constitute a Notice Event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements relating to the Series 2014 Bonds reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2014 Bonds or material events affecting the tax-exempt status of the Series 2014 Bonds;
7. modifications to rights of Holders of the Series 2014 Bonds, if material;
8. bond calls and tender offers (excluding sinking fund mandatory redemptions), if material;
9. defeasances of the Series 2014 Bonds;
10. release, substitution or sale of property securing repayment of the Series 2014 Bonds, if material;
11. rating changes on the Series 2014 Bonds;
12. bankruptcy, insolvency, receivership or similar event of the City (of the type described in the Note to Paragraph (b)(5)(i)(C)(12) of the Rule);
13. the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall promptly, and in no event later than ten (10) Business Days after the occurrence thereof, notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to immediately report the occurrence pursuant to subsection (c) below. Such notice shall be accompanied with the text of the disclosure that the City desires to make, the written authorization of the City for

the Disclosure Dissemination Agent to disseminate such information and the date on which the City desires the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within the earlier of: two (2) Business Days after receipt of such notice or nine (9) Business Days from the occurrence of such event, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to immediately report the occurrence pursuant to subsection (c) below, together with the text of the disclosure that the City desires to make, the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information and the date on which the City desires the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b) of this Section 5 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly, and in any event within in one (1) Business Day, file a notice of such occurrence with each Repository.

SECTION 6. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, System Financial Statement, notices of Notice Events and Voluntary Reports filed pursuant to Section 8(a) of this Disclosure Agreement, the City shall indicate the full name of the Series 2014 Bonds and, to the best of its knowledge, the 9-digit CUSIP numbers for the Series 2014 Bonds as to which the provided information relates. The City by providing the CUSIP numbers is not representing or certifying as to the accuracy thereof.

SECTION 7. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the failure of the Disclosure Dissemination Agent to so advise the City shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 8. Voluntary Reports.

(a) The City may instruct the Disclosure Dissemination Agent to file information with the Repositories from time to time, pursuant to a Certification of the Disclosure Representative accompanying such information (a "Voluntary Report").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other

information in any Annual Report, Annual Financial Statement, System Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report, Annual Financial Statement, System Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, System Financial Statement, Voluntary Report or Notice Event notice.

SECTION 9. Termination of Reporting Obligation.

(a) The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Series 2014 Bonds (i) upon the legal defeasance, prior redemption or payment in full of all of the Series 2014 Bonds, (ii) when the City is no longer an Obligated Person with respect to the Series 2014 Bonds, or (iii) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

(b) If in the opinion of nationally recognized bond counsel satisfactory to the City, the Rule shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder and, if and to the extent in the opinion of nationally recognized bond counsel satisfactory to the City the Rule, or any provisions thereof, shall be declared by a federal court of competent and final, non-appealable jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Series 2014 Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder.

(c) If a termination or cessation described in either Section 9(a) or Section 9(b) of this Disclosure Agreement occurs prior to the final maturity of the Series 2014 Bonds, the City shall give or cause to be given notice of such event in the same manner as for a Notice Event under Section 5(c) hereof.

SECTION 10. Disclosure Dissemination Agent. The City has appointed DAC as the exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The City may, upon thirty days written notice to the Disclosure Dissemination Agent, replace the Disclosure Dissemination Agent or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the City or DAC, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Series 2014 Bonds. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 11. Remedies. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders'

rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement, it being the City's position that money damages would be inadequate recompense and difficult to ascertain. A default under this Disclosure Agreement shall not constitute a default on the Series 2014 Bonds or be deemed to be a default under the Bond Resolution or under any other document relating to the Series 2014 Bonds and all rights and remedies shall be limited to those expressly stated herein.

SECTION 12. Duties, Immunities and Liabilities of Disclosure Dissemination

Agent. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Series 2014 Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event and shall have no duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the City at all times.

SECTION 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the City to the effect that such amendment or waiver does not materially impair the interests of Holders of the Series 2014 Bonds and would not, in and of itself, have caused the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided the City shall not be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the City shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the SEC from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Disclosure Dissemination Agent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Disclosure Dissemination Agent, the Underwriters and the Holders from time to time of the Series 2014 Bonds and shall create no rights in any other person or entity.

SECTION 15. No Personal Liability. None of the members or employees of the City shall be charged personally with any liability or held liable under any term or provision of this Disclosure Agreement because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof.

SECTION 16. Severability. In case any part of this Disclosure Agreement is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Agreement. This Disclosure Agreement shall be construed or enforced as if such illegal or invalid portions were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Agreement affect any legal and valid application.

SECTION 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the internal laws of the State (without regard to conflict of law principles thereof), provided that, to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretation thereof.

