Executive Summary

- The Debt Service Fund is used primarily to fund the required principal and interest on outstanding bonds issued for various capital projects of the City.

- The primary revenue source of the Debt Service Fund is property tax revenue.

- Other revenue sources include reimbursement payments received from outside agencies, interest earnings, and hotel-motel tax revenues.

Revenues/Expenditures
FY2009 Forecast & FY2010 Request

DEBT SERVICE FUND

Category	FY 2009 Forecast	FY 2009 Budget	FY 2010 Proposed
Revenues			
Current Property Taxes	74,566,080	74,566,080	76,057,402
Delinquent Property Taxes	2,550,000	2,550,000	2,550,000
In Lieu Of Taxes-Contractual	1,491,568	1,102,200	1,122,000
Hotel-Motel Tax	398,314	398,314	399,533
Use of Money	2,000,000	2,000,000	2,000,000
Intergovernmental Revenues	2,477,423	2,477,423	2,496,839
Other Sources	19,921,285	20,310,653	16,314,209
TOTAL REVENUES/OTHER SOURCES	**103,404,670**	**103,404,670**	**100,939,983**
EXPENDITURES			
Redemption of serial bonds and notes	62,284,534	62,284,534	64,938,016
Interest	53,353,588	53,353,588	53,991,871
Other	511,584	511,584	350,000
Operating Transfer Out (G/F)	10,000,000		
Total Expenditures/Other Sources	**126,149,706**	**116,149,706**	**119,279,887**
Contribution(Use) of Fund Balance	(22,745,036)	(12,745,036)	(18,339,904)
Fund balance beginning of year	**58,715,528**	**36,183,135**	**35,970,492**
Fund balance end of year	**35,970,492**	**23,438,099**	**17,630,588**

Comparative Revenue Sources
FY08-FY10
(In $000's)

Other Revenue Sources	2010	2009	2008
Orpheum	308,499	308,804	308,553
Defense Depot - 2.0m '98	146,031	191,388	161,763
Defense Depot - 2.0m '00	159,338	159,013	163,900
Memphis Rock 'N Soul	0	0	26,250
Park - JumboTron	353,006	353,356	357,981
Center City	444,600	442,500	444,900
Memphis Housing Authority 6.5 Mil	0	1,478,675	1,479,650
Memphis Housing Authority 3.0 Mil	657,650	655,650	653,050
Memphis Housing Authority 3.0 Mil	644,350	646,525	90,000
Memphis Housing Authority 4.0 Mil	750,700	740,000	120,000
Memphis Yacht Club	20,000	20,000	20,000
Transfer in General Fund	4,119,706	4,170,690	1,257,379
Municipal State Aid Fund	1,768,300	2,389,415	2,389,415
Transfer in Golf	0	0	288,983
Transfer from Stadium	0	0	0
Transfer in Stormwater Fund	4,412,440	4,412,440	2,300,000
Solid Waste Management Fund	1,662,215	1,662,215	0
Transfer from Hotel Motel Fund	867,375	902,813	939,938
Board of Education	0	1,777,170	1,493,793
Total Other Revenue	**$16,314,209**	**$20,310,653**	**$12,495,554**

