AN INITIAL RESOLUTION OF THE COUNCIL OF THE CITY OF MEMPHIS, TENNESSEE AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENT TO THE AMENDED AND RESTATED INTERLOCAL AGREEMENT DATED MAY 15, 2002 AS SUPPLEMENTED AUGUST 10, 2004 TO EFFECT THE RE-FINANCING OF THE MEMPHIS ARENA PROJECT TO BE RE-FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC., RELATING TO THE ISSUANCE OF NOT EXCEEDING IN AGGREGATE PRINCIPAL AMOUNT $160,000,000 OF REVENUE REFUNDING BONDS OF THE AUTHORITY IN TWO OR MORE SERIES PURSUANT TO THE PROVISIONS OF CHAPTER 67, TITLE 7 AND PARTS 3 AND 10 OF CHAPTER 21 OF TITLE 9 OF THE TENNESSEE CODE ANNOTATED TO REFINANCE A PORTION OF THE COST OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MEMPHIS ARENA PROJECT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, The Memphis and Shelby County Sports Authority, Inc. (the "Authority") is authorized pursuant to Section 7-67-112 of the Tennessee Code Annotated to issue bonds, including the refunding of certain outstanding obligations of the Authority as described below, in accordance with the applicable provisions of Title 9, Chapter 21 of the Tennessee Code Annotated; and

WHEREAS, the Authority on May 29, 2002 issued its Revenue Bonds 2002 Series A (Memphis Arena Project) and Revenue Bonds, 2002 Series B (Memphis Arena Project) (collectively, the "2002 Senior Lien Revenue Bonds"), and its Subordinate Lien Revenue Bonds, 2002 Series C, Junior Subordinate Lien Revenue Bonds, 2002 Series D and Junior Subordinate Lien Revenue Bonds, 2002 Series E (collectively, the "2002 Subordinate Lien Revenue Bonds," which together with the 2002 Senior Lien Revenue Bonds are collectively hereafter referred to as the "2002 Revenue Bonds"), pursuant to Chapter 67 of Title 7 and Part 3 of Chapter 21 of Title 9 of the Tennessee Code Annotated, to finance the cost of acquisition, construction, and equipping of a new multipurpose arena (the "Project") to accommodate a National Basketball Association Franchise known as the "Grizzlies" and other sports, entertainment and civic events, including related and ancillary facilities and costs of issuance related to such 2002 Revenue Bonds.

WHEREAS, the Authority, Shelby County (the "County") and the City of Memphis, Tennessee (the "City") previously entered into an Interlocal Agreement (the "Interlocal Agreement") entitled, "**AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.,**" dated as of May 15, 2002 in connection with the 2002 Revenue Bonds; and

WHEREAS, the Authority on April 3, 2007 issued its Variable Rate Demand Revenue Refunding Bonds (Memphis Arena Project), 2007 Series A and 2007 Series B (the "Refunded Bonds) and Revenue Refunding Bonds (Memphis Arena Project) 2007 Series C and 2007 Series D (collectively, with the Refunded Bonds, the "2007 Refunding Bonds") for the purpose of refunding a portion of the 2002 Revenue Bonds; and

WHEREAS, the Authority, the County and the City previously entered into a Supplement (the "Supplement") to the Interlocal Agreement entitled, "**SUPPLEMENT DATED AUGUST 10, 2004 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.,**" dated August 10, 2004 in connection with the refunding of a portion 2002 Revenue Bonds; and

WHEREAS, Parts 3 and 10 of Chapter 21 of Title 9 of the Tennessee Code Annotated set forth provisions relating to the issuance of revenue bonds; and

WHEREAS, Section 9-21-304 of the Tennessee Code Annotated requires the adoption and publication of an Initial Resolution relating to the issuance of revenue bonds; and

WHEREAS, pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, the City and the County believe it is in the best interests of the citizens of the City of Memphis and Shelby County, Tennessee to confirm that certain revenues are pledged to the Authority to support its issuance of Revenue Refunding Bonds for the purposes of refunding all or a portion of the Refunded Bonds and costs of issuance, and, in furtherance of the foregoing, the City, the County and the Authority propose to enter into a second supplement (the "Second Supplement") to the Interlocal Agreement; and

WHEREAS, in the event the revenues pledged to the support of the 2002 Revenue Bonds, the 2007 Refunding Bonds, any bonds which refund all or a portion of the 2007 Refunding Bonds (the "2009 Revenue Refunding Bonds") (collectively, the "Senior Lien Obligations") shall prove to be insufficient to pay the Senior Lien Obligations in any bond year, the City and the County, pursuant to the provisions of Section 7-67-116 of the T.C.A., have covenanted and will confirm such covenant in the Interlocal Agreement, as supplemented, to timely appropriate (the "Senior Debt Service Reserve Fund Replenishment Obligation") from legally available non-ad valorem revenues, in the fiscal year following the date of such deficit, but no later than October 31 of such fiscal year, sufficient moneys to replenish draws from the Senior Debt Service Reserve Fund relating to the Senior Lien Obligations used to pay Senior Lien Obligations in the prior year; and

WHEREAS, the obligation of the City and the County under the Interlocal Agreement, as supplemented to replenish draws on the debt service reserve fund relating to the Senior Lien Obligations shall be apportioned on the following basis: 50% County and 50% City, and shall not be joint; and

WHEREAS, depending on prevailing market conditions, the Authority may determine to issue its 2009 Revenue Refunding Bonds in separate series and at different times.