[Signatures on following page]

The Disclosure Dissemination Agent and the City have caused this Continuing Disclosure Agreement to be executed on the date first written above by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent**

By: _____
Paula Stuart
Chief Executive Officer

CITY OF MEMPHIS, TENNESSEE

By: _____
Brian Collins,
Director of Finance and Administration

EXHIBIT A
NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Issuer: City of Memphis, Tennessee (the "City")
Obligated Person: City of Memphis, Tennessee
Name of Bond Issue: City of Memphis, Tennessee,
Sanitary Sewerage System Revenue Refunding Bonds, Series 2014
Date of Issuance: []

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated [], between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent, on
behalf of the City**

cc: City
Obligated Person

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to each Repository pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name:

.....
City's Six-Digit CUSIP Number:

.....
or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

.....
Number of pages of attached material event notice: _____

Description of Material Events Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-Payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to rights of securities holders
8. Bond calls
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the securities
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event
13. Merger, consolidation or acquisition
14. Appointment of successor or additional trustee or a change in name of trustee
15. Failure to provide annual financial information as required
16. Other material event notice (specify)

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: Title:

Employer: Digital Assurance Certification, L.L.C. Address:

City, State, Zip Code:.....

Voice Telephone Number:

EXHIBIT D

Form of Refunding Trust Agreement

CITY OF MEMPHIS, TENNESSEE

[\$36,000,000] SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 2014
(THE "BONDS")

REFUNDING TRUST AGREEMENT

This Refunding Trust Agreement (the "Agreement") dated as of June __, 2014, between the City of Memphis, Tennessee (the "City") and Regions Bank, Nashville, Tennessee, as trustee under the Resolution (as hereinafter defined), and as agent of the City in connection with the purchase of Obligations of the United States of America (hereinafter defined) and payment of the Refunded Obligations (hereinafter defined) (the "Trustee").

W I T N E S S E T H:

WHEREAS, the City has previously authorized and issued the Refunded Obligations; and

WHEREAS, the City has determined to provide for payment of the Total Debt Service (as hereinafter defined) on the Refunded Obligations by depositing with the Trustee an amount at least equal to the Trust Requirement (as hereinafter defined) as set forth in Exhibit A-3 attached hereto; and

WHEREAS, in order to obtain the funds needed for such purpose, the City has authorized and is, concurrently with the delivery of this Agreement, issuing its [\$36,000,000] Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Refunding Bonds") 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, a resolution duly adopted by the City Council of the City on February 24, 1981, as amended by resolutions adopted by the City Council of the City on December 17, 1985, April 11, 2000 and June 1, 2004, and a series resolution adopted on June 3, 2014, under and pursuant to the authorization of Section 3.2 of the February 24, 1981 resolution (all collectively, hereinafter, the "Resolution"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited with the Trustee into an irrevocable trust fund and applied to the purchase of certain securities described herein, the principal amount of which together with interest thereon will mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of, premium, if any, and interest on the City's Series 2005 Bonds and Series 2007 Bonds (both as hereinafter defined), to their earliest optional redemption dates and/or next maturities; and

WHEREAS, in order to provide for the deposit of said bond proceeds and the application thereof for the payment of the Refunded Obligations, the parties hereto do hereby enter into this Agreement; and

WHEREAS, the Trustee is the Trustee appointed pursuant to the Resolution.

NOW, THEREFORE, the City and the Trustee, in consideration of the foregoing and the mutual covenants herein set forth and in order to provide for the payment of the principal of and premium and interest on all of the Refunded Obligations according to their tenor and effect, do hereby agree as follows:

SECTION 1. Definitions. As used herein, the following terms mean:

(a) "2014 Refunding Trust Fund" means the account hereby created and held by the Trustee, pursuant to this Agreement, in which moneys will be held for payment of the Total Debt Service on the Series 2005 Bonds on or before July 1, 2015, and on the Series 2007 Bonds on or before October 1, 2017, or the soonest practicable dates thereafter.

(b) "Bond Insurer(s)" means MBIA Insurance Corporation and Assured Guaranty Municipal Corp., as successor in interest to Financial Security Assurance, Inc.

(c) "Call Dates" means July 1, 2015, and October 1, 2017, respectively, or the soonest practicable dates thereafter.

(d) "Obligations of the United States of America" means direct obligations of, or obligations, the principal and interest on which are unconditionally guaranteed by, the United States of America,

(e) "Person" or "person" means and includes any natural person, corporation, association, public body or other entity unless the context otherwise requires. Reference to a person other than a natural person shall include such person's successors.

