



Memphis City Council Summary Sheet

Resolution for Refunding Bond Authorization

- This resolution will authorize and provide for the issuance, sale, and delivery of not to exceed Forty Million Dollars (\$40,000,000) principal amount of City of Memphis, Tennessee Sanitary Sewerage Bonds, series 2010 for the purpose of Refunding certain outstanding bonds of the City of Memphis.
- The initiating party is the Division of Finance.
- This Resolution does not change any existing Ordinance or Resolution.
- The resolution does not require new contracts, or amends an existing contract.
- This resolution will restructure FY '11 and FY '12 Debt Service Payments without extending the original maturity of the debt.

RESOLUTION

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED FORTY MILLION DOLLARS (\$40,000,000) 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 REVENUE BONDS OF THE CITY; PROVIDING FOR CERTAIN DETAILS OF SAID BONDS; APPOINTING THE PAYING AGENT AND REGISTRAR; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT RELATING TO SAID BONDS; AUTHORIZING NEGOTIATION WITH MORGAN KEEGAN & COMPANY, INC., AND OTHERS FOR THE PURCHASE OF SAID BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT; AUTHORIZING A REFUNDING TRUST AGREEMENT BETWEEN THE CITY AND THE PAYING AGENT FOR THE REFUNDED BONDS; AND AUTHORIZING AND RATIFYING CERTAIN OTHER ACTS IN CONNECTION WITH THE SALE AND ISSUANCE OF SAID BONDS.

WHEREAS, 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 the Sanitary Sewerage System (the "System") of the City, as amended by resolutions adopted by the City on December 17, 1985, April 11, 2000 and June 1, 2004 (together, the "Bond Resolution");

WHEREAS, the City has issued \$25,000,000 Sanitary Sewerage System Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), \$30,000,000 Sanitary Sewerage System Revenue Bonds, Series 2004 (the "Series 2004 Bonds"), and \$32,000,000 Sanitary Sewerage System Revenue Bonds, Series 2005 (the "Series 2005 Bonds") pursuant to the Bond Resolution as supplemented; and

WHEREAS, it is deemed advisable to provide for the refunding of all or a portion of the outstanding Series 2002 Bonds maturing in the years 2013 through 2021, all or a portion of the outstanding Series 2004 Bonds maturing in the years 2015 through 2024, and all or a portion of the outstanding Series 2005 Bonds maturing in the years 2018 through 2020 (the Series 2002 Bonds, Series 2004 Bonds and Series 2005 Bonds being refunded, the "Refunded Bonds");

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

SECTION 1. Definitions. (a) 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 (the Bond Resolution as from time to time amended or supplemented by Series

Resolutions being defined in the Bond Resolution as the “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.

(b) Unless the context shall clearly indicate some other meaning, the following terms shall, for all purposes of the Bond Resolution and 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:

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Paying Agent” shall mean The Bank of New York Mellon Trust Company, National Association, or its successor by acquisition of corporate trust department or otherwise.

“Registrar” shall mean The Bank of New York Mellon Trust Company, National Association, or its successor by acquisition of corporate trust department or otherwise.

“Series 2010 Bonds” shall mean the Bonds issued pursuant to Section 2 hereof at any time Outstanding.

(c) Unless or except as the context shall clearly indicate otherwise or may otherwise require in this Series Resolution: (i) all references to a particular Article, section and or subdivision of the Bond Resolution or this Series Resolution, as the case may be, are to the corresponding Article, section 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 and 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.

SECTION 2. Authorization of Series 2010 Bonds. There is hereby authorized to be issued, and there shall be issued under and secured by the Bond Resolution, a series of Bonds to be designated “Sanitary Sewerage System Revenue Refunding Bonds, Series 2010”, with such other or further series designation, as determined by the Director of Finance and Administration (the “Series 2010 Bonds”) in the total principal amount of not to exceed Forty Million Dollars (\$40,000,000) for the purpose of refunding all or a portion of the Refunded Bonds as shall be determined by the Director of Finance and Administration of the City. The Series 2010 Bonds shall mature, or the Series 2010 Bonds shall be redeemed from sinking fund payments, on the dates, in the years (not to exceed 15 years from their date), in the amounts, bear interest at the rates (not to exceed 6.00% per annum), and payable on the dates, all as shall be determined by the Director of Finance and Administration.

The Series 2010 Bonds shall be dated as shall be determined by the Director of Finance and Administration, shall be issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple of \$5,000, and shall be numbered ~~in consecutive numerical order from R-1 upwards in chronological order as issued.~~ The Paying Agent as Registrar shall endorse on the Series 2010 Bonds the date of their authentication. Interest on the Series 2010 Bonds shall be payable from the respective interest payment dates next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an interest payment date, in which case from such date if interest has been paid to such date; provided, however, that prior to the initial interest payment date such interest shall be payable from the date of the Series 2010 Bonds. Interest on the Series 2010 Bonds shall be payable to the registered owner as of the close of business on a record date as shall be determined by the Director of Finance and Administration.

