

NEW ISSUE-BOOK-ENTRY ONLY

RATINGS: Aa1 ; AA+ ; AA+  
Moody's/Standard & Poor's/Fitch Ratings  
(See "Ratings" herein)

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

Official Statement  
Relating to the Issuance of  
Shelby County, Tennessee  
\$76,740,000\*  
General Obligation Refunding Bonds  
2011 Series A

DATED: Date of Delivery

DUE: March 1, as shown on inside cover

The \$76,740,000\* General Obligation Refunding Bonds, 2011 Series A (the "Bonds") are issued in fully registered form without coupons.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein. Interest on the Bonds is payable at the rates specified below on March 1 and September 1, commencing September 1, 2011, to the registered owners as of the close of business on the 15th day of the calendar month next preceding an interest payment date. Interest on the Bonds will be calculated on the basis of a 30-day month and 360-day year.

The Bonds are subject to redemption prior to maturity, as described herein.

The Bonds are being issued to provide monies: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County; and (ii) to pay costs of issuance on the Bonds. The Bonds are general obligations of the County, and the full faith, credit and unlimited taxing power of the County are pledged to the payment on the Bonds without limitation as to rate or amount. See "The Bonds – Security and Remedies" herein. The County has never defaulted on its bonds or notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Purchasers and subject to the receipt of the approving legal opinion of Edwards Angell Palmer & Dodge LLP, West Palm Beach, Florida, Bond Counsel and certain other conditions. It is anticipated that delivery of the Bonds will be made on or about March 30, 2011 through the facilities of DTC in New York, New York.

This Official Statement is dated \_\_\_\_\_, 2011.

\*Preliminary, subject to change.

**Shelby County, Tennessee**  
**\$76,740,000\***  
**General Obligation Refunding Bonds**  
**2011 Series A**

**MATURITY SCHEDULE**

<u>Due March 1</u>	<u>Principal Amount *</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP NO.**</u>
2017	\$ 6,840,000	%	%	
2018	7,530,000			
2019	8,295,000			
2020	9,070,000			
2021	9,925,000			
2022	10,880,000			
2023	11,935,000			
2024	5,840,000			
2025	6,425,000			

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\* Preliminary, subject to change.

\*\* The County is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

## TABLE OF CONTENTS

### PART I

SUMMARY OF THE OFFERING .....	1	ANALYSIS OF VALUE OF TAXABLE PROPERTY .....	7
INTRODUCTION .....	3	LONG-TERM DEBT SUMMARY .....	8
THE BONDS .....	3	DEBT RATIOS .....	8
DESCRIPTION OF THE BONDS .....	3	LONG-TERM DEBT SERVICE REQUIREMENTS .....	9
BOOK-ENTRY SYSTEM .....	3	RATINGS .....	10
DISCONTINUANCE OF BOOK-ENTRY SYSTEM .....	5	CONTINUING DISCLOSURE .....	10
OPTIONAL REDEMPTION .....	5	LITIGATION .....	11
NOTICE OF REDEMPTION .....	5	TAX MATTERS .....	12
AUTHORITY FOR ISSUANCE OF THE BONDS .....	5	SALE OF THE BONDS .....	13
SECURITY AND REMEDIES .....	5	VERIFICATION OF MATHEMATICAL ACCURACY .....	13
SUMMARY OF AUDITED GENERAL FUND BALANCES .....	6	FINANCIAL ADVISORS .....	13
DEBT ISSUANCE AFTER JUNE 30, 2010 .....	6	FORM OF OPINION OF BOND COUNSEL 2011 SERIES A	
PLAN OF REFUNDING .....	6	BONDS .....	A-1
ESTIMATED SOURCES AND USES OF FUNDS .....	7		

### PART II

THE GOVERNMENT OF SHELBY COUNTY, TENNESSEE .....	1	STATEMENT OF CHANGES IN PLAN NET ASSETS .....	15
ADMINISTRATION .....	1	BUDGETING AND APPROPRIATIONS PROCEDURES .....	16
SHELBY COUNTY GOVERNMENT ORGANIZATION CHART .....	4	BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2011 .....	16
FINANCIAL MANAGEMENT SYSTEM .....	5	SUMMARY OF AUDITED GENERAL FUND BALANCES .....	16
PROPERTY TAX .....	6	GENERAL FUND .....	17
ASSESSMENTS .....	6	SPECIAL REVENUE FUNDS .....	18
ANALYSIS OF VALUE OF TAXABLE PROPERTY .....	6	DEBT SERVICE FUND .....	19
TAX RATE DISTRIBUTION .....	7	ECONOMIC AND DEMOGRAPHIC INFORMATION .....	20
TAX RATE LIMITATIONS .....	7	INTRODUCTION .....	20
SUMMARY OF LOCAL TAX REVENUES .....	8	POPULATION .....	20
PERCENTAGE OF LOCAL TAX REVENUES BY SOURCE .....	8	INCOME AND BUYING POWER .....	20
PROPERTY TAX LEVIES AND COLLECTIONS .....	9	EMPLOYMENT .....	21
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY .....	10	PRINCIPAL INDUSTRIES .....	23
UNDERLYING DEBT .....	11	HOUSING AND CONSTRUCTION .....	25
COMPUTATION OF SELF-SUPPORTING DEBT .....	11	FINANCIAL INSTITUTIONS .....	26
CONTRACTS AND OTHER LONG-TERM OBLIGATIONS .....	11	THE ECONOMY .....	26
LEASES .....	11	TRADE AREA .....	26
ARENA .....	11	AGRIBUSINESS .....	27
INTEREST RATE SWAPS .....	12	TOURISM .....	27
COMPENSATED ABSENCE LIABILITIES .....	12	ECONOMIC DEVELOPMENT OF THE COUNTY .....	27
COMPUTATION OF DEBT SERVICE TAX RATE .....	13	CENTRAL BUSINESS DISTRICT .....	28
PERCENTAGE OF ANNUAL DEBT SERVICE FOR GENERAL		TRANSPORTATION AND DISTRIBUTION .....	29
BONDED DEBT .....	13	UTILITIES .....	31
GENERAL OBLIGATION BOND AUTHORIZATION .....	14	EDUCATION .....	32
DEBT LIMIT .....	14	COLLEGES AND UNIVERSITIES .....	32
PRINCIPAL OF OUTSTANDING GENERAL OBLIGATION DEBT		MEDICAL FACILITIES .....	33
PAST FIVE FISCAL YEARS .....	14	U.S. GOVERNMENT .....	33
PERCENTAGE OF GENERAL BONDED DEBT TO APPRAISED		LIBRARIES .....	34
AND ASSESSED VALUE .....	14	COMMUNICATIONS .....	34
STATEMENT OF PLAN NET ASSETS .....	15	RECREATION .....	34