(f) "Refunded Obligations" means the following outstanding bond issues of the City:

Sanitary Sewerage System Revenue Bonds, Series 2005, dated December 20, 2005, maturing July 1, 2016 through July 1, 2025, inclusive (the "Series 2005 Bonds"), to be called on July 1, 2015; and

Sanitary Sewerage System Revenue Bonds, Series 2007, dated December 18, 2007, maturing October 1, 2018, through October 1, 2027, inclusive, to be called October 1, 2017 (the "Series 2007 Bonds");

(g) "Registration Agent" means the bond registrar or registration agent, as the case may be, with respect to each of the Refunded Obligations.

(h) "Total Debt Service" means the sum of the principal, interest to the respective payment due date or Call Date, redemption premium on the respective Call Dates and expenses unpaid on or before the same, or as soon as practicable thereafter, with respect to the Refunded Obligations.

(i) "Trust Property" shall mean all of the funds, securities, investment earnings and interest deposited or to be deposited with the Trustee or held by the Trustee pursuant to the terms of this Agreement, including, but not limited to, the Obligations of the United States of America described in Exhibit B attached hereto and hereby made a part hereof.

(j) "Trust Requirement" means the sum of an amount in cash and principal amount of Obligations of the United States of America in the 2014 Refunding Trust Fund which together with the interest due on the Obligations of the United States of America will be sufficient to pay the Total Debt Service on the Refunded Obligations from the date hereof to and including the respective Call Dates.

Whenever used herein, words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders, and words importing the singular number shall include the plural number and vice versa unless the context otherwise requires.

SECTION 2. Pledge of Refunding Bond Proceeds. To provide for the payment of the redemption price of the Refunded Obligations on the redemption dates referred to in Section 9 hereof, and the interest on the Refunded Obligations on and prior to such redemption date, the City hereby irrevocably deposits with the Trustee, in trust for the benefit of the holders of the Refunded Obligations, and irrevocably appropriates and sets aside exclusively for the payment of the Refunded Obligations, subject to the terms and conditions hereinafter set forth, \$[] derived from the proceeds of the sale of the Refunding Bonds (the "Proceeds"), which amount shall be deposited by the Trustee in the 2014 Refunding Trust Fund and upon the investment of a portion of such proceeds, pursuant to this Agreement, such proceeds are at least equal to the Trust Requirement. In the event that the sums set forth in this Section 2 are less than the Trust Requirement, the City agrees that it will, promptly and without delay, remit or cause to be remitted to the Trustee, within ten (10) days after receipt of the Trustee's written request, such additional sum or sums of money as may be necessary to meet the Trust Requirement.

SECTION 3. Establishment of Fund; Deposits of Moneys and Obligations of the United States of America. There is hereby created and established with the Trustee a special and irrevocable trust fund designated the "City of Memphis Sanitary Sewerage System Revenue Refunding Bonds, 2014 Refunding Trust Fund" (the "2014 Refunding Trust Fund"), to be held in the custody of the Trustee as a trust fund separate and apart from all other funds of the City or of the Trustee, for the benefit of the holders of the Refunded Obligations. All moneys and obligations therein (including Obligations of the United States of America) set aside and held in trust in the 2014 Refunding Trust Fund shall be applied to and used solely for the payment of the Refunded Obligations (including principal thereof, redemption premium thereon, if applicable, and interest thereon) except as provided by Sections 5, 8 and 11.

SECTION 4. Deposit of Funds; Purchase of Obligations of the United States of America.

(a) From the Proceeds deposited in the 2014 Refunding Trust Fund, the City hereby directs the Trustee (i) to purchase, on June __, 2014, with \$_____ of the amount held in the 2014 Refunding Trust Fund as a result of the deposits thereto pursuant to Section 2, the Obligations of the United States of America described in Exhibit B hereto, (ii) to hold the balance \$_____ in the 2014 Refunding Trust Fund as cash, uninvested, for the purpose of paying a portion of the redemption price of and/or accrued interest on the Series 2005 Bonds and Series 2007 Bonds on their respective Call Dates; (iii) to redeem the Series 2005 Bonds and Series 2007 Bonds as described Exhibit A-3.

(b) The Trustee accepts the duties and obligations of Trustee hereunder, acknowledges receipt of the sum described in Section 2, and agrees:

(i) to hold the funds in irrevocable trust during the term of this Agreement separate and apart from other funds of the Trustee;

(ii) in accordance with the above direction of the City, to immediately invest \$_____ of such funds by the purchase of the Obligations of the United States of America set forth on Exhibit B attached hereto;

(iii) to hold the balance of \$_____ without investment;

(iv) to deposit in the 2014 Refunding Trust Fund, as received, all receipts of maturing principal of the Obligations of the United States of America and all receipts of interest on the Obligations of the United States of America;

(v) in accordance with the above direction of the City, to pay on January 1, 2015, and July 1, 2015, the interest and principal, if any, due on the Series 2005 Bonds as further described in Exhibits A-1 and A-3 attached hereto; and

(vi) in accordance with the above direction of the City, to pay on October 1, 2014, and April 1, 2015, October 1, 2015, April 1, 2016, October 1, 2016 and April 1, 2017, the interest and principal, if any, due on the Series 2007 Bonds as further described in Exhibits A-2 and A-3 attached hereto.