Debt Profile

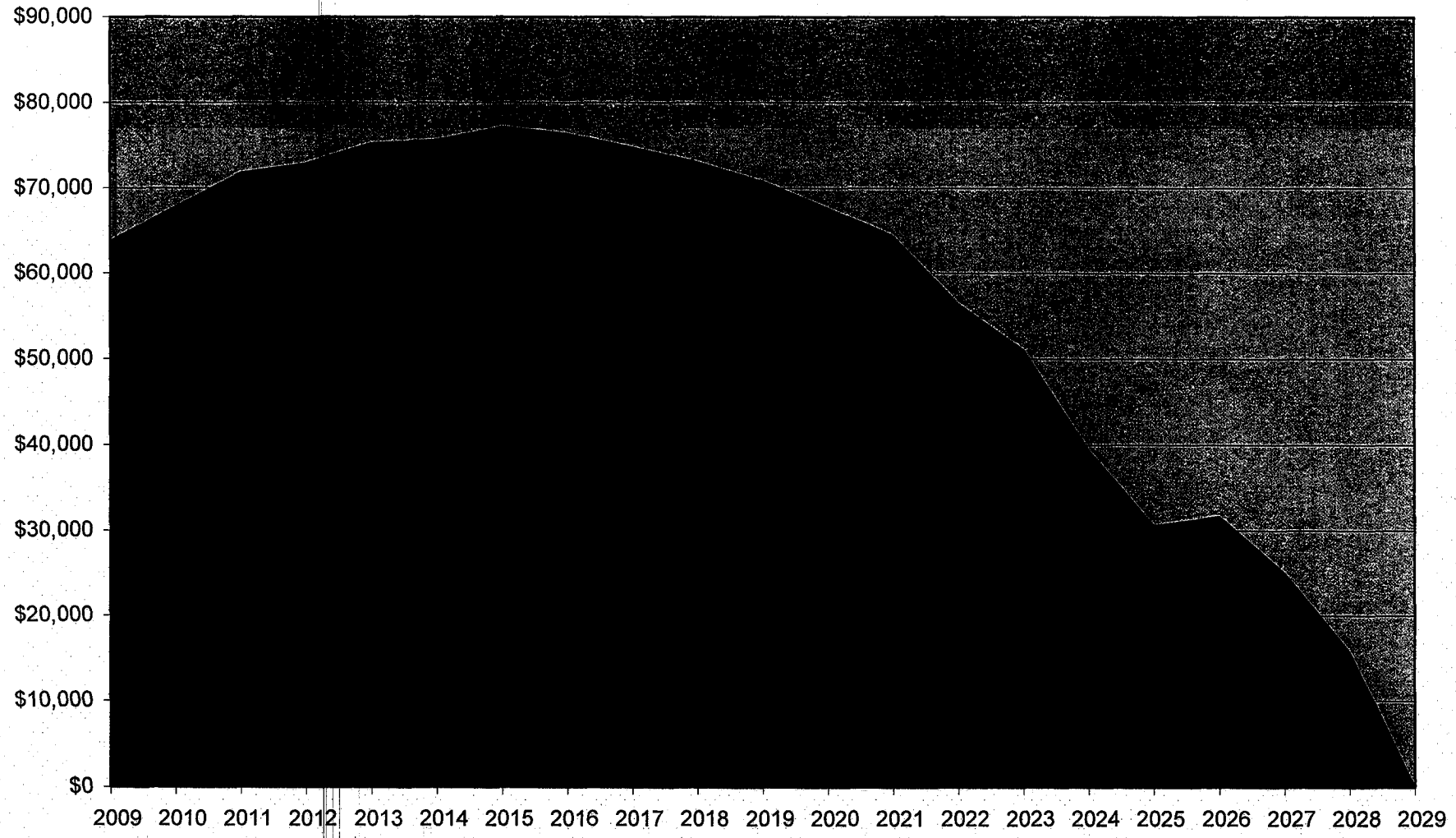
(As of April 23, 2009)

City of Memphis
Fiscal Year 2009
Current Debt Issues

Description		Issue Size	Total Principal Outstanding	Final Maturity
Refunding-Gen Imp	Dec-93A	48.996	6,401,257.70	8/1/2012
Refunding-Gen Imp	May-97	11.055	3,565,000.00	8/1/2011
Refunding-Airport (Forward)	Apr-98	19.290	7,435,000.00	7/1/2012
Refunding-Gen Imp	Sep-98	81.045	5,235,000.00	10/1/2016
Refunding-Gen Imp	Jan-99	42.290	26,360,000.00	10/1/2013
Gen-Imp	May-99	70.000	6,585,000.00	10/1/2020
Gen Imp	Apr-00	140.000	6,105,000.00	4/1/2020
Commercial Paper (150 M)	Sep-02	150.000	150,000,000.00	12/1/2008
Refunding - Gen Imp	Nov-01	92.985	79,925,000.00	11/1/2017
Gen Imp	Jun-02	170.000	20,480,000.00	11/1/2023
Gen Imp	May-03	96.940	44,240,000.00	5/1/2022
Refunding - Gen Imp	Feb-04	34.160	22,840,000.00	10/1/2018
Gen Imp	Nov-06	125.000	112,120,000.00	10/1/2024
Refunding - Gen Imp	Mar-06	166.880	166,880,000.00	10/1/2020
Refunding - Gen Imp	Jun-05B	115.635	115,635,000.00	10/1/2019
Refunding - Gen Imp	Feb-06	115.115	115,115,000.00	11/1/2025
Refunding - Gen Imp	Dec-06	89.385	89,020,000.00	11/1/2022
Gen Imp	May-07	94.935	94,935,000.00	4/1/2027
Lease - First Tennessee	Nov-07	7.510	7,510,000.00	11/1/2013
Gen-Imp	May-08	99.735	99,735,000.00	3/1/2028
Total GO Bonded Debt			**1,180,121,257.70**	