One Series 2010 Bond representing each maturity initially will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Series 2010 Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series 2010 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, and purchasers will not receive physical delivery of certificates representing their interest on the Series 2010 Bonds purchased, all subject to Section 3.

Principal, premium, if any, and interest payments on the Series 2010 Bonds will be made by the Paying Agent by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Series 2010 Bonds, which will in turn remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2010 Bonds. Transfer of principal, premium, if any, and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of the Series 2010 Bonds by DTC participants will be the responsibility of such participants and other nominees of such beneficial owners. Transfers of ownership interests in the Series 2010 Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC participants who act on behalf of the indirect participants of DTC and the beneficial owners of the Series 2010 Bonds.

The City will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants or for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owner of the Series 2010 Bonds.

SECTION 3. Procedure in the Event of Revision of Book-Entry Transfer System - Replacement Bonds. The City shall issue Bond certificates (the "Replacement Bonds") directly to the beneficial owners of the Series 2010 Bonds other than DTC, or its nominee, but only in the event that:

- (a) DTC determines to discontinue providing its services with respect to the Series 2010 Bonds at any time by giving notice to the City and discharging its responsibilities; or

(b) the City discontinues use of DTC (or substitute depository or its successor) at any time upon determination by the City that the use of DTC (or substitute depository or its successor) is no longer in the best interests of the City and the beneficial owners of the Series 2010 Bonds, subject to DTC procedures.

Upon occurrence of the events described in either (a) or (b) above, the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall execute and deliver Replacement Bonds in substantially the form set forth in Exhibit A to this Series Resolution.

Prior to the execution and delivery of Replacement Bonds, the City shall notify the beneficial owners of the Series 2010 Bonds by mailing an appropriate notice to DTC. Principal of and interest on the Replacement Bonds shall be payable by check or draft mailed to each owner of such Replacement Bonds at the address of such owner as it appears in the books of registry maintained on behalf of the City by the Paying Agent as Registrar. Replacement Bonds will be transferred only by presentation and surrender to the Paying Agent as Registrar, together with an assignment duly executed by the owner of the Replacement Bond or by his representative in form satisfactory to the Paying Agent as Registrar and containing information required by the Paying Agent as Registrar in order to effect such transfer.

The City may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to an exchange or transfer of a Series 2010 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 4. Redemption of Series 2010 Bonds. The Series 2010 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 103%, or shall not be subject to redemption prior to maturity at the option of the City, all as determined by the Director of Finance and Administration.

If any Series 2010 Bond (or any portion of the principal amount thereof in installments of \$5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Series 2010 Bond, the date and place or places fixed for its redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of such Series 2010 Bond is to be redeemed, that such Series 2010 Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Series 2010 Bond or Series 2010 Bonds issued equalling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered holder of such Series 2010 Bond at such holder's address as it appears on the books of registry kept by the Paying Agent as Registrar for the Series 2010 Bonds as of the close of business on the forty-fifth (45th) day preceding the date fixed for redemption. If notice of the redemption of any Series 2010 Bond shall have been given as aforesaid, and payment of the principal amount of such Series 2010 Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made

or provided for, interest on such Series 2010 Bond shall cease to accrue from and after the date so specified for redemption thereof. So long as the Series 2010 Bonds are in book-entry only form, any notice of redemption will be given only to DTC or its nominee, and the City shall not be responsible for providing any beneficial owner of the Series 2010 Bonds with notice of redemption.

SECTION 5. Appointment of Paying Agent and Registrar. The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, is hereby appointed initial Paying Agent and Registrar for the Series 2010 Bonds.

SECTION 6. Execution and Authentication of Series 2010 Bonds; Form of Series 2010 Bonds. The Series 2010 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, 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 2010 Bonds shall cease to be such officer before the Series 2010 Bonds so signed and sealed shall have been delivered by the City, such Series 2010 Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Series 2010 Bonds had not ceased to hold such offices. Any Series 2010 Bond may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Series 2010 Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Series 2010 Bonds such persons may not have been so authorized or have held such office.

The Series 2010 Bonds shall be in substantially the form set forth in Exhibit A to this Series Resolution and shall recite that they are issued pursuant to Chapter 21 of Title 9, Tennessee Code Annotated, as amended.