(c) The City and the Trustee hereby acknowledge receipt from _____ (the "Accountant") of a report verifying the mathematical accuracy of the mathematical computations of the adequacy of the cash in the 2014 Refunding Trust Fund, without investment, to pay, when due, the principal of and interest on the Series 2005 Bonds and Series 2007 Bonds on their respective redemption dates.

(d) The City and the Trustee hereby acknowledge receipt from the Accountant of a report verifying that the Obligations of the United States of America purchased for the benefit of the Series 2005 and Series 2007 Bonds will mature as to principal and interest (without regard to any reinvestment of such Obligations of the United States of America) in such amounts and at such times as will assure, together with any moneys held in the 2014 Refunding Trust Fund, the availability of sufficient moneys to make payment of the redemption price of the Series 2005 Bonds and Series 2007 Bonds on the maturity dates and Call Dates referred to in Exhibits A-1, A-2 and A-3 plus interest on the Series 2005 Bonds and Series 2007 Bonds on and prior to such respective redemption date.

(e) The City solely in reliance upon the report provided by the Accountant referred to in Section 4(d) and 4(e) hereof, represents and warrants that (1) there is adequate cash in the 2014 Refunding Trust Fund, to pay, when due, the maturing principal of and interest on the Refunded Obligations up to and on their respective Call Dates; and (2) the Obligations of the United States of America will mature as to principal and interest (without regard to any reinvestment of such Obligations of the United States of America) in such amounts and at such times as will assure, together with any moneys held in the 2014 Refunding Trust Fund, the availability of sufficient moneys to make payment of the redemption price of the Refunded Obligations on the redemption dates referred to in Section 9 hereof plus interest on the Refunded Obligations on and prior to such redemption dates.

SECTION 5. Substitution of Government Securities.

(a) Moneys deposited with the Trustee as described in Section 2 hereof, and used to purchase the Obligations of the United States of America, may, at the written direction of the City, be reinvested in direct non-callable obligations of, or direct non-callable non-prepayable obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the "Substitute Government Securities"), maturing as to principal and interest in such amounts and at such times as will assure the availability of sufficient moneys to make payment of the redemption price of the Refunded Obligations on the respective redemption dates referred to in Section 9 hereof plus interest on the Refunded Obligations on and prior to such respective redemption dates, all as set forth in Section 4 hereof; *provided, however,* that concurrently with such written direction, the City shall provide the Trustee with (i) a certification of any independent certified public accountant that such reinvestment complies with this Agreement, including this Section 5(a), and assuming that the earnings derived from the Substitute Government Securities either are not reinvested or are reinvested at a rate of 0% per annum, setting forth in reasonable detail the calculations underlying such certification, and (ii) an unqualified opinion of nationally recognized bond counsel to the effect that such reinvestment (1) will not cause any

Refunding Bond to be subjected to treatment as an "arbitrage bond", as defined in Section 148 of the Internal Revenue Code of 1986 (the "Code") and the regulations adopted under such Section 148, as each is then in effect, and (2) is otherwise in compliance with this Agreement.

(b) Any reinvestment authorized by this Section 5 shall be accomplished by sale, transfer, request for redemption or other disposition of all or a portion of the Obligations of the United States of America then held in the 2014 Refunding Trust Fund with the proceeds thereof being applied simultaneously to the purchase of Substitute Government Securities, all as specified in the written direction of the City.

SECTION 6. Annual Report. On or before August 1 of each year, the Trustee shall deliver to the Director of Finance and Administration of the City a report describing the operation of the Refunding Trust Fund for the preceding fiscal year. Upon final payment of the Refunded Obligations, the Trustee shall deliver a final report with respect to the Refunding Trust Fund.

SECTION 7. Payment of Principal and Interest on Refunded Obligations.

(a) On each principal and/or interest payment dates with respect to the Refunded Obligations, to and including the Call Dates, the Trustee shall pay to the paying agent for the Refunded Obligations, solely from the cash on hand in the 2014 Refunding Trust Fund a sum sufficient to pay the Total Debt Service for the Refunded Obligations coming due on such dates, as shown on Exhibits A-1, A-2 and A-3; provided, however, if the monies in the 2014 Refunding Trust Fund are not sufficient for the payment of the principal of and interest on the Refunded Obligations becoming due on such dates, the Trustee shall notify the City of such shortfall and the City shall immediately pay such amount to the Trustee from legally available funds. The paying agent for the Refunded Obligations is Bank of New York Mellon Trust Company, N.A., New York, New York.