Current Debt Position

Existing Principal
w/$150 Million BANs



Current Debt Position

CITY OF MEMPHIS, TENNESSEE
LONG-TERM DEBT SERVICE SCHEDULE (000's)[1]

Fiscal Year Ending June 30	Existing Debt Service			% of Principal Retired	This Issue			Total Debt Service			% of Principal Retired
	Principal	Interest	Total		Principal	Interest	Total	Principal	Interest	Total	
2009	58,565	50,984	109,549					58,565	50,984	109,549	
2010	61,803	47,811	109,614					61,803	47,811	109,614	
2011	64,777	45,027	109,804					64,777	45,027	109,804	
2012	65,906	42,063	107,969					65,906	42,063	107,969	
2013	68,310	36,526	104,836	**31.00%**				68,310	36,526	104,836	**31.00%**
2014	67,655	33,234	100,889					67,655	33,234	100,889	
2015	69,210	30,029	99,239					69,210	30,029	99,239	
2016	68,410	26,647	95,057					68,410	26,647	95,057	
2017	66,815	23,320	90,135					66,815	23,320	90,135	
2018	65,105	20,034	85,139	**63.74%**				65,105	20,034	85,139	**63.74%**
2019	62,825	16,767	79,592					62,825	16,767	79,592	
2020	59,695	13,806	73,501					59,695	13,806	73,501	
2021	56,500	10,967	67,467					56,500	10,967	67,467	
2022	48,510	8,511	57,021					48,510	8,511	57,021	
2023	43,135	6,110	49,245	**90.01%**				43,135	6,110	49,245	**90.01%**
2024	31,475	4,325	35,800					31,475	4,325	35,800	
2025	22,645	3,124	25,769					22,645	3,124	25,769	
2026	23,700	2,071	25,771					23,700	2,071	25,771	
2027	17,125	1,152	18,277					17,125	1,152	18,277	
2028	7,955	357	8,312	**100.00%**				7,955	357	8,312	**100.00%**
	$1,030,121	**$422,865**	**$1,452,986**		**$0**	**$0**	**$0**	**$1,030,121**	**$422,865**	**$1,452,986**	

(1) $150 million of Bond Anticipation Notes are not included in the principal for Fiscal Year 2009.

Future Debt Position

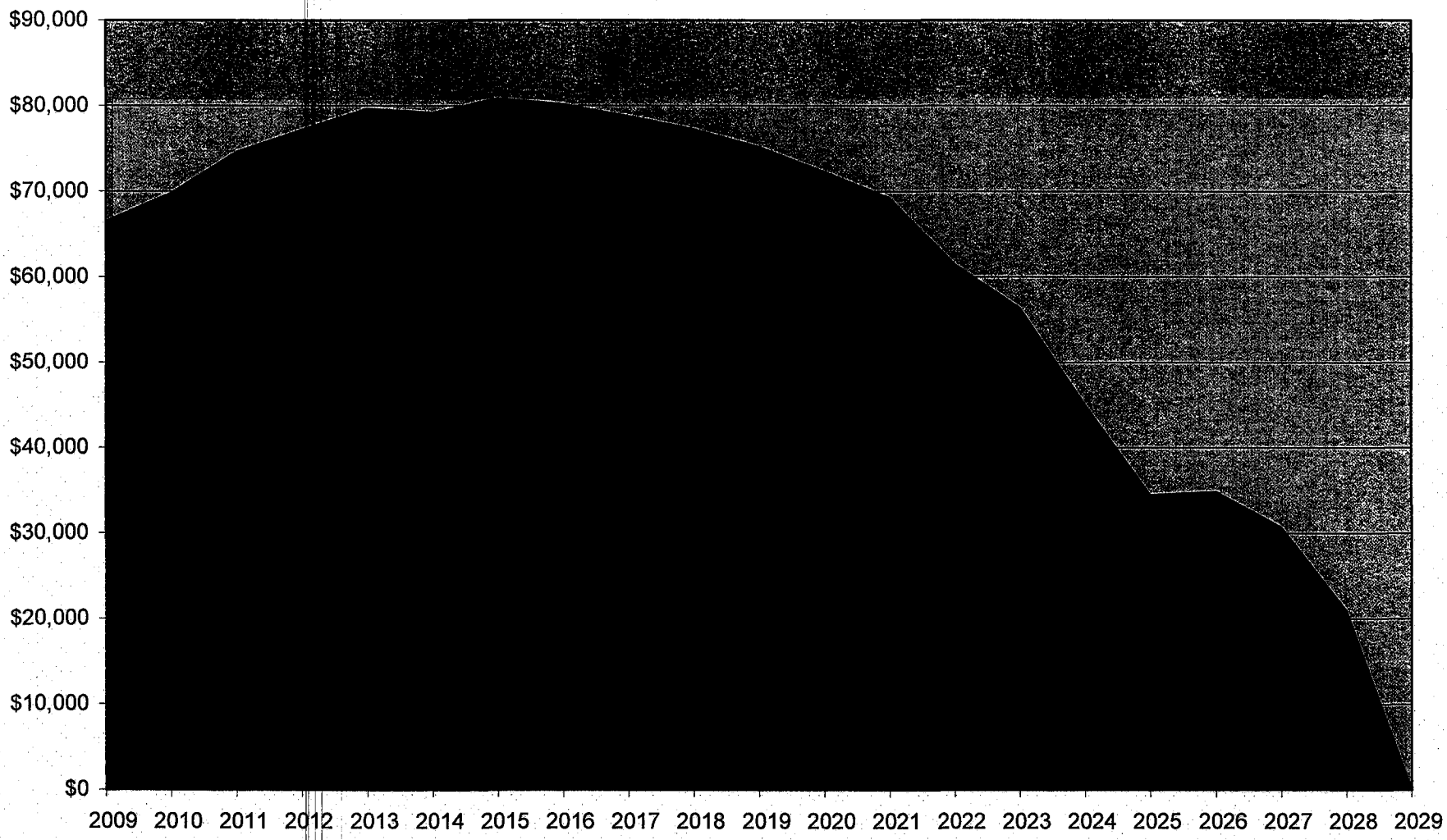
CITY OF MEMPHIS, TENNESSEE
LONG-TERM DEBT SERVICE SCHEDULE (000's)[1]