APPENDIX A	
SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS	
DATED JUNE 30, 2010 .....	Appendix A

No broker, dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained in the Official Statement in connection with the offering contained herein; and if given or made, such information or representations must not be relied upon. The Official Statement does not constitute an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the County and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed by and is not to be construed as a representation by the Financial Advisors or the County. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract with the purchase of the Bonds.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts.

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: <http://digitalmuni.com/>. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.**

Questions regarding information in this Official Statement should be directed to Michael A. Swift, Finance Administrator, Shelby County Government, Suite 1150, 160 N. Main Street, Memphis, Tennessee 38103 (901/545-4435).

Although Shelby County does not contract to do so, and does not represent that it will do so, it may maintain, from time to time, a mailing list of parties wishing to receive annual and other information regarding Shelby County Government. Parties wishing to receive such information should send a written notice to such effect to Mr. Swift at the address given above.

This Official Statement has been prepared by the Shelby County Finance Administrator in connection with the original offering for sale by the County of the Bonds referred to above. See the "Introduction" for a discussion of the County's Supplemental Information Statement, which is to be used as Part II of this Official Statement.

**IN CONNECTION WITH THIS OFFERING, THE PURCHASERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET; SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**Official Statement  
Relating to the Issuance of  
Shelby County, Tennessee  
\$76,740,000\*  
General Obligation Refunding Bonds  
2011 Series A**

**COUNTY OFFICIALS**

**MARK H. LUTTRELL, JR., MAYOR**

HARVEY KENNEDY, CHIEF ADMINISTRATIVE OFFICER

**BOARD OF COUNTY COMMISSIONERS**

**SIDNEY CHISM, CHAIRMAN**

WALTER L. BAILEY  
HENRI E. BROOKS  
WYATT BUNKER  
MELVIN BURGESS  
JUSTIN J. FORD  
JAMES M. HARVEY

**MIKE CARPENTER, CHAIRMAN, PRO TEMPORE**

STEVE MULROY  
MIKE RITZ  
JERRY ROLAND  
HEIDI SHAFER  
CHRIS THOMAS

**ADMINISTRATIVE**

JAMES F. HUNTZICKER.....Director of Administration and Finance  
DOTTIE JONES..... Director of Community Services  
RICHARD S. COPELAND..... Director of Planning and Development  
YVONNE SMITH-MADLOCK..... Director of Health Services  
TED C. FOX ..... Director of Public Works  
JAMES E. COLEMAN. .... Director of Corrections  
KELLY RAYNE ..... County Attorney

**BOND COUNSEL**

Edwards Angell Palmer & Dodge LLP  
West Palm Beach, Florida

**FINANCIAL ADVISORS**

Public Financial Management, Inc.  
Memphis, Tennessee

ComCap Advisors, a division of Community Capital  
Memphis, Tennessee

\* Preliminary, subject to change.

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This Summary Statement is not intended to be complete. Before purchasing the Bonds, the purchaser should refer to the Official Statement in its entirety.

## SUMMARY OF THE OFFERING

THE BONDS .....	\$76,740,000*, General Obligation Refunding Bonds, 2011 Series A of Shelby County, Tennessee.
BOOK ENTRY SYSTEM .....	The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein.
DENOMINATION .....	Fully registered bonds, \$5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY .....	The Bonds will be delivered on or about March 30, 2011 and will be dated the delivery date.
PRINCIPAL PAYMENTS .....	Principal is payable on March 1, 2017 through March 1, 2025.
INTEREST PAYMENTS .....	Interest is payable on March 1 and September 1, commencing September 1, 2011.
OPTIONAL REDEMPTION .....	The Bonds maturing on or prior to March 1, 2020 are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2021 shall be subject to redemption prior to maturity on or after March 1, 2020 in whole or in part at any time in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.
PURPOSE .....	The Bonds are being issued to provide monies together with other legally available funds of the County: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County, and (ii) to pay costs of issuance on the Bonds.
SECURITY .....	The Bonds will be direct general obligations of Shelby County, Tennessee. The full faith, credit and taxing power of the Shelby County, Tennessee, are irrevocably pledged for the prompt payment of the principal of, premium, if any, and interest on the Bonds.
BOND COUNSEL .....	Edwards Angell Palmer & Dodge LLP, West Palm Beach, Florida.

\* Preliminary, subject to change.

TAX STATUS.....	In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.
FINANCIAL ADVISORS .....	Public Financial Management, Inc. and ComCap Advisors, a division of Community Capital LLC.
PAYING AGENT AND REGISTRAR .....	Shelby County Trustee.
VERIFICATION AGENT.....	The Arbitrage Group.
FINANCIAL STATEMENTS.....	Independent auditors have audited financial statements for the years ended June 30, 2005 through June 30, 2010. Information presented herein is derived from these audited financial statements.



**Official Statement  
Relating to the Issuance of  
Shelby County, Tennessee  
\$76,740,000\*  
General Obligation Refunding Bonds  
2011 Series A**

**INTRODUCTION**

This OFFICIAL STATEMENT which includes the cover page and the appendices attached hereto contains information concerning (a) the \$76,740,000\* General Obligation Refunding Bonds, 2011 Series A (the "Bonds"), and (b) Shelby County, Tennessee (the "County"), a political subdivision of the State of Tennessee.

Part II of this Official Statement is the Supplemental Information Statement of the County. The following appendix is attached to Part II hereof: APPENDIX A – Shelby County, Tennessee, Financial Statements, dated June 30, 2010.