(b) After making the payments from the Trustee described in Subsection 4(a), the Trustee shall hold without investment or reinvestment any remaining cash on hand until such cash is applied to Total Debt Service.

SECTION 8. Irrevocable Deposit; Express Lien. The deposit of the moneys and Obligations of the United States of America in the 2014 Refunding Trust Fund shall constitute an irrevocable deposit in trust solely for the payment of the Refunded Obligations (including redemption price and interest) pursuant to the terms of the Resolution and this Agreement. The holders of the Refunded Obligations shall have an express lien on the principal of and interest on the Obligations of the United States of America, and on any moneys on deposit in the 2014 Refunding Trust Fund, until the proceeds thereof are paid out, used or applied in accordance with this Agreement.

SECTION 9. Redemption; Notice of Redemption. The Trustee is hereby authorized and directed and hereby agrees to cause the registration agent(s) of the Refunded Obligations to give to the registered holders of the Refunded Obligations and the Bond Insurer(s) of the Refunded Obligations notice of (i) the respective Call Dates (or soonest practicable date thereafter) on such bonds, and (ii) the optional redemption dates as and when required by the resolution authorizing the Refunded Obligations, all at least twenty-five (25) and not more than sixty (60) days prior to the Call Date by first class mail, postage prepaid at the address appearing on the books of registry kept by the Registrar(s) for the Refunded Obligations as of the close of business on the 45th day preceding the dates fixed for redemption (in accordance with the resolution authorizing the issuance of the Refunded Obligations). The notices described above shall be substantially in the forms of the notice attached hereto and made a part hereof as Exhibit C-1 and C-2.

SECTION 10. Liability of Trustee.

(a) The Trustee shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The liability of the Trustee to make the payments required by this Agreement with respect to the Refunded Obligations shall be limited to application of the funds deposited with it hereunder and the Trustee shall not be required to expend its own funds for the performance of its duties hereunder. ~~The Trustee shall not be liable for any loss resulting from any investment made pursuant to this Agreement in compliance with the provisions hereof.~~

(b) In the event of the Trustee's failure to account for any of the funds received by it, said funds shall be and remain the property of the City in trust for the holders of the Refunded Obligations as herein provided.

(c) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; or acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

SECTION 11. Termination; Payment; Income from Obligations of the United States of America.

(a) This Agreement shall terminate on the last redemption date of the Refunded Obligations. On and after such date, any moneys remaining on deposit in the 2014 Refunding Trust Fund shall be transferred to the City.

(b) All income from all Obligations of the United States of America in the hands of the Trustee pursuant to this Agreement which is not required for the payment of the principal of and interest on the Refunded Obligations shall be paid to the City by the Trustee, without further authorization or direction.

SECTION 12. Fees of Trustee and Paying Agent.

(a) The Trustee hereby acknowledges that it will receive reasonable and proper compensation for its services, costs, charges and expenses under this Agreement directly from the City and that no such compensation for its services, costs, charges or expenses shall give rise to a lien or charge against the 2014 Refunding Trust Fund or any Trust Property. The Trustee's fee schedule is attached hereto as Exhibit D and the City hereby agrees to promptly pay the same. Subject to the provisions of Section 13 of this Agreement, the Trustee shall be entitled to indemnity from the City against any loss, liability or expense incurred on its part arising out of or in connection with the acceptance or administration of the powers and duties of the trust created pursuant to the provisions of this Agreement, including the cost and expense of defending against any claim or liability in the Trust

Property; provided, however, that neither the Trustee nor paying agent shall assert a lien or claim for payment of such compensation, expenses and disbursements of counsel, losses, liabilities and expenses prior to that of the holders of the Refunded Obligations upon any funds held by the Trustee under this Agreement.

(c) To the extent not paid out of the proceeds of sale of the Refunding Bonds, the City will pay the amounts described in Section 12(a) when billed from its revenues or other available moneys.

(d) The Trustee, as Trustee hereunder and as paying agent for the Refunded Obligations, acknowledges that the above-specified provisions for payment are satisfactory to it.

(e) The indemnities provided to the Trustee and the paying agent under this Agreement shall survive the termination of this Agreement or the sooner resignation or removal of the Trustee or paying agent, as applicable, and shall inure to the benefit of the Trustee's and paying agent's successors and assigns.

SECTION 13. Duties of Trustee; Evidence Upon Which Trustee May Act; Qualifications of Trustee; Resignation of Trustee; Removal of Trustee; Successor Trustee.