Fiscal Year Ending June 30	Existing Debt Service			% of Principal Retired	This Issue			Total Debt Service			% of Principal Retired
	Principal	Interest	Total		Principal	Interest	Total	Principal	Interest	Total	
2009	58,565	50,984	109,549					58,565	50,984	109,549	
2010	61,803	47,811	109,614			4,059	4,059	61,803	51,870	113,673	
2011	64,777	45,027	109,804			4,059	4,059	64,777	49,086	113,863	
2012	65,906	42,063	107,969		1,835	4,059	5,894	67,741	46,122	113,863	
2013	68,310	36,526	104,836	**31.00%**	3,315	3,994	7,309	71,625	40,520	112,145	**29.15%**
							0				
2014	67,655	33,234	100,889		3,430	3,878	7,308	71,085	37,112	108,197	
2015	69,210	30,029	99,239		3,550	3,758	7,308	72,760	33,787	106,547	
2016	68,410	26,647	95,057		3,680	3,630	7,310	72,090	30,277	102,367	
2017	66,815	23,320	90,135		3,825	3,483	7,308	70,640	26,803	97,443	
2018	65,105	20,034	85,139	**63.74%**	4,000	3,310	7,310	69,105	23,344	92,449	**61.11%**
							0				
2019	62,825	16,767	79,592		4,180	3,130	7,310	67,005	19,897	86,902	
2020	59,695	13,806	73,501		4,365	2,942	7,307	64,060	16,748	80,808	
2021	56,500	10,967	67,467		4,570	2,740	7,310	61,070	13,707	74,777	
2022	48,510	8,511	57,021		4,785	2,523	7,308	53,295	11,034	64,329	
2023	43,135	6,110	49,245	**90.01%**	5,030	2,278	7,308	48,165	8,388	56,553	**87.49%**
							0				
2024	31,475	4,325	35,800		5,285	2,020	7,305	36,760	6,345	43,105	
2025	22,645	3,124	25,769		5,570	1,736	7,306	28,215	4,860	33,075	
2026	23,700	2,071	25,771		5,880	1,430	7,310	29,580	3,501	33,081	
2027	17,125	1,152	18,277		6,200	1,107	7,307	23,325	2,259	25,584	
2028	7,955	357	8,312	**100.00%**	6,545	766	7,311	14,500	1,123	15,623	**99.38%**
2029			0	**100.00%**	6,910	398	7,308	6,910	398	7,308	**100.00%**
	$1,030,121	**$422,865**	**$1,452,986**		**$82,955**	**$55,300**	**$138,255**	**$1,113,076**	**$478,165**	**$1,591,241**	

(1) $150 million of Bond Anticipation Notes are not included in the principal for Fiscal Year 2009.