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

SECTION 1. The recitals set forth above are adopted by the Council as the findings of the City and are incorporated herein.

SECTION 2. That the Authority expects to issue its 2009 Revenue Refunding Bonds for the purpose of refunding all or a portion of the Refunded Bonds and related costs and costs of issuance.

SECTION 3. That the Senior Lien Obligations shall be payable on a parity with any of the Series 2002 Senior Lien Revenue Bonds and 2007 Refunding Bonds remaining outstanding after the issuance of the Series Senior Lien Obligations, from the following revenue sources: (1) the seat-use fee at the new multipurpose arena and from NBA events at the Pyramid Arena, (2) the rebate of sales tax revenues to the City and County for the exclusive use of the Authority derived from NBA events, concessions and the sale of NBA franchised merchandise in the County as authorized by §§67-6-103(d)(1) and 67-6-712 of the Tennessee Code Annotated, (3) City Hotel/Motel Tax Revenues pledged to the Authority pursuant to the provisions to §7-67-116 of the Tennessee Code Annotated, (4) certain County Hotel/Motel Tax Revenues pledged to the Authority pursuant to the provisions to §7-67-116 of the Tennessee Code Annotated, (5) payments in lieu of taxes from the Water Division of Memphis Light, Gas and Water pledged to the Authority pursuant to the provisions to §7-67-116 of the Tennessee Code Annotated and (6) certain rental car taxes collected pursuant to §67-4-1907 of the Tennessee Code Annotated and pledged to the Authority pursuant to the provisions of §7-67-116 of the Tennessee Code Annotated. Additionally, the City of Memphis and Shelby County, Tennessee will enter into a supplement to the Interlocal Agreement pursuant to the provisions of Chapter 9 of Title 12 and §7-67-116 of the Tennessee Code Annotated pursuant to which the City and the County will individually agree that in the event such revenues pledged to the support of the Senior Lien Obligations prove to be insufficient to pay debt service on such Senior Lien Obligations to timely appropriate from legally available non-ad valorem tax revenues, in the fiscal year following the date of such deficit, but no later than October 31 of such fiscal year, sufficient moneys to replenish draws from the debt service reserve fund used to make payment of the Senior Lien Obligations in the prior year. The obligation of the County and the City to replenish draws on the debt service reserve fund relating to the Senior Lien Obligations is apportioned on the following basis: 50% County and 50% City and shall not be joint.

SECTION 4. That the maximum amount of the City's Senior Debt Service Reserve Fund Replenishment Obligation under the Interlocal Agreement, as supplemented, is the debt service and related payment obligations under any related interest rate swap agreement (exclusive of any termination payments or penalties thereunder) on not to exceed $125,000,000 of the Authority's Senior Lien Revenue Bonds, which is approximately one-half (½) of the such bonds.

SECTION 5. That the City's Senior Debt Service Reserve Fund Replenishment Obligation under the Interlocal Agreement, as supplemented, shall not bear interest, and that the 2009 Revenue Refunding Bonds shall bear interest at an average net interest cost of not to exceed the maximum rate permitted by law.

SECTION 6. That the Second Supplement to the Interlocal Agreement, in substantially the form presented at this meeting, be and the same is hereby approved and the Mayor is hereby authorized to execute his signature thereon on behalf of the City.

SECTION 7. THAT ANYTHING IN THIS INITIAL RESOLUTION TO THE CONTRARY NOTWITHSTANDING THE 2009 REVENUE REFUNDING BONDS AND THE DEBT SERVICE RESERVE REPLENISHMENT OBLIGATION AND THE SENIOR LIEN OBLIGATIONS ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY, THE CITY OF MEMPHIS OR SHELBY COUNTY, TENNESSEE, BUT ARE REVENUE OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS, SPECIFICALLY PLEDGED TO SUCH OBLIGATIONS, AND NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, THE CITY AND THE COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON SUCH BONDS OR THE DEBT SERVICE RESERVE REPLENISHMENT OBLIGATION ON SUCH SENIOR LIEN OBLIGATIONS OR OTHER COSTS INCIDENT THERETO, EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, THE COUNTY AND THE CITY, ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON SUCH BONDS OR THE DEBT SERVICE RESERVE REPLENISHMENT OBLIGATION ON SUCH SENIOR LIEN OBLIGATIONS OR OTHER COSTS INCIDENT THERETO.

SECTION 8. The City hereby approves the issuance by the Authority of the 2009 Revenue Refunding Bonds in separate series and at separate times.

SECTION 9. This Resolution shall be published in full once in a newspaper of general circulation in Shelby County, Tennessee.