**THE BONDS**

**Description of the Bonds**

The Bonds will be issued under and subject to the terms and conditions contained in a resolution adopted by the County on October 25, 2010 (the "Resolution"). The Bonds are being issued to provide monies together with other legally available funds of the County: (i) to refund all or a portion of certain series of general obligation bonds previously issued by the County; and (ii) to pay costs of issuance on the Bonds.. The Bonds will be dated, will mature and will bear interest, all as set forth on the cover of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1 each year beginning September 1, 2011.

The Bonds will be issued as fully registered bonds without coupons, in the denomination of principal amounts of \$5,000 or integral multiples thereof. Interest on all Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

**Book-Entry System**

*The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Official Statement) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the County for inclusion in this Official Statement. Accordingly, the County cannot make any representations concerning these matters.*

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market investments (from over 100 countries) that its DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear

\*Preliminary, subject to change.

through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Direct and Indirect Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy of such information.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE BOND ORDINANCE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

## **Discontinuance of Book-Entry System**

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent and Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In either of the situations described in this paragraph, definitive replacement Bonds shall be issued only upon surrender to the County or an agent appointed by the County of the Bonds by DTC, accompanied by registration instructions for the definitive replacement Bonds from DTC. The County shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

## **Optional Redemption**

The Bonds maturing on or prior to March 1, 2020 are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2021 shall be subject to redemption prior to maturity on or after March 1, 2020 in whole or in part at any time in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.

## **Notice of Redemption**

Notice of any redemption of the Bonds shall specify the Bonds to be redeemed, the redemption date and the place where the amount due will be payable. Such notice shall also state that upon the date fixed for redemption the principal amount thereof plus the premium, if any, due on the redemption date together with the accrued interest thereon shall become due and payable. The County shall cause the Registrar for the Bonds to mail a copy of such notice at least 30 days before the redemption date to the registered owners of the Bonds at their address appearing on the registration books as of the 45th day preceding the date fixed for redemption. As long as a book-entry system is used to determine ownership of the Bonds, the County shall send notice of redemption to DTC. Any failure of DTC to mail such notice to any DTC participant will not affect the sufficiency or the validity of the redemption of the Bonds.

## **Authority for Issuance of the Bonds**

The County, pursuant to Section 9-21-101 through 9-21-916, of the Tennessee Code Annotated ("T.C.A.") has the power and is authorized to issue by resolution general obligation refunding bonds to refund outstanding obligations lawfully issued, and to secure such bonds as provided in Section 9-21-101, *et seq.*, of the T.C.A. and Section 9-21-915 of the T.C.A.

## **Security and Remedies**

The Bonds will be direct general obligations of the County and the County has pledged its full faith and credit and unlimited taxing power to the punctual payment of the principal of and interest on the Bonds. A tax sufficient to pay when due such principal and interest shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the County and shall be in addition to all the other taxes authorized or limited by law. It shall be the duty of the Board of County Commissioners of Shelby County, Tennessee (the "Board") to include in the annual levy tax sufficient to pay the interest on and principal of the Bonds as the same become due. When any part of the principal of or interest on the Bonds shall not be paid when due there shall be levied and assessed by said Board and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the County, after such omission or failure, a tax sufficient to pay the same.

Any owner or owners of the Bonds, including a trustee or trustees for holders of the Bonds, shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or their rights against the County and the Board and any officer, agent or employee of the County, including, but not limited to, the right to require the County and its Board and any proper officer, agent or employee of the County to assess, levy and collect taxes to carry out any agreement as to, or pledge of, such taxes and to require the County and Board and any officer, agent or employee of the County to carry out any other covenants and agreements and to perform its and their duties under the provisions of the T.C.A. and (b) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such owner or owners of the Bonds.

**SUMMARY OF AUDITED GENERAL FUND BALANCES  
FOR FISCAL YEARS ENDED JUNE 30**  
(In thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Beginning Fund Balance	\$ 41,697	\$ 45,297	\$ 51,297	\$ 65,504	\$ 75,165
Revenue	332,908	348,971	363,139	357,946	358,638
Expenditures	(308,857)	(326,638)	(344,305)	(341,221)	(346,392)
Other Financing Sources (Uses)	<u>(20,451)</u>	<u>(16,333)</u>	<u>(4,627)</u>	<u>(7,064)</u>	<u>(9,253)</u>
Ending Fund Balance	<u>\$ 45,297</u>	<u>\$ 51,297</u>	<u>\$ 65,504</u>	<u>\$ 75,165</u>	<u>\$ 78,158</u>

**DEBT ISSUANCE AFTER JUNE 30, 2010**

In October 2010, the County entered a loan agreement with the State of Tennessee for \$67,260,000 related to the State's issuance of Qualified School Construction Bonds. This loan agreement provides for level principal payment over 17 years. The interest rate on the loan is 4.848% and 100% of the interest paid will be refunded by the Federal Government. The proceeds of this loan will be used for school construction and renovation.

**PLAN OF REFUNDING**

The Bonds are being issued primarily to refund the following maturities of the County's General Obligation Public Improvement and School Bonds, 2003 Series A (collectively, the "Refunded Bonds") set forth in the table below:

<u>Series</u>	<u>Date of Maturity</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
Series 2003A GO Public Improvement and School Bonds	3/1/2017	\$ 7,000,000	4.000%	5/2/2011	100%
	3/1/2018	7,695,000	4.000%	5/2/2011	100%
	3/1/2019	8,465,000	4.750%	5/2/2011	100%
	3/1/2020	9,310,000	4.750%	5/2/2011	100%
	3/1/2021	10,245,000	4.500%	5/2/2011	100%
	3/1/2022	11,265,000	4.500%	5/2/2011	100%
	3/1/2023	12,395,000	4.500%	5/2/2011	100%
	3/1/2024	6,380,000	4.500%	5/2/2011	100%
	3/1/2025	<u>7,015,000</u>	4.500%	5/2/2011	100%
<b>Total Refunded Bonds</b>		<b><u>\$ 79,770,000</u></b>			

## ESTIMATED SOURCES AND USES OF FUNDS

Par Amount of Bonds	\$	Deposit to Escrow Fund	\$
Net Original Issue Premium/ (Discount)		Underwriters' Discount	
Equity Contribution		Cost of Issuance <sup>(1)</sup>	
	<u>\$</u>		<u>\$</u>

<sup>(1)</sup> Includes fees for the financial advisors, bond counsel, rating agencies, printing, and other expenses associated with issuance of the Bonds.