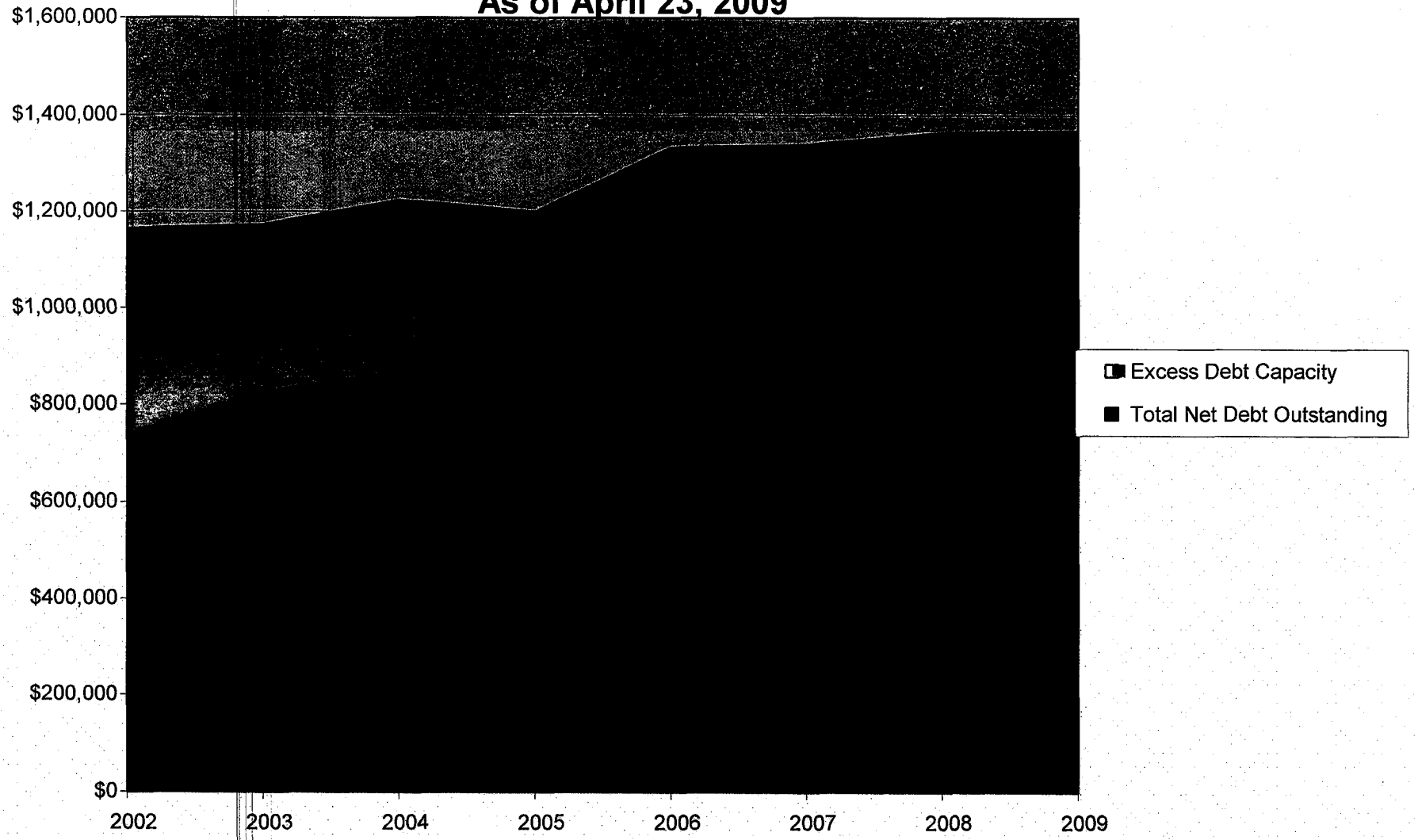
Future Debt Position

New Principal
(includes $150 million BANs and new issue of $80 million)



Debt Capacity

Debt Capacity Based on City Debt Policy
(In Thousands)
As of April 23, 2009



	2002	2003	2004	2005	2006	2007	2008	2009
Total Net Debt Outstanding	$827,549	$869,400	$917,384	$986,312	1,009,532	1,025,081	1,114,247	1,166,557
Excess Debt Capacity	344,239	354,709	281,641	346,725	329,199	339,294	252,861	293,899
Maximum Debt @ 12% - City Policy	1,224,109	1,199,025	1,333,037	1,338,731	1,364,375	1,364,375	1,367,108	1,460,456

Strategies to Lower Debt Service Costs

- Continue use of Short-term programs such as Commercial Paper and Bond Anticipation Notes for lower interest cost.