(a) The duties and obligations of the Trustee hereunder shall be determined solely by the express provisions of this Agreement and the Resolution, and the Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and therein and to act in good faith in the performance thereof, and no implied duties or obligations shall be incurred by the Trustee other than those specified herein and therein, and the Trustee shall be fully protected when acting or omitting to act in good faith upon the advice of counsel, who may be counsel to the City. The Trustee acknowledges receipt of a certified copy of the Series Resolution adopted by the Council of the City on June 3, 2014.

(b) The Trustee may act through its agents and attorneys appointed with due care following reasonable advance written notice to the City, in the case of such notice other than as contemplated by Section 9 hereof.

(c) Subject to the provisions of Section 13(a) hereof, the Trustee may conclusively rely, as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, consent, opinion, notice or other document furnished to the Trustee pursuant to any provision of this Agreement. Any request, consent, certificate, notice, appointment or other direction made or given by the City to the Trustee shall be deemed to have been sufficiently made or given by the proper party or parties if executed on behalf of the City by an authorized officer thereof.

(d) There shall at all times be a Trustee hereunder which shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise corporate trust powers, having a combined capital, surplus and undivided profits of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus and undivided profits as set forth in its most recent report of condition as published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in Section 13(e) below.

(e) The Trustee may resign from its duties under this Agreement upon thirty (30) days written notice to the City. If Regions Bank, Nashville, Tennessee shall cease to be eligible to act as Trustee hereunder, shall resign as Trustee, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If requested in writing by the City, such predecessor Trustee shall execute such agreements, assignments and other documents as shall be necessary to vest in a successor trustee all the title, rights, duties and obligations of such bank under this Agreement and in the Obligations of the United States of America and other funds deposited or to be deposited or received by the Trustee under this Agreement and the City shall mail a copy of the notice of such appointment to the registered owners of the Refunded Obligations at that time outstanding and to the Bond Insurer(s) of the Refunded Obligations. Upon acceptance by such successor trustee of the trusts created hereunder, all further title, rights, duties and obligations of Regions Bank, Nashville, Tennessee, under this Agreement shall cease and determine and be discharged, except for rights or liabilities theretofore accrued to or by the City or Regions Bank, Nashville, Tennessee.

(f) At any time within one year after such vacancy shall have occurred, the holders of a majority in principal amount of the Refunded Obligations then outstanding or the Bond Insurer(s), as applicable, by an instrument in writing, filed with the governing body of the City, may appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the City. Photographic copies of each such instrument shall be delivered promptly by the City to the predecessor Trustee and to the Trustee so appointed by the bondholders. In the case of conflicting appointments made under this paragraph, the first effective appointment made during the one-year period shall govern.

(g) If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 13, the retiring Trustee may apply to any court of competent jurisdiction located in Memphis, Shelby County, Tennessee to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(h) Any successor Trustee appointed as provided in this Agreement shall execute, acknowledge and deliver to the City and to its predecessor any instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation and removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor and the Trust Property hereunder, with like effect as if originally named as Trustee herein; but nevertheless, on written request by the City or the request of the successor, the predecessor shall execute and deliver an instrument or instruments transferring to such successor the Trust Property described herein and all rights, powers and authority of the predecessor with respect thereto. Upon request of any such successor, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and authority. No successor shall accept appointments as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of this Section 13.

SECTION 14. Tax Covenant. Any other provision of this Agreement to the contrary notwithstanding, the City hereby covenants with the owners from time to time of the Refunding Bonds that it will not use, or permit the use of, any proceeds of the Refunded Obligations or the Refunding Bonds, or of moneys or funds held by the Trustee under this Agreement that may be deemed to be the proceeds of the Refunded Obligations or the Refunding Bonds pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 and regulations adopted thereunder, as each is then in effect, in a manner that would cause any of the Refunded Obligations or Refunding Bonds to be subjected to treatment under said Sections 103 and 141 through 150 as an "arbitrage bond," and to that end the City

shall comply with all applicable Internal Revenue Service regulations proposed and promulgated thereunder.

SECTION 15. Notice of Refunding and Defeasance.

(a) The Trustee acknowledges that prior to the delivery of the Refunding Bonds a notice was mailed to the holders of the Series 2005 Bonds and of the Series 2007 Bonds that the City intended to issue the Refunding Bonds.

(b) The Trustee agrees to mail notices substantially in the form set forth as Exhibit E-1 and E-2 hereto after the issuance of the Refunding Bonds to each registered owner of Refunded Obligations.

(c) The Trustee agrees to file the notice referred to in subsection (b) above with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system within ten (10) days of issuance of the Refunding Bonds, pursuant to Securities and Exchange Commission Rule 15c2-12.