## ANALYSIS OF VALUE OF TAXABLE PROPERTY (As of April 20, 2010)

	<u>Appraised Value of Taxable Property</u>	<u>% of Total</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
Real Estate				
Residential & Farm (25%)	\$ 42,878,026,800	65.86%	\$ 10,719,506,700	55.69%
Commercial & Industrial (40%)	15,293,135,100	23.49%	6,116,755,995	31.77%
Multiples	578,851,700	0.89%	74,931,545	0.39%
Personalty Property				
Commerical, Industrial & Farm (30%)	4,620,013,500	7.10%	1,386,030,530	7.20%
Intangibles	4,647,200	0.01%	1,858,880	0.01%
Public Utilities				
Real and Personal - Local (55%)	1,814,700		998,085	0.01%
Privately Owned - State <sup>(1)</sup>	1,725,022,518	2.65%	948,762,385	4.93%
Total	<u>\$ 65,101,511,518</u>	<u>100.00%</u>	<u>\$ 19,248,844,120</u>	<u>100.00%</u>

<sup>(1)</sup> Real Estate, Personalty Property, Intangibles and Public Utilities Real and Personal-Local are based on values certified by the Shelby County Assessor's office as of April 20, 2010. Privately Owned State values are based on the State Comptroller of the Treasury assessments for the 2009 tax roll. The 2009 values were issued by the State of Tennessee on December 11, 2009.  
Note: Totals may not add up due to rounding.

**LONG-TERM DEBT SUMMARY**  
**(As of June 30, 2010)**

	<u><b>Shelby County <sup>(1)</sup></b></u>
Direct General Bond Obligation Bonded Indebtedness	\$ 1,661,630,481
Less: Self-Supporting Bonds	<u>(58,273,905)</u>
Net Direct General Obligation Indebtedness	1,603,356,576
Underlying Bonded Indebtedness <sup>(2)</sup>	<u>1,316,922,332</u>
Total Net Direct & Underlying Bonded Indebtedness <sup>(2)</sup>	<u><u>\$ 2,920,278,908</u></u>

- 
- <sup>(1)</sup> Includes \$26.9 million of Special General Obligation School Bonds, 2003 Series A, which are supported by a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis.
- <sup>(2)</sup> The Underlying Bonded Indebtedness, which is as of June 30, 2010, includes gross debt for Memphis, Germantown, Bartlett, Collierville, Arlington and Millington.

**DEBT RATIOS**  
**(As of June 30, 2010)**

	<u><b>Debt Per</b></u> <u><b>Capita (a)</b></u>	<u><b>Assessed</b></u> <u><b>Valuation (b)</b></u>	<u><b>Appraised</b></u> <u><b>Valuation (c)</b></u>
<b>Total Countywide Bonded Indebtedness</b>			
Total Direct Bonded Indebtedness	\$1,808	8.63%	2.55%
Total Direct Net Bonded Indebtedness	\$1,744	8.33%	2.46%
Total Direct & Underlying Net Bonded Indebtedness	\$3,177	15.17%	4.49%

(a) Shelby County Population (2009 U.S. Census):	919,137
(b) 2010 Assessed Valuation:	\$19,248,844,120
(c) 2010 Appraised Valuation:	\$65,101,511,518

**SHELBY COUNTY, TENNESSEE**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
(As of June 30, 2010; in thousands of dollars)

<b>Fiscal</b>	<b>Existing Debt Service</b> <sup>(2) (3)</sup>			<b>Less: Refunded Bonds</b>			<b>This Issue</b>			<b>Existing &amp; New Debt Service</b> <sup>(2) (3)</sup>		
<b>Year</b>												
<b>Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>												
2011	\$ 107,808	\$ 69,178	\$ 176,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	93,761	80,195	173,956	-	3,561	3,561	-	-	-	-	-	-
2013	86,019	81,542	167,561	-	3,561	3,561	-	-	-	-	-	-
2014	97,127	64,246	161,373	-	3,561	3,561	-	-	-	-	-	-
2015	95,107	60,036	155,143	-	3,561	3,561	-	-	-	-	-	-
2016	96,653	52,514	149,167	-	3,561	3,561	-	-	-	-	-	-
2017	88,630	53,566	142,196	7,000	3,561	10,561	-	-	-	-	-	-
2018	94,250	41,880	136,130	7,695	3,281	10,976	-	-	-	-	-	-
2019	93,000	37,399	130,399	8,465	2,973	11,438	-	-	-	-	-	-
2020	89,764	33,227	122,991	9,310	2,571	11,881	-	-	-	-	-	-
2021	86,284	28,840	115,124	10,245	2,129	12,374	-	-	-	-	-	-
2022	83,544	25,238	108,782	11,265	1,667	12,932	-	-	-	-	-	-
2023	79,039	22,008	101,047	12,395	1,161	13,556	-	-	-	-	-	-
2024	76,434	19,000	95,434	6,380	603	6,983	-	-	-	-	-	-
2025	73,804	16,483	90,287	7,015	316	7,331	-	-	-	-	-	-
2026	72,951	14,730	87,681	-	-	-	-	-	-	-	-	-
2027	66,595	11,061	77,656	-	-	-	-	-	-	-	-	-
2028	56,905	8,441	65,346	-	-	-	-	-	-	-	-	-
2029	46,365	6,057	52,422	-	-	-	-	-	-	-	-	-
2030	40,190	4,336	44,526	-	-	-	-	-	-	-	-	-
2031	33,815	2,646	36,461	-	-	-	-	-	-	-	-	-
2032	15,125	1,320	16,445	-	-	-	-	-	-	-	-	-
2033	6,860	806	7,666	-	-	-	-	-	-	-	-	-
2034	7,150	411	7,561	-	-	-	-	-	-	-	-	-
<b>Total <sup>(1)</sup></b>	<b>\$ 1,687,180</b>	<b>\$ 735,160</b>	<b>\$ 2,422,340</b>	<b>\$ 79,770</b>	<b>\$ 36,063</b>	<b>\$ 115,833</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>(1)</sup> Totals may not add up due to rounding.