- Reduce Bond Funded Improvement Spending and lower future bond issuance volume.

- Engage in Refunding Opportunities at appropriate times.

Summary of Refundings

Closing Date	Series Number	Type of Bonds	Original Bond Size ($)	Lead Underwriter	PV Savings	Percentage %
08/31/89	1993	General Improvement Refunding	24,455,000	First Chicago Capital Market	781,807	8.4
08/31/89	1993A	Sanitary Sewerage System Rev. & Refg.	14,805,000	Morgan Keegan & Company	672,866	4.9
12/15/89	1993A	General Improvement Refunding	42,595,000	Bear , Stearns & Co.	2,656,958	6.1
12/15/89	1993A	General Improvement Refunding	6,401,258	Bear , Stearns & Co.		
08/20/92	1996	General Improvement Refunding	50,130,000	Lehman Brothers	1,682,807	3.5
05/05/93	1997	General Improvement Refunding	11,055,000	Morgan Keegan & Company	671,408	6.1
08/15/93	1995A	General Improvement Refunding	26,200,000	J.P. Morgan Securities, Inc.	(See Note 1)	
08/15/93	1995B	General Improvement Refunding	13,500,000	J.P. Morgan Securities, Inc.		
04/01/94	1998	General Improvement Refunding	19,290,000	Morgan Keegan & Company	1,179,990	6.3
09/01/98	1998A	General Improvement Refunding	81,045,000	Morgan Keegan & Company	1,805,328	2.3
01/01/99	1999	General Improvement Refunding	42,290,000	Morgan Keegan & Chapman	1,539,457	3.7
01/30/01	2001	Sanitary Sewerage System Rev. & Refg.	20,795,000	Morgan Keegan & Company	890,935	4.3
11/01/01	2001	General Improvement Refunding	92,985,000	First Tennessee Capital Markets	3,629,994	3.6
08/15/02	2002	General Improvement Refunding	24,040,000	Morgan Keegan & Company	1,211,273	5.1
08/15/02	2002	Sanitary Sewerage System Rev. & Refg.	22,805,000	Harvestons Securities, Inc	921,630	4.2
02/19/04	2004	General Improvement Refunding	34,160,000	Morgan Keegan & Company, Inc.	1,573,310	4.6
03/15/05	2005	General Improvement Refunding	166,880,000	Morgan Keegan & Company, Inc.	7,832,566	3.8
06/22/05	2005B	General Improvement Refunding	115,635,000	Morgan Keegan & Company, Inc.	5,163,847	3.7
02/28/06	2006B	General Improvement Refunding	38,185,000	Merrill Lynch	560,542	1.5
09/06/06	2006	Sanitary Sewerage System Rev. & Refg.	20,220,000	Duncan Williams, Inc.	1,334,732	6.6
12/20/06	2006C	General Improvement Refunding	89,385,000	Morgan Keegan & Company, Inc.	4,802,516	5.2
				Savings	**$38,911,966**	

Total Par Amount of Refundings $956,856,258
Total Number of Refundings 21

Note 1 - Savings will be realized from a reduction in both credit facility & remarketing fees of approximately $1.1 Million over the life of the loan.

City's Financial Outlook

(Upgrade)

A Positive
to
AA Stable

Standard & Poor's

Standard & Poor's affirmed its 'AA' Long –term rating and stable outlook in **2009** due to diverse economic base, efforts to restore and maintain strong reserves; and strong financial management, including institutionalized policies to support consistent financial results, and a demonstrated willingness of proactive budget monitoring.

City's Financial Outlook

(Upgrade)

A+ Stable
to
A+ Positive

Fitch

The revision of the Outlook to **Positive** from **Stable** reflects significant improvements in Memphis' financial operations. Fiscal 2006 and 2007 general fund results were strong, and the city's unreserved general fund balance now exceeds management's goal. Management's efforts to strengthen the city's financial condition have been effective, although some challenges remain.

4-15-08

City's Financial Outlook

(Upgrade)

A1 Stable
to
A1 Positive

Moody's

Moody's affirmed the A1 rating due to improved financial operations, and continuing strengthening of the General Fund reserves. 2009

4-15-08