The Series 2010 Bonds shall bear thereon a certificate of authentication in the form set forth in Exhibit A to this Series Resolution executed manually by an authorized officer of the Registrar as registration agent for the City. Only such Series 2010 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 2010 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 Registrar. Any such certificate of the Registrar upon any Bond executed on behalf of the City shall be conclusive evidence that the Series 2010 Bonds so authenticated has been duly authenticated and delivered under the Bond Resolution and this Series Resolution and that the holder of such Series 2010 Bond is entitled to the benefits and security of the Bond Resolution and this Series Resolution.

SECTION 7. Application of Proceeds of Sale of the Series 2010 Bonds. Proceeds of the sale of the Series 2010 Bonds shall be applied as follows:

(a) Accrued interest received on the Series 2010 Bonds, if any, from their date to the date of delivery of and payment for the Series 2010 Bonds shall be deposited into the Interest Sub-account of the Bond Account in the Revenue Fund to be applied to the payment of interest on the Series 2010 Bonds on the initial interest payment date.

(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 2010 Bonds.

(c) An amount shall be deposited in the Refunding Trust Fund as provided therein, 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 Refunded Bonds to the respective redemption dates of the Refunded Bonds.

(d) The balance of the proceeds shall be deposited in the Revenue Fund and used to pay the costs of issuance of the Series 2010 Bonds.

SECTION 8. Federal Tax Covenant. The City hereby covenants with the registered owners from time to time of the Series 2010 Bonds that (i) throughout the term of the Series 2010 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 2010 Bonds shall be and continue to be excluded from gross income for federal income tax purposes under said Section 103.

SECTION 9. CUSIP Identification Numbers. CUSIP identification numbers, at the sole option of the City, may be placed on the Series 2010 Bonds but neither the failure to place any such number on any 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 2010 Bonds. No such CUSIP identification number shall constitute a part of the contract evidenced by the particular Series 2010 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 2010 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 10. Sale of Series 2010 Bonds; Preliminary Official Statement; Final Official Statement; Continuing Disclosure Certificate. The Series 2010 Bonds shall be sold on a date to be determined by the Director of Finance and Administration and at a price not less than 97% of the par value thereof. The Director of Finance and Administration is hereby authorized to negotiate with Morgan Keegan & Company, Inc., and others, as shall be determined by the Director of Finance and Administration, which are hereby approved as the managing underwriters of the Series 2010 Bonds with respect to the purchase and sale of the Series 2010

Bonds. The appropriate officers of the City are hereby authorized and directed to execute and deliver to said underwriters a Bond Purchase Agreement substantially in the form presented to and filed with the minutes of the meeting at which this Series Resolution is being adopted, and ~~having such terms as shall be determined by the Director of Finance and Administration in~~ accordance with the terms of this Series Resolution, 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.

The Director of Finance and Administration is hereby authorized to cause to be prepared and distributed to prospective purchasers of and investors in the Series 2010 Bonds a Preliminary Official Statement of the City relating to the Series 2010 Bonds, substantially in the form presented to the meeting at which this Series Resolution is being adopted and filed with the minutes thereof. The Preliminary Official Statement is deemed final as of the date thereof, except for interest rate and other information permitted to be omitted pursuant to Rule 15c2-12(c)(3) of the Securities and Exchange Commission. Upon sale of the Series 2010 Bonds, the Director of Finance and Administration is hereby authorized to prepare an Official Statement, in substantially the form of the Preliminary Official Statement, after the same has been completed by the insertion of the maturities, interest rates, and other details of the Series 2010 Bonds and by making such other insertions, changes or corrections as the Director of Finance and Administration based on the advice of the City's financial advisor and legal counsel (including the City Attorney or bond counsel), deem necessary or appropriate; and the Council hereby authorizes the Official Statement and the information contained therein to be used by the purchasers in connection with the sale of the Series 2010 Bonds.

A Continuing Disclosure Certificate, in substantially the form of thereof included in the Preliminary Official Statement, is hereby authorized to be executed and delivered by the Director of Finance and Administration. The City covenants with the holders from time to time of the Series 2010 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 Certificate as amended from time to time. Notwithstanding any other provision of this Series Resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under the Bond Resolution and the Continuing Disclosure Certificate may be enforced only as provided therein.

SECTION 11. 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 presented to and filed with the minutes of the meeting of the Council at which this Series Resolution is being adopted, 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 Director of Finance and Administration, on credit to such fund attributable to the Refunded Bonds for deposit into the Refunding Trust Fund thereunder.

(b) The appointment of The Bank of New York Mellon Trust Company, National Association 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. Such securities so purchased shall be held by the Trustee under and in accordance with provisions of the Refunding Trust Agreement. The Director of Finance and Administration 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 2010 Bonds) the Refunded Bonds for redemption as aforesaid.