<sup>(2)</sup> This schedule includes capital appreciation bonds. The accrued interest on these bonds is not recognized or payable until each prospective maturity date.

<sup>(3)</sup> The interest on the 2009 Series C Bonds have not been adjusted to reflect the 35% Interest Subsidy Payment expected to be received through the Federal "Build America Bond" Program.

## RATINGS

Moody's, Standard & Poor's and Fitch Ratings have assigned ratings of Aa1, AA+ and AA+, respectively, to the Bonds. Further explanation of the significance of these ratings may be obtained from Standard & Poor's, Moody's, and Fitch Ratings. Any ratings are not a recommendation to buy, sell or hold the Bonds. The County furnished to each rating agency certain information and materials, some of which may not be included in this Official Statement. There is no assurance that any such ratings will not be withdrawn or revised downward by Standard & Poor's, Moody's, and Fitch. Such action, if taken, could have an adverse effect on the market price of the Bonds. The County makes no representation as to the appropriateness of the ratings.

## CONTINUING DISCLOSURE

(a) *Disclosure of Annual Information.* The County has agreed, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to provide, either directly or indirectly through a designated agent, to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as maybe required by law or applicable regulation, from time to time (each such information repository, a "MSIR", (i) within 180 days following the end of each Fiscal Year of the County commencing with the Fiscal Year ending June 30, 2010, annual financial information and operating data concerning the County, of the type included in this Official Statement, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the County. A copy of such annual financial information and operating data will be provided by the County to the initial purchasers of the Bonds. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial information shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this paragraph (a) shall be referred to herein as the "Annual Report").

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

(b) *Disclosure of Certain Events.* The County has agreed to provide or cause to be provided to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit facility providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of any property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);



- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(c) *Notice of Failure.* The County agrees to provide or cause to be provided, in a timely manner, to each MSIR notice of a failure by the County to provide the Annual Report described in subsection (a) above on or prior to the date set forth therein.

(d) *Termination.* The County reserves the right to terminate its obligation to provide the Annual Report and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds (within the meaning of the Rule). If the County believes such condition exists, the County will provide notice of such termination to each MSIR.

(e) *Undertaking for Benefit of Holders and Beneficial Owners.* The County agrees that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the County's obligations thereunder and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Resolution.

(f) *Voluntary Disclosure Shall Not Bind County.* Any voluntary inclusion by the County of information in its Annual Report of supplemental information that is not required by the Rule shall not expand the obligations of the County under the Rule and the County shall have no obligation to update such supplemental information or include it in any subsequent report.

(g) *Third Parties.* The covenants described herein are solely for the benefit of the holders and beneficial owners of the Bonds and shall not create any rights in any other parties.

(h) *Amendments Waiver.* Notwithstanding any other provision of the Resolution, the County may amend the provisions of the Resolution described under this caption "Continuing Disclosure" and any such provision may be waived, provided that the following conditions are satisfied:

- (1) If the amendment or waiver relates to the provisions of paragraphs (a), (b), or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or the type of business conducted by the County;
- (2) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the County or an obligated person, or by an approving vote of the holders of at least a majority in aggregate principal amount of the then outstanding Bonds pursuant to the terms of the Resolution.

In the event of any such amendment or waiver of a provision described above, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the County. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as set forth in subsection (b) and (ii) the Annual Report for the year in which the change is made must present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The County has never failed to comply with any of its continuing disclosure obligations pursuant to the Rule.

## LITIGATION

At the time of original delivery of the Bonds, there will also be furnished to the Underwriters a certificate of certain officers of the County stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Bonds or the power of the County to levy and collect ad valorem taxes to pay them.

The County is a defendant in various other lawsuits arising in the ordinary course of operations from those seeking awards for property damage and personal injury, contesting its taxing authority, and questioning certain personnel practices and policies. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's administration (including the County Attorney) that the ultimate disposition of these matters will not materially affect the financial condition of

the County. Under the Tennessee Governmental Tort Liability Act, §§29-20-101 through 29-20-408 of the Tennessee Code Annotated (the “Act”), all governmental entities in Tennessee are immune from suit for any injury which may result from the activities of such governmental entities when engaged in the exercise and discharge of any function, except within the limits provided in the Act. Pursuant to the Act there are limits for liability for governmental entities for bodily injury or death of any one person in any one accident, occurrence or act, unless and to the extent insurance is provided. The County is self-insured within these limits.

## **TAX MATTERS**

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the County (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The County has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel will also opine that under existing law and regulations interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Exhibit A hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **SALE OF THE BONDS**

The Bonds were sold by the County at a public auction on March\_\_\_\_, 2011. Details concerning the sale of the Bonds were provided to bidders in the Notice of Sale relating to the Bonds, which were distributed with the Official Statement.

The successful bidder of the Bonds, \_\_\_\_\_ (the "Purchaser"), has agreed, subject to the conditions of Closing set forth in the Notice of Sale, to purchase the Bonds at a purchase price of \$\_\_\_\_\_ (or \_\_\_\_%), which sum equals to the par amount of the Bonds of \$\_\_\_\_\_, plus an original issue premium/[less original issue discount] of \$\_\_\_\_\_ and less a Purchaser's discount of \$\_\_\_\_\_. The Purchaser has agreed to purchase all of the Bonds if any Bonds are purchased.

### **VERIFICATION OF MATHEMATICAL ACCURACY**

The arithmetical accuracy of certain computations included in the schedules provided by Public Financial Management, Inc. on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the securities held in the Escrow Fund and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) computation of the yields on the Refunding Bonds and the securities held in the Escrow Fund was examined by The Arbitrage Group, Inc. Such computations were based solely upon assumptions and information supplied by Public Financial Management, Inc. on behalf of the County. The Arbitrage Group, Inc. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

### **FINANCIAL ADVISORS**

This Official Statement has been prepared under the direction of the Shelby County Government by the Chief Administration Office, Director, Division of Administration and Finance and with the assistance of ComCap Advisors, a division of Community Capital, Memphis, Tennessee and Public Financial Management, Inc., Memphis, Tennessee, (collectively, the Financial Advisors), employed by the County to perform professional services in the capacity of financial advisors. The Financial Advisors have provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal and disclosure documents, and drafted certain portions of the Offering Statement based upon information provided by the County.