SECTION 10. The Mayor is hereby authorized to execute and deliver all papers, certificates, receipts, and other documents he may deem necessary or desirable, and to take all steps he may deem necessary or desirable to effect the transactions contemplated by this Resolution.

SECTION 11. This Resolution shall take effect immediately, and all resolutions in conflict with this Resolution are herewith repealed to the extent of such inconsistency.

_____
Mayor

ATTEST:

_____
Comptroller

Adopted:_____

SECOND SUPPLEMENT DATED MAY __, 2009
TO
AMENDED AND RESTATED INTERLOCAL AGREEMENT
RELATING TO THE FINANCING OF
THE PROPOSED SPORTS AND BASKETBALL ARENA
TO BE FINANCED BY
THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.

THIS SECOND SUPPLEMENT TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC. (the "Second Supplement"), dated May __, 2009 by and among Shelby County, Tennessee, a county of the State of Tennessee (the "County"), the City of Memphis, Tennessee (the "City") and The Memphis and Shelby County Sports Authority, Inc. (the "Authority").

WHEREAS, in connection with the Authority's Revenue Bonds, 2002 Series A (Memphis Arena Project) and Revenue Bonds, 2002 Series B (Memphis Arena Project) (collectively, the "2002 Senior Lien Bonds") issued to finance the cost of acquisition, construction, and equipping of a new multipurpose arena (the "Project") to accommodate a National Basketball Association Franchise known as the "Grizzlies" and other sports, entertainment and civic events, the Authority, the County and the City entered into an "Amended and Restated Interlocal Agreement Relating to the Financing of the Proposed Sports and Basketball Arena to be Financed by the Memphis and Shelby County Sports Authority, Inc.", dated May 15, 2002 (the "Original Agreement" and together with this Supplement, the "Agreement"), which, *inter alia*, pledged certain "Revenues" to the 2002 Senior Lien Bonds and other subordinate obligations as contemplated by the Original Agreement, as well as provided the City's and County's commitments relative to the "Senior Debt Service Reserve Fund Replenishment Obligation" as described in the Original Agreement; and

WHEREAS, on April 3, 2007 the Authority issued its Variable Rate Demand Revenue Bonds, 2007 Series A and 2007 Series B and Revenue Refunding Bonds, 2007 Series C and 2007 Series D (collectively, the "2007 Senior Lien Revenue Refunding Bonds") to refund a portion of the 2002 Senior Lien Bonds; and

WHEREAS, pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, the City and the County believe it is in the best interests of the citizens of the City of Memphis and Shelby County, Tennessee to confirm that certain Revenues are pledged to the Authority to support its issuance of revenue refunding bonds (the "2009 Senior Lien Revenue Refunding Bonds") for the purposes of refunding all or a portion of the 2007 Senior Lien Revenue Refunding Bonds, financing termination payments of interest rate swaps related to 2007 Senior Lien Revenue Refunding Bonds, and paying costs of issuance, and in furtherance of the foregoing, the City, the County and the Authority desire to enter into this Supplement to the Original Agreement; and

WHEREAS, the County, the City and the Authority desire to supplement the Original Agreement to confirm that the Senior Debt Service Reserve Fund Replenishment Obligation under the Agreement includes replenishment of any draws on the Senior Debt Service Reserve Fund to pay principal of and interest on the 2002 Senior Lien Revenue Bonds, the 2007 Senior Lien Revenue Refunding Bonds, the 2009 Senior Lien Revenue Refunding Bonds and any payments under any related interest rate swap agreement (exclusive of any termination payment or other penalties thereunder) (collectively, the "Senior Lien Obligations"); and

WHEREAS, depending on prevailing market conditions, the Authority may determine to issue its 2009 Senior Lien Revenue Refunding Bonds in separate series and at different times.

NOW, THEREFORE, the parties hereto agree as follows:

1. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Original Agreement, as supplemented.

2. All references in the Agreement to the Senior Lien Revenue Bonds shall be deemed to include the 2009 Senior Lien Revenue Refunding Bonds.

3. All references to "Senior Lien Indenture" shall be deemed to refer to that certain Trust Indenture by and between the Authority and Wachovia Bank, National Association, as Trustee dated as of May 1, 2002, as amended and supplemented, including to authorize the issuance of the 2009 Senior Lien Revenue Refunding Bonds.

4. Senior Debt Service Reserve Fund Replenishment Obligation shall also be deemed to include draws on the Senior Debt Service Reserve Fund with respect to payment of the Senior Lien Obligations.

5. The 2009 Senior Lien Revenue Refunding Bonds may be issued in separate series and at separate times.

6. In all other respects the City, the County and the Authority hereby confirm the provisions of the Original Agreement, as supplemented August 10, 2004.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplement to be duly executed and delivered by their respective officials thereunto duly authorized as of the date first written above.

SHELBY COUNTY, TENNESSE

By:_____
Mayor

APPROVED as to Form:

_____
County Attorney

CITY OF MEMPHIS, TENNESSEE

By:_____
Mayor

APPROVED as to Form:

_____
City Attorney

THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.

By:_____
Chairman

APPROVED as to Form

By:_____
Counsel for the Authority