SECTION 12. Findings and Determinations; Authority for This Series Resolution; Series 2010 Bonds are "Bonds" under the Bond Resolution. The City hereby finds and determines that (i) \$148,270,000 Sanitary Sewerage System Revenue Bonds, Series 2002, Series 2004, Series 2005, Series 2007 and Series 2009, and Sanitary Sewerage System Revenue Refunding Bonds, Series 2001 and Series 2006 (collectively, the "Outstanding Bonds") have been heretofore issued and are outstanding under the Bond Resolution as of June 30, 2010; (ii) the Series 2010 Bonds are issued under the authorization of Section 3.2 of the Bond Resolution; (iii) no default exists in the payment of the principal of or interest and premium (if any) on any Bond and (iv) 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 the Bond Resolution of the Series 2010 Bonds.

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 issued pursuant to and under the authority of the Bond Resolution.

The Series 2010 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 2010 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; 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 the 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.

SECTION 13. Additional Findings and Determinations; Refunding Savings. It is hereby found and determined that the issuance of the Series 2010 Bonds and the refunding of the Refunded Bonds will effect a cost savings and is advantageous to the City. It is further determined that the Bonds shall not be sold unless the City realizes a minimum present value savings of 3.5% of the principal amount of the Refunded Bonds.

SECTION 14. Municipal Bond Issuance and Special Provisions Required Thereby. The obtaining of one or more policies of insurance insuring the payment of the principal (either at the stated maturity or when designated for redemption from mandatory sinking fund installments) of and interest on all or any portion of the Series 2010 Bonds (the "Policies"), and the execution and delivery of any agreements related thereto, which may include an agreement to reimburse amounts paid by the providers thereof together with interest on unreimbursed amounts; and payment to the providers of the Policies of the premiums payable on the Policies in the manner, at the times and in the amounts required by the commitments therefor, and the payment of any bond rating fees related thereto, are hereby authorized. Notwithstanding anything to the contrary in Section 7 hereof, the premiums payable on the Policies may be paid directly from the proceeds of the Series 2010 Bonds without the necessity of first depositing such proceeds to any fund or account referred to in said Section 7.

SECTION 15. Further Authorizations. The appropriate officers of the City are hereby authorized to take all such actions and execute such documents (upon advice of the City Attorney and bond counsel) as shall be necessary to effect the delivery of and payment for the Series 2010 Bonds and as may be reasonably required to carry out, give effect to and consummate the transactions contemplated hereby.

SECTION 16. Amendment Effective. The definition of "Revenues" in Article II N. of the Bond Resolution was amended by resolution adopted by the Council of the City on June 1, 2004, by adding the following words "and shall include surplus moneys in the Revenue Fund upon determination of the Director of Finance and Administration upon the advice of the Director of Public Works," such amendment to become effective at such time as (i) the Bonds outstanding on June 1, 2004 are no longer outstanding under the Bond Resolution or (ii) the Bondholders of not less than sixty-six and two-thirds percent (66-2/3%) in principal amount of the aggregate amount of Bonds then outstanding consent to such amendment. It is hereby found and determined that such amendment has become effective pursuant to the terms of such resolution, all Bondholders of all outstanding Bonds except Series 2002 having been deemed to have consented to such amendment pursuant to the respective Supplemental Resolutions authorizing the issuance thereof.

SECTION 17. 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 18. Repeal of Inconsistent Resolutions. Any resolution of the City, or any portion thereof, in conflict or inconsistent with this Series Resolution is hereby repealed to the extent of such conflict or inconsistency.

SECTION 19. Effective Date. This Series Resolution shall take effect upon its adoption.

UNITED STATES OF AMERICA
 STATE OF TENNESSEE
 CITY OF MEMPHIS
 SANITARY SEWERAGE SYSTEM
 REVENUE REFUNDING BOND
 SERIES 2010

No. R - _____ \$

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Date of Bond</u>	<u>CUSIP</u>
_____, ____	____%	_____, 2010	

Registered Owner:

Principal Amount:

THE CITY OF MEMPHIS, TENNESSEE (the "City"), a municipal corporation organized and existing under the laws of the State of Tennessee, hereby acknowledges itself indebted and for value received will pay, solely from the sources provided herein, to the Registered Owner named above, or registered assigns (herein, the "Holder"), on the Maturity Date specified above (subject to the right of prior redemption hereinafter mentioned), upon the presentation and surrender hereof, the principal sum as specified above and will pay interest on such principal sum from and including the date hereof until payment of such principal sum has been made or duly provided, at the rate per annum as specified above payable from the _____ or _____ next preceding the date of authentication to which interest shall have been paid; unless such authentication date is _____ or _____, in which case from such date if interest has been paid to such date; provided, however, that such interest shall be payable from _____, 200_ if the date of authentication is prior to _____, 200_. The principal of this Bond is payable at the principal office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, or its successor, as paying agent (the "Bond Registrar" and "Paying Agent"): The interest hereon will be paid semi-annually on _____ and _____, commencing _____, 200_ to the registered Holder in whose name this Bond is registered on the registration books at the close of business on the fifteenth day of the calendar month next preceding each _____ and _____. Interest on this Bond is payable by check or draft drawn upon the Paying Agent and mailed to the registered address of the registered Holder of this Bond. The principal of and premium, if any, and interest on this Bond shall be payable in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for public and private debts. While this Bond is held in book-entry form principal of and interest on this Bond shall be payable by wire transfer.