The information set forth in this Official Statement has been obtained from the County and other sources which are believed to be reliable. The Financial Advisors have not verified the factual information contained herein but have relied on the County's data and the County's Certificate as to the Offering Statement. As such, the Financial Advisors do not guarantee the accuracy of the factual information contained herein.

Approved by resolution of the Board of County Commissioners of Shelby County, Tennessee, on October 25, 2010.

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SIDNEY CHISM  
Chairman, Board of County Commissioners

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MARK H. LUTTRELL, JR.  
Mayor

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**EXHIBIT A**  
**FORM OF OPINION OF BOND COUNSEL 2011 SERIES A BONDS**

## FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Edwards Angell Palmer & Dodge LLP, West Palm Beach, Florida proposes to render its final approving opinion with respect to such 2011 Series A Bonds in substantially the following form set forth below:

Board of County Commissioners  
Shelby County, Tennessee  
The Honorable Mayor and Commissioners:

\_\_\_\_\_, 2011

We have examined certified copies of the proceedings of the Board of County Commissioners of Shelby County, Tennessee (the "County"), and other proofs submitted to us relative to the issuance and sale of:

**\$76,740,000\***  
**SHELBY COUNTY, TENNESSEE**  
**General Obligation Refunding Bonds**  
**2011 Series A**  
**Dated: Date of Delivery**

(the "Bonds") lettered R and numbered from 1 consecutively upwards, in registered form in the denomination of \$5,000 or any integral multiple thereof, bearing interest from their date and payable semiannually on March 1 and September 1 of each year, commencing September 1, 2011 at the interest rates per annum and maturing on March 1 of each year, in the years and amounts as follows:

<b>Due March 1</b>	<b>Principal Amount *</b>	<b>Interest Rate</b>
2017	\$ 6,840,000	%
2018	7,530,000	
2019	8,295,000	
2020	9,070,000	
2021	9,925,000	
2022	10,880,000	
2023	11,935,000	
2024	5,840,000	
2025	6,425,000	

The Bonds, recite that they are issued under the Constitution and statutes of the State of Tennessee, including Sections 9-21-101 through 9-21-916 of the Tennessee Code Annotated, and pursuant to the resolution (the "Resolution") adopted by the Board of County Commissioners of the County for the purpose of providing moneys to refund outstanding obligations lawfully issued and to pay the costs of issuance. We have examined the Constitution and statutes of the State of Tennessee and certified copies of the proceedings of the Board of County Commissioners of the County authorizing the issuance of the Bonds and such other papers, instruments, and documents in this matter, as we have deemed necessary or advisable.

We have also examined Bond No. R-1 as executed.

\* Preliminary, subject to change.

In our opinion, the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, and constitute valid and legally binding obligations of the County, and the County has the power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the County subject to taxation by the County, without limitation of rate or amount.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, the exercise of sovereign police powers of the State of Tennessee and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization and moratorium and other laws for the relief of debtors.

The County has entered into certain covenants with the owners of the Bonds, for the terms of which reference is made to the Resolution.

Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Issuer with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure by the County to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

It is also our opinion that under existing laws and regulations interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Respectfully yours,

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**PART II**  
**SUPPLEMENTAL INFORMATION STATEMENT**

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## TABLE OF CONTENTS

If this Supplemental Information Statement is used as a Part II of any Official Statement prepared by the County to offer and sell securities, this Table of Contents will relate only to that Part II. A separate Table of Contents will be included at the front of Part I of the Official Statement for that part.

### Part II

<u>Page</u>	<u>Page</u>
THE GOVERNMENT OF SHELBY COUNTY, TENNESSEE .....	15
<b>ADMINISTRATION</b> .....	16
SHELBY COUNTY GOVERNMENT ORGANIZATION CHART.....	16
<b>FINANCIAL MANAGEMENT SYSTEM</b> .....	16
PROPERTY TAX.....	17
<b>ASSESSMENTS</b> .....	18
ANALYSIS OF VALUE OF TAXABLE PROPERTY .....	19
TAX RATE DISTRIBUTION .....	20
TAX RATE LIMITATIONS .....	20
<b>SUMMARY OF LOCAL TAX REVENUES</b> .....	20
PERCENTAGE OF LOCAL TAX REVENUES BY SOURCE.....	21
PROPERTY TAX LEVIES AND COLLECTIONS.....	21
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY .....	23
.....	25
UNDERLYING DEBT .....	26
COMPUTATION OF SELF-SUPPORTING DEBT .....	26
CONTRACTS AND OTHER LONG-TERM OBLIGATIONS.....	27
<b>LEASES</b> .....	27
<b>ARENA</b> .....	27
<b>INTEREST RATE SWAPS</b> .....	27
<b>COMPENSATED ABSENCE LIABILITIES</b> .....	28
COMPUTATION OF DEBT SERVICE TAX RATE.....	29
PERCENTAGE OF ANNUAL DEBT SERVICE FOR GENERAL .....	31
BONDED DEBT .....	32
GENERAL OBLIGATION BOND AUTHORIZATION .....	32
DEBT LIMIT .....	33
PRINCIPAL OF OUTSTANDING GENERAL OBLIGATION DEBT .....	33
PAST FIVE FISCAL YEARS .....	34
PERCENTAGE OF GENERAL BONDED DEBT TO APPRAISED .....	34
AND ASSESSED VALUE .....	34
STATEMENT OF PLAN NET ASSETS.....	34
STATEMENT OF CHANGES IN PLAN NET ASSETS.....	15
BUDGETING AND APPROPRIATIONS PROCEDURES .....	16
BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2011 .....	16
SUMMARY OF AUDITED GENERAL FUND BALANCES .....	16
GENERAL FUND .....	17
SPECIAL REVENUE FUNDS.....	18
DEBT SERVICE FUND .....	19
ECONOMIC AND DEMOGRAPHIC INFORMATION .....	20
<b>INTRODUCTION</b> .....	20
<b>POPULATION</b> .....	20
<b>INCOME AND BUYING POWER</b> .....	20
<b>EMPLOYMENT</b> .....	21
<b>PRINCIPAL INDUSTRIES</b> .....	23
<b>HOUSING AND CONSTRUCTION</b> .....	25
<b>FINANCIAL INSTITUTIONS</b> .....	26
<b>THE ECONOMY</b> .....	26
<b>TRADE AREA</b> .....	26
<b>AGRIBUSINESS</b> .....	27
<b>TOURISM</b> .....	27
<b>ECONOMIC DEVELOPMENT OF THE COUNTY</b> .....	27
<b>CENTRAL BUSINESS DISTRICT</b> .....	28
<b>TRANSPORTATION AND DISTRIBUTION</b> .....	29
<b>UTILITIES</b> .....	31
<b>EDUCATION</b> .....	32
<b>COLLEGES AND UNIVERSITIES</b> .....	32
<b>MEDICAL FACILITIES</b> .....	33
<b>U.S. GOVERNMENT</b> .....	33
<b>LIBRARIES</b> .....	34
<b>COMMUNICATIONS</b> .....	34
<b>RECREATION</b> .....	34