SECTION 16. Benefit of Agreement; Amendments. This Agreement is made pursuant to and in furtherance of the Resolution for the benefit of the City and the holders from time to time of the Refunded Obligations. This Agreement shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Trustee; provided, however, that the City and the Trustee may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

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

(c) to subject to this Agreement additional funds, securities or properties.

The Trustee shall be entitled to rely conclusively upon an unqualified opinion of counsel of recognized standing in the field of law relating to municipal bonds with respect to compliance with this Section, including (i) the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Obligations, and (ii) the extent, if any, to which any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 17. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Agreement, and the invalidity thereof shall in no way affect the validity of other provisions of this Agreement or of the Refunded Obligations, but the holders of the Refunded Obligations shall retain all the rights and benefits accorded them hereunder and under applicable provisions of law.

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

SECTION 18. Laws and Place of Enforcement of This Agreement. This Agreement shall be construed and interpreted in accordance with the laws of the State of Tennessee without regard to conflict of law principles and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State of Tennessee.

SECTION 19. Definitions. All capitalized terms used in this Agreement, including the preambles hereto, which are not otherwise defined in this Agreement shall for all purposes of this Agreement have the respective meanings specified in the Resolution.

SECTION 20. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 21. Section Headings. The headings of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF MEMPHIS, TENNESSEE

By _____
Comptroller

By _____
A C Wharton, Jr.
Mayor

Approved as to Form:

City Attorney

REGIONS BANK, as Trustee

By: _____

Its: _____

EXHIBIT A-1

**Schedule of Total Debt Service for
Sanitary Sewerage System Revenue Bonds, Series 2005, of the City of Memphis, Tennessee, dated
December 20, 2005**

[Excerpted from the Independent Accountant's Verification Report of _____,
dated June __, 2014]

EXHIBIT A-2

**Schedule of Total Debt Service for Sanitary Sewerage System Revenue Bonds, Series 2007
of the City of Memphis, Tennessee, dated December 18, 2007**

[Excerpted from the Independent Accountant's Verification Report of _____,
dated June ____, 2014]

EXHIBIT A-3

**Escrow Fund Cash Flow for the City of Memphis, Tennessee
Sanitary Sewerage System Revenue Bonds, Series 2005, dated December 20, 2005, and Sanitary
Sewerage System Revenue Bonds, Series 2007, dated December 18, 2007**

[Excerpted from the Independent Accountant's Verification Report of _____
dated June ____, 2014]

EXHIBIT B

**Obligations of the United States of America Purchased in Connection with the Refunding of the
Series 2005 Bonds and Series 2007 Bonds**

[Excerpted from the Independent Accountant's Verification Report of _____,
dated June ____, 2014]

EXHIBIT C-1

NOTICE OF REDEMPTION AS TO:

City of Memphis, Tennessee

Sanitary Sewerage System Revenue Bonds, Series 2005, dated December 20, 2005, maturing July 1, 2016 through July 1, 2025, inclusive (the "Bonds")

NOTICE IS HEREBY GIVEN that the City of Memphis, Tennessee (the "Issuer"), has elected to and does exercise its option to call and redeem on July 1, 2015 (the "Redemption Date"), the following maturities of the above-referenced Bonds:

Maturity Date	Principal Amount Refunded	Interest Rate (%)	CUSIP Number
7/1/2016			
7/1/2017			
7/1/2018			
7/1/2019			
7/1/2020			
7/1/2021			
7/1/2022			
7/1/2023			
7/1/2024			
7/1/2025			

The holders of the above-described Bonds are hereby notified to present the same to Bank of New York Mellon Trust Company, N.A., New York, New York, as Registration Agent, where redemption shall be made at the price of par, plus accrued July 1, 2015, upon each such Bond herein called for redemption and such Bonds shall not bear interest beyond July 1, 2015.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Dated: June __, 2014

By: Bank of New York Mellon Trust Company, N.A.
As Paying Agent/Registrar

CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of CUSIP numbers, nor is a representation made as to their accuracy on the Bonds. They are included solely for the convenience of the holders.