This Bond is one of a duly authorized series of Bonds of like designation herewith (the "Series 2010 Bonds"), issued in the principal amount of \$ _____ pursuant to a resolution adopted by the Council of the City on April 24, 1981 as amended and supplemented (the "Resolution") and a series resolution adopted by said Council on _____, 2010 (the "Series Resolution"), and pursuant to the provisions of Chapter 21 of Title 9, Tennessee Code Annotated, as amended, and the Charter of the City, and issued for the purpose of refunding certain outstanding Sanitary Sewerage System Revenue Bonds of the City.

The Series 2010 Bonds constitute part of a duly authorized issue of Bonds (herein referred to as the "Bonds") issued, or to be issued, under the Resolution in one or more series in various principal amounts and of varying denominations, dates, maturities, interest rates and other provisions as provided in the Resolution for the purpose of financing the cost of the acquisition, construction, reconstruction, improvement, extension, enlargement and betterment of the City's Sanitary Sewerage System or for the refunding of Bonds issued therefor.

The Bonds, including the Series 2010 Bonds, are payable solely from and equally and ratably secured solely by the net revenues derived by the City through the ownership and operation of the Sanitary Sewerage System of the City which, by the terms of the Resolution, are 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 Series 2010 Bonds maturing on or before _____ shall not be subject to redemption prior to maturity. The Series 2010 Bonds maturing on or after _____ shall be subject to redemption prior to maturity in whole at any time or in part from time to time in such order of maturity as shall be determined by the City and by lot within a maturity on or after _____, at the prices and dates set forth below:

<u>Redemption Date</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
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The Series 2010 Bonds maturing in ____ shall be subject to mandatory redemption in part prior to maturity on _____ and on _____ and _____ of each year therefor from monthly amounts credited to the Bond Retirement Sub-Account in the Bond Account in the Revenue Fund as sinking fund installments which shall be sufficient to redeem on _____ of each year set forth in the table below the principal amount of such Series 2010 Bonds specified for each of such years at a redemption price equal to the principal amount redeemed, together with accrued interest on such principal amount to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
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The Series 2010 Bonds shall be selected for redemption in multiples of \$5,000. Where Series 2010 Bonds are issued in multiples greater than \$5,000, when such Series 2010 Bonds shall be redeemed in part only, then only that portion of such Series 2010 Bonds shall be called for redemption, and the City will issue and deliver at the office of the Registrar (or send by registered mail to the owner thereof at his expense), in the name of the Holder, a new registered Series 2010 Bond in the amount of the portion not so redeemed, of like form, interest rate and maturity, dated so that there shall be no gain or loss of interest as a result of the redemption of a portion of the Series 2010 Bond.

The City shall send notice of redemption of any Series 2010 Bonds to the Holder of this Bond at his address as shown on the books of registry, such notice to include the terms and conditions prescribed by the Resolution and to be mailed by first class mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption.

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 Sanitary Sewerage System as herein set forth.

This Bond is transferable only upon the registration books at the above mentioned office of the Paying Agent as Bond Registrar by the registered Holder hereof, or by his duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer satisfactory in form to the Bond Registrar duly executed by the registered Holder or his duly authorized attorney, which may be in the form endorsed hereon, and subject to the limitations and upon payment of the charges, if any, provided in the Resolution, and thereupon a new bond or bonds, in the same aggregate principal amount in authorized denominations and of the same series, interest rate and maturity as the bond surrendered, shall be issued to the transferee in exchange therefor as provided in the Resolution.

Reference is hereby made to the Resolution and Series Resolution, certified copies of which are on file in the principal office of the City Comptroller, and to all of the provisions of which any Holder of this Bond by his acceptance hereof hereby assents, for definitions 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 Sanitary Sewerage System; the revenues and other moneys pledged to the payment of the principal of 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 may be incurred, payable on a 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 City and the Bondholders 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, and this Bond thereafter no longer be secured by the Resolution or be deemed to be outstanding thereunder, if moneys or certain specified securities shall have been deposited with a Paying Agent sufficient and held in trust solely for the payment hereof; and for the other terms and provisions hereof.