No person, except as noted on the cover page, has been authorized by the County to give any information or to make any representations not contained in this Supplemental Information Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized.

The information, estimates, and expressions of opinion in this Supplemental Information Statement are subject to change without notice. The delivery of this Supplemental Information Statement shall not, under any circumstances, create any implication that there has been no material change in the affairs of the County since the date of this Supplemental Information Statement.

**SHELBY COUNTY GOVERNMENT  
SUPPLEMENTAL INFORMATION STATEMENT**

In addition to providing audited financial information as of and for the year ended June 30, 2010, Shelby County, Tennessee (the "County") intends that this Supplemental Information Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the offering and issuance by the County of its securities.

The County has prepared a comprehensive annual financial report containing additional financial statements for fiscal year ended June 30, 2010, in addition to other information for the periods covered by this Supplemental Information Statement.

Although the County does not contract to do so and does not represent that it will do so, it may maintain, from time to time, a mailing list of parties wishing to receive annual and other information regarding the County.

Please contact Mr. Michael A. Swift, Shelby County Government, Suite 1150, 160 N. Main Street, Memphis, Tennessee, 38103 (901/545-4435) for questions regarding information in this Supplemental Information Statement, copies of the Comprehensive Annual Financial Report including Financial Statements, or placement on the mailing list for the Supplemental Information Statement.

**The date of this Supplemental Information Statement is June 30, 2010.  
(Unless otherwise stated herein)**

## THE GOVERNMENT OF SHELBY COUNTY, TENNESSEE

The County was established in 1819 and covers 783 square miles in southwest Tennessee. Of this, 317 square miles are within the city limits of Memphis (the "City of Memphis" or the "City"). The County has jurisdiction over all unincorporated areas of the County and provides some major services within the City of Memphis, such as supplemental funding for The Regional Medical Center (The MED), a complex of health care facilities aimed primarily at the needy.

The County is governed by a mayor-commissioner form of government under a Home Rule Charter that went into effect on September 1, 1986. Each serves a 4-year term. The Mayor is the County's chief executive officer ("Mayor") and oversees the operation of six divisions - Administration and Finance; Community Services; Corrections; Health Services; Planning and Development; and Public Works. The Mayor must sign all contracts.

The 13-member Board of County Commissioners of Shelby County (the "Board of County Commissioners"), the legislative branch of the government, is responsible for reviewing and approving the administration's programs and budgets.

Together the administration and Board of County Commissioners are responsible for governing the most populous of Tennessee's 95 counties, with a personnel staff of approximately 5,917 people and have the direct duty of providing services for 919,137 citizens according to the 2009 estimated census data.

### Administration

The following are brief personal resumes of County Administration Officials:

**Mark H. Luttrell, Mayor of Shelby County** – Mayor Mark H. Luttrell, Jr. took office as Shelby County Mayor on September 1, 2010. Mayor Luttrell received a Bachelor of Arts degree from Union University and a Masters in Public Administration from the University of Memphis. Mayor Luttrell began his career as a teacher of history at Bradford County High School in Starke, Florida. He later served two years in the Army, stationed in Louisiana, Texas and Germany. Upon returning to Memphis, Mayor Luttrell began his career in criminal justice at the Shelby County Penal Farm serving as the vocational training director. He joined the United States Bureau of Prisons in 1977 and served with that organization until his retirement in 1999. He also served as warden of federal prisons in Texarkana, Texas, Manchester, Kentucky and Memphis, Tennessee. He was then appointed Director of the Shelby County Division of Corrections and served there until his election as Sheriff in 2002 and again in 2006. During his tenure, the Shelby County Jail men's and women's divisions were removed from federal court oversight and went on to receive national accreditation by the American Corrections Association. The jail medical units also received separate national accreditation certifications. Additionally, the law enforcement division of the Sheriff's Office was also accredited by the Commission on Accreditation of Law Enforcement Agencies. As sheriff, he graduated from the FBI National Executive Institute (NEI) and in 2009 was named "Sheriff of the Year" by the National Sheriffs' Association. He was also selected as Lawman of the Year for the Kiwanis' Louisiana, Mississippi, and Tennessee Districts. He is a member of the Germantown Kiwanis Club and serves as a board member of the Memphis-Shelby Crime Commission, Operation Safe Community, Memphis Second Chance, University of Memphis Arts and Sciences Advisory and the Union University Alumni Advisory Board. Mayor Luttrell is a Leadership Memphis graduate and a distinguished recipient of the Outstanding Alumni Award of the University of Memphis, College of Arts and Sciences.