EXHIBIT C-2

NOTICE OF REDEMPTION AS TO:

City of Memphis, Tennessee

Sanitary Sewerage System Revenue Bonds, Series 2007, dated December 20, 2007, maturing October 1, 2018, through October 1, 2027, inclusive (the "Bonds")

NOTICE IS HEREBY GIVEN that the City of Memphis, Tennessee (the "Issuer"), has elected to and does exercise its option to call and redeem on October 1, 2017 (the "Redemption Date"), the following maturities of the above-referenced Bonds:

Maturity Date	Principal Amount Refunded	Interest Rate (%)	CUSIP Number
10/01/2018			
10/01/2019			
10/01/2020			
10/01/2021			
10/01/2022			
10/01/2023			
10/01/2024			
10/01/2025			
10/01/2026			
10/01/2027			

The holders of the above-described Bonds are hereby notified to present the same to Bank of New York Mellon Trust Company, N.A, New York, New York, as Registration Agent, where redemption shall be made at the price of par, plus accrued interest to the date of redemption. The redemption price will become due and payable on October 1, 2017, upon each such Bond herein called for redemption and such Bonds shall not bear interest beyond October 1, 2017.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Dated: _____

By: Bank of New York Mellon Trust Company, N.A.
As Paying Agent/Registrar

* CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of CUSIP numbers, nor is a representation made as to their accuracy on the Bonds.

EXHIBIT D

Trustee's Fee Schedule

To Refunding Trust Agreement dated as of June __, 2014, by and between the City of Memphis, Tennessee and Regions Bank, Nashville, Tennessee, as Trustee

In connection with its duties hereunder, Trustee shall receive the following fee:

ANNUAL FEE: (Payable in advance, to be billed by Trustee)

Annual Fee: \$500.00

EXHIBIT E-1

**NOTICE OF REFUNDING AND FINANCIAL DEFEASANCE OF THE OUTSTANDING
SANITARY SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005
OF THE CITY OF MEMPHIS, TENNESSEE**

Maturity Date	Principal Amount Refunded	Interest Rate (%)	CUSIP Number*
7/1/2016			
7/1/2017			
7/1/2018			
7/1/2019			
7/1/2020			
7/1/2021			
7/1/2022			
7/1/2023			
7/1/2024			
7/1/2025			

Notice is hereby given that the City of Memphis, Tennessee (the "City") refunded the above-stated maturities of its Sanitary Sewerage System Revenue Bonds, Series 2005, of the City of Memphis, Tennessee, dated December 20, 2005, maturing July 1, 2016 through July 1, 2025, inclusive (the "Refunded Bonds"), by the issuance, on June __, 2014, of its Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Refunding Bonds") and the deposit with Regions Bank, Nashville, Tennessee, as Trustee, a portion of the proceeds of the Refunding Bonds (the "Trust Funds") sufficient to provide for the payment of principal of and interest on the Refunded Bonds on July 1, 2015 at a redemption price of par, plus accrued interest to the redemption date. On the date hereof, the Trust Funds have been deposited with the Trustee and the Refunded Bonds have been defeased.

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to André D. Walker, Finance Deputy Director, 125 North Main, Room 368, Memphis, Tennessee 38103-2017; telephone (901) 576-6324.

Dated: June __, 2014.

City of Memphis, Tennessee

*CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of CUSIP numbers, nor is a representation made as to their accuracy on the Bonds.

EXHIBIT E-2

**NOTICE OF REFUNDING AND FINANCIAL DEFEASANCE OF THE OUTSTANDING
SANITARY SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007
OF THE CITY OF MEMPHIS, TENNESSEE**

Maturity Date	Principal Amount Refunded	Interest Rate (%)	CUSIP Number *
10/01/2018			
10/01/2019			
10/01/2020			
10/01/2021			
10/01/2022			
10/01/2023			
10/01/2024			
10/01/2025			
10/01/2026			
10/01/2027			

Notice is hereby given that the City of Memphis, Tennessee (the "City") advance refunded the above-stated maturities of its Sanitary Sewerage System Revenue Bonds, Series 2007, of the City of Memphis, Tennessee, dated December 20, 2007, maturing October 1, 2018 through October 1, 2027, inclusive (the "Refunded Bonds"), by the issuance, on June __, 2014, of its Sanitary Sewerage System Revenue Refunding Bonds, Series 2014 (the "Refunding Bonds") and the deposit with Regions Bank, Nashville, Tennessee, as Trustee, a portion of the proceeds of the Refunding Bonds (the "Trust Funds") sufficient, together with investment income thereon, to provide for the payment of principal of and interest on the Refunded Bonds maturing October 1, 2018 through October 1, 2027, inclusive, until their optional redemption date of October 1, 2017. The Refunded Bonds left outstanding will be redeemed on October 1, 2017, in accordance with a separate notice of redemption, at a redemption price of par, plus accrued interest to the redemption date. On the date hereof, the Trust Funds have been deposited with the Trustee and the Refunded Bonds have been defeased.

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to André D. Walker, Finance Deputy Director, 125 North Main, Room 368, Memphis, Tennessee 38103-2017; telephone (901) 576-6324.

Dated: June __, 2014.

City of Memphis, Tennessee

* CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of CUSIP numbers, nor is a representation made as to their accuracy on the Bonds.