It is hereby certified, recited and declared that all actions, conditions and things required to be done, exist, happen and be performed precedent to, and in the issuance of this Bond, have been done, have existed, have happened, and have been performed in regular and due form and manner as required by the Constitution and statutes of the State of Tennessee and the Charter of the City, and that this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution and statutes of such State and the Charter of the City.

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

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IN WITNESS WHEREOF, the City of Memphis has caused this Bond to be executed by the manual or facsimile signature of its Mayor and the seal of the City to be affixed hereto or impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Comptroller, neither of which signatures is required to be manual.

CITY OF MEMPHIS, TENNESSEE

Mayor

ATTEST:

Comptroller

[SEAL]

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK
MELLON TRUST COMPANY,
NATIONAL ASSOCIATION
As Bond Registrar and Paying Agent

By: _____
Authorized Officer

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name, Address and Taxpayer Identification No. of Assignee) the within bond and does hereby irrevocably constitute and appoint _____ to transfer the said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature Guarantee: _____

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.

REFUNDING TRUST AGREEMENT

This Refunding Trust Agreement (the "Agreement") dated as of _____, 2010, by and between the City of Memphis, Tennessee (the "City") and The Bank of New York Mellon Trust Company, National Association, as Paying Agent under the Resolution (as hereinafter defined) and as agent of the City in connection with the purchase of Federal Securities (hereinafter defined) and payment of the Refunded Bonds (hereinafter defined) (the "Trustee").

WITNESSETH:

The City, pursuant to resolutions adopted by its Council has heretofore issued its Sanitary Sewerage System Revenue Bonds, Series 2002, Sanitary Sewage System Revenue Bonds, Series 2004, and Sanitary Sewerage System Revenue Bonds, Series 2005. Of such bonds outstanding, the City, pursuant to the Resolution (as hereinafter defined), will refund an aggregate principal amount of \$ _____ (the "Refunded Bonds") as identified in Exhibit I hereto.

Concurrently with the execution and delivery hereof, the City, pursuant to a resolution adopted by its Council on _____, 2010 (the "Resolution"), is issuing \$ _____ aggregate principal amount of its Sanitary Sewerage System Revenue Refunding Bonds, Series 2010 (the "Refunding Bonds"), in part to provide moneys for deposit with the Trustee sufficient to provide for the payment of the redemption prices of the Refunded Bonds on the respective redemption dates referred to in Section 8 hereof and the interest on the Refunded Bonds on and prior to such redemption dates, and wishes to enter into this Agreement to carry out such purpose.

The Trustee is the Trustee appointed pursuant to the Resolution.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the City and the Trustee agree as follows:

SECTION 1. Pledge of Refunding Bond Proceeds. To provide for the payment of the redemption price of the Refunded Bonds on the respective redemption dates referred to in Section 8 hereof and the interest on the Refunded Bonds on and prior to such redemption dates, the City hereby irrevocably deposits with the Trustee, in trust for the benefit of the holders of the Refunded Bonds, and irrevocably appropriates and sets aside exclusively for the payment of the Refunded Bonds, subject to the terms and conditions hereinafter set forth, \$ _____ derived from the proceeds of the sale of the Refunding Bonds, which amount shall be deposited by the Trustee in the Refunding Trust Fund hereinafter referred to, and the Trustee acknowledges receipt of the foregoing amount.

SECTION 2. Establishment of Fund; Deposits of Moneys and Federal Securities. 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, 2010 Refunding Trust Fund" (the "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 Bonds. All moneys and obligations therein (including Federal Securities, as hereinafter defined) set aside and held in trust in the Refunding Trust Fund shall be applied to and used solely for the payment of the redemption prices of and interest on the Refunded Bonds, subject to Sections 4, 7 and 10.

SECTION 3. Purchase of Federal Securities. (a) The City hereby directs the Trustee to purchase, on _____, 2010, with a \$ _____ of the amount held in the Refunding Trust Fund as a result of the deposit thereto pursuant to Section 1 hereof, the securities described in Exhibit II hereto (which are herein referred to as the "Federal Securities"), and to hold \$ _____ in the Refunding Trust Fund as cash and not invested.

(b) The City hereby acknowledges receipt from _____ (the "Accountant") of a report verifying that the Federal Securities mature as to principal and interest (without regard to any reinvestment of such Federal Securities) in such amounts and at such times as will assure, together with any money held in the Refunding Trust Fund, the availability of sufficient money to make payment of the redemption prices of the Refunded Bonds on the respective redemption dates thereof plus interest on the Refunded Bonds on and prior to such redemption dates.