**Harvey Kennedy, Chief Administrative Officer** – Mr. Kennedy assumed his role as Chief Administrative Officer on September 1, 2010. Mr. Kennedy attended the University of Texas at El Paso receiving a Bachelors of Business Administration – Accounting degree. After two years in business in El Paso, Texas, Mr. Kennedy was accepted into Naval Officer Candidate School in Newport, Rhode Island and began a naval career that would span 25 years both in the United States and overseas. He received a Masters Degree in Financial Management from the Naval Postgraduate School in Monterey, California. During his tenure, Mr. Kennedy served as comptroller, personnel manager, and contracting officer on four separate occasions. His last duty station was Commander of the Defense Distribution Depot in Memphis, Tennessee. He retired in 1993 with the rank of Captain in the Supply Corps. During his career, he was decorated many times with awards including the Defense Superior Service Award, Meritorious Service Medal three times, Navy Commendation and Navy Achievement Medals, and numerous unit awards. Upon retirement from the Navy, Mr. Kennedy embarked upon a career with Shelby County Government serving four years as Finance Manager at the Correction Center. He later assumed the role of Administrator of Finance & Administration for five years until his appointment as Chief Administrative Officer for the Shelby County Sheriff, a role he held for eight years.

**James F. Huntzicker, Director, Division of Administration and Finance** – Mr. Huntzicker has over 35 years of experience in finance, real estate and general management. He oversees all financial and risk management functions within County government. From 1999 until his County employment, Mr. Huntzicker worked as an affiliate broker for McKee & McFarland, Inc. Prior to that, he served as Director of Business Development for Space Center Memphis, Inc., a commercial/industrial real estate firm. He was President/Founder of the Nonconnah Health Corporation from 1993 until 1997 and he served as Chairman and CEO of Health Industries of America, Inc. from 1985 until 1992. Mr. Huntzicker was employed by the County in 1980 as Director of Finance and Administration and ultimately was the Chief Administrative Officer until 1985.

He returned to the County in 2002 as Director of Administration and Finance and was appointed to the additional position of Chief Administrative Office in 2007. He served in both capacities until September 2010, continuing to now serve as the Director of Administration and Finance. He is a graduate of Drake University with a B.S. degree in Business Administration with emphasis in economics and finance. Mr. Huntzicker was a charter member of the East Memphis Rotary Club and served as an officer and director. He is a past member of the executive committee of the Convention & Visitors Bureau and also served on the Board of the Cook Convention Center. He currently serves on the Retirement Board of the Shelby County Retirement System and is Chairman of its Investment Committee.

**Dottie Jones, Director of Community Services** – Ms. Jones joined Shelby County Government as Director of the Division of Community Services in December 2006. As Director, she directs the initiatives of five departments, including Shelby County Head Start, Community Services Agency, Crime Victims Center, Aging Commission of the Mid-South and Shelby County Pretrial Services. In addition, the division is responsible for the Office of Grants Coordination. Prior to joining the County, Ms. Jones served as Administrator of the City of Memphis Office of Intergovernmental Relations since February 2000. The office was created to provide the City of Memphis with a focused and coordinated approach to relationships with other government entities, including the Federal government, the State of Tennessee, Shelby County government, and other local municipalities. The office also coordinated the City's legislative efforts in Washington and Nashville and was responsible for researching and identifying Federal, State and private grant opportunities. During her tenure with the City of Memphis, Ms. Jones was responsible for raising over \$250 million in competitive grants and federal appropriations. Ms. Jones has 26 years experience working in fund raising and marketing for non-profit organizations and government relations. She served as vice-president for marketing & communications for United Way of the Mid-South, where she was responsible for all communications, public relations, marketing and special events. Prior to joining United Way, she was with the Southern Poison Center and the YWCA of Greater Memphis. Ms. Jones is serving a third term as a member of the Tennessee Advisory Committee for the United States Commission on Civil Rights. She is a 1998 graduate of Leadership Memphis and past president of Network of Memphis and Women of Achievement. She currently serves on the Board of Directors for the Women's Foundation for a Greater Memphis. She has a Masters in Business Administration from University of Memphis and a Bachelor Degree in Sociology and Business from Queens College in Charlotte, NC.

**Richard S. Copeland, Director of Planning and Development** – Mr. Copeland assumed his position as director in January 2004. He oversees the joint agency of the city of Memphis and Shelby County that provides guidance and direction in the adoption of policies and regulations to encourage long-range community development. Prior to his appointment, Mr. Copeland served as Of Counsel to the law firm of Butler, Snow, O'Mara, Stevens & Cannada, PLLC. His previous positions include Assistant Director of the Tennessee Technology Development Corporation, Chief Operating Officer of Global Associates LLC, Chief Operating Manager of Compass Intervention Center LLC and President and Treasurer of Franklin American Insurance Corporation. From 1975 to 1990, he served Shelby County Government as Assistant to the Chairman of the Shelby County Commission, Assistant County Attorney and Assistant Chief Administrative Officer. Mr. Copeland holds a Bachelor of Science degree from the University of Tennessee at Martin and received his Juris Doctor degree from the University of Memphis. His memberships include the Memphis, Tennessee and American Bar Associations.

**James E. Coleman, Director of Corrections** – Mr. Coleman was named Director of Corrections in September 2010. He graduated from Tennessee State University, with a Bachelor's in Criminal Justice, and began his career with the Davidson County Sheriff's Office. He has since held various positions within the field of criminal justice over the last thirty years, most notably as Director of Training with the Tennessee Corrections Institute, where he helped to implement a state-wide FTO program for 95 county jails and municipal lock-ups; as Director of Training with the Tennessee Board of Pardon and Parole; as Corrections Specialist with the National Institute of Corrections; as Jail Director for Union County New Jersey's Division of Corrections; and as Director of the Shelby County Jail. As Director of the Shelby County Jail, worked to get the jail removed from Federal Court oversight and the successful release from a Consent Decree with the Department of Justice. The Shelby County Jail currently holds Accreditations from the American Correctional Association (ACA), the National Commission of Correctional Health Care (NCCHC) and Certification from our State Standards office (Tennessee Corrections Institute). Mr. Coleman serves as a Criminal Justice Consultant for the American Jail Association (where he also serves as a member of the Board of Directors), American Corrections Association and National Institute of Corrections, and provides technical assistance for various agencies across the country. He is also on the faculty of the National Jail Leadership Academy at Sam Houston State University, in Huntsville, TX.