(c) The City, solely in reliance upon the report provided by the Accountant referred to in Section 3(b) hereof, represents and warrants that the Federal Securities mature as to principal and interest (without regard to any reinvestment of such Federal Securities) in such amounts and at such times as will assure, together with any money held in the Refunding Trust Fund, the availability of sufficient money to make payment of the redemption prices of the Refunded Bonds on the respective redemption dates thereof plus interest on the Refunded Bonds on and prior to such redemption dates.

SECTION 4. Substitution of Government Securities. (a) Moneys deposited with the Trustee as described in Section 1 hereof, and used to purchase the Federal Securities, 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 prices of the Refunded Bonds on the respective redemption dates thereof plus interest on the Refunded Bonds on and prior to such redemption dates, all as set forth in Section 3 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 4(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 4 shall be accomplished by sale, transfer, request for redemption or other disposition of all or a portion of the Federal Securities then held in the 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 5. Reports. Upon final payment of the Refunded Bonds of each series, the Trustee shall deliver to the Director of Finance and Administration of the City a report describing each transaction relating to the Refunding Trust Fund.

SECTION 6. Payment of Redemption Price of and Interest on Refunded Bonds. On the respective redemption dates and interest payment dates of the Refunded Bonds, the Trustee shall transfer to the paying agent for the Refunded Bonds, sufficient money from the money held in the Refunding Trust Fund, for the payment of the redemption price of and interest on the Refunded Bonds becoming due on such dates. The paying agent for the Refunded Bonds is The Bank of New York Mellon Trust Company, National Association

SECTION 7. Irrevocable Deposit; Express Lien. The deposit of the money and Federal Securities in the Refunding Trust Fund shall constitute an irrevocable deposit in trust solely for the payment of the redemption prices of and interest on the Refunded Bonds pursuant to the terms of the Resolution and this Agreement. The holders of the Refunded Bonds shall have an express lien on the principal of and interest on the Federal Securities, and on any money on deposit in the Refunding Trust Fund, until the proceeds thereof are paid out, used or applied in accordance with this Agreement.

SECTION 8. Redemption; Notice of Redemption. (a) The City hereby designates the Refunded Bonds for redemption on the dates and at the prices for the respective series set forth below:

<u>Series</u>	<u>Redemption Date</u>	<u>Price</u>
2002	October 1, 2012	100%
2004	October 1, 2014	100
2005	July 1, 2015	100

Such designations for redemption shall be, and are hereby declared to be, irrevocable upon the execution and delivery of this Agreement.

(b) The Trustee agrees, without further authorization or direction, to cause notice of redemption to be mailed not less than 30 days prior to the respective dates fixed for redemption, by first class mail, postage prepaid, to the holders of the Refunded Bonds at their respective addresses as they appear on the books of registry kept by the Registrar for such Refunded Bonds as of the close of business on the 45th day preceding the date fixed for redemption, in accordance with the respective resolutions authorizing the issuance of the Refunded Bonds. The form of the notices of redemption is substantially set forth in Exhibit III hereto.

SECTION 9. Liability of Trustee. 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 Bonds 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.

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 Bonds as herein provided.

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; 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 10. Termination; Payment; Income from Federal Securities. (a) This Agreement shall terminate on the final redemption date of the Refunded Bonds. On and after such date, any moneys remaining on deposit in the Refunding Trust Fund shall be transferred to the City.

(b) All income from all Federal Securities in the hands of the Trustee pursuant to this Agreement which is not required for the payment of the redemption price of and interest on the Refunded Bonds shall be paid to the City by the Trustee, without further authorization or direction.

SECTION 11. Fees of Trustee and Paying Agent. (a) The City shall promptly pay upon request all necessary and proper fees, compensation and expenses of the Trustee and paying agent pertaining to the Refunded Bonds, including, without limitation, reasonable compensation for all services rendered by each of them in the execution, exercise and performance of any of the duties to be exercised or performed by each of them pursuant to the provisions of this Agreement, which compensation shall not be limited by any provisions of law in regard to the compensation of a trustee of any express trust, and all expenses, disbursements and advances incurred or made by any of them in accordance with any provisions of this Agreement (including the reasonable compensation and expenses and disbursements of counsel for any of them or persons not regularly in the employ thereof). Subject to the provisions of Section 12 hereof, 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 premises; *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 Bonds upon any funds held by the Trustee under this Agreement.

(b) To the extent not paid out of the proceeds of sale of the Refunding Bonds, the City will pay the amounts described in Section 11(a) hereof when billed from its revenues or other available moneys.

(c) The Trustee, as Trustee hereunder and as paying agent for the Refunded Bonds, acknowledges that the above-specified provisions for payment are satisfactory to each respectively.

(d) 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 12. Duties of Trustee; Evidence Upon Which Trustee May Act; Replacement of 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 Resolution.

(b) Subject to the provisions of Section 12(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.

(c) The Trustee may resign from its duties under this Agreement upon thirty (30) days written notice to the City. If The Bank of New York Mellon Trust Company, National Association, shall cease to be eligible to act as Trustee hereunder or shall resign as Trustee hereunder and if requested in writing by the City, such 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 Federal Securities and other funds deposited or to be deposited or received by the Trustee under this Agreement. Upon acceptance by such successor trustee of the trusts created hereunder, all further title, rights,

duties and obligations of The Bank of New York Mellon Trust Company, National Association, under this Agreement shall cease and determine and be discharged, except for rights or liabilities theretofore accrued to or by the City or The Bank of New York Mellon Trust Company, National Association.

(d) The Trustee, in the case of notices other than as contemplated by Section 8(b) hereof, may act through its agents and attorneys appointed with due care following reasonable advance written notice to the City.

SECTION 13. 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 Bonds 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 Bonds 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 Bonds 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 14. Notice of Refunding. The Trustee acknowledges that prior to the delivery of the Refunding Bonds a notice was mailed to the holders of the Refunded Bonds that the City intended to issue the Refunding Bonds.

SECTION 15. 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 Bonds. 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 15, including (i) the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, and (ii) the extent, if any, to which any instrument executed hereunder complies with the conditions and provisions of this Section 15.

SECTION 16. 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 Bonds, but the holders of the Refunded Bonds 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 17. 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 18. 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 19. 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 20. 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.

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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 _____
Mayor

Approved as to Form:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION

City Attorney

By _____

Signature page of Refunding Trust Agreement

EXHIBIT I

REFUNDED BONDS

<u>Series</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2002	10/01/2013	\$ 1,215,000	5.000%
	10/01/2014	1,270,000	5.000
	10/01/2015	1,335,000	5.000
	10/01/2016	1,400,000	5.000
	10/01/2017	1,470,000	5.000
	10/01/2018	1,540,000	5.000
	10/01/2021	<u>7,000,000</u>	5.000
		<u>\$ 15,230,000</u>	
2004	10/01/2015	\$ 1,335,000	5.250%
	10/01/2016	1,515,000	5.250
	10/01/2017	1,595,000	5.250
	10/01/2018	1,680,000	5.250
	10/01/2019	275,000	4.500
	10/01/2019	1,495,000	5.000
	10/01/2020	405,000	4.500
	10/01/2020	1,455,000	5.000
	10/01/2021	1,955,000	5.000
	10/01/2022	2,055,000	5.000
	10/01/2023	1,655,000	5.000
	10/01/2024	<u>2,265,000</u>	5.000
			<u>\$ 17,685,000</u>
2005	07/01/2018	\$ 1,715,000	4.625%
	07/01/2019	1,795,000	4.625
	07/01/2020	<u>1,885,000</u>	4.750
		<u>\$ 5,395,000</u>	
		<u>\$ 38,310,000</u>	

EXHIBIT II

UNITED STATES GOVERNMENT SECURITIES-
STATE AND LOCAL GOVERNMENT SERIES

<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Interest Payment Date</u>
Certificate		\$	%	
Certificate				
Certificate				
Note				
Note				

EXHIBIT III

NOTICE OF REDEMPTION

City of Memphis, Tennessee
Sanitary Sewerage System Revenue Bonds,
Series _____

NOTICE IS HEREBY GIVEN that the City of Memphis, Tennessee has designated for redemption and will redeem and pay on _____, its Sanitary Sewerage System Revenue Bonds, Series _____, dated _____, maturing on _____ 1 in each of the years set forth below, aggregating \$_____ and having the CUSIP numbers set forth below:

<u>Year</u>	<u>CUSIP*</u>	<u>Redemption Price</u>
-------------	---------------	-------------------------

The bonds specified above will be redeemed on _____, at the redemption price set forth above together with interest thereon to the date fixed for redemption, upon presentation and surrender of such bonds at the office of J.P. Morgan Trust Company, National Association, as follows:

Interest due on such bonds on and prior to _____, will be paid in the usual manner. On and after _____, interest will cease to accrue on such bonds.

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payments of interest or principal on securities may be obligated to withhold a 28% tax from remittance to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of securities who wish to avoid the imposition of the tax should submit certified taxpayer identification numbers when presenting their securities for payment.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION,
AS AGENT FOR THE CITY OF MEMPHIS, TENNESSEE

* CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned to the bonds by the CUSIP Service Bureau, managed by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the bondholders. The CUSIP Service Bureau is not affiliated with either the City of Memphis or The Bank of New York Mellon Trust Company, National Association, and neither the City of Memphis nor The Bank of New York Mellon Trust Company, National Association, shall be responsible for the selection or use of CUSIP numbers, nor is any representation made by them as to the correctness of the CUSIP numbers on the bonds or as indicated in this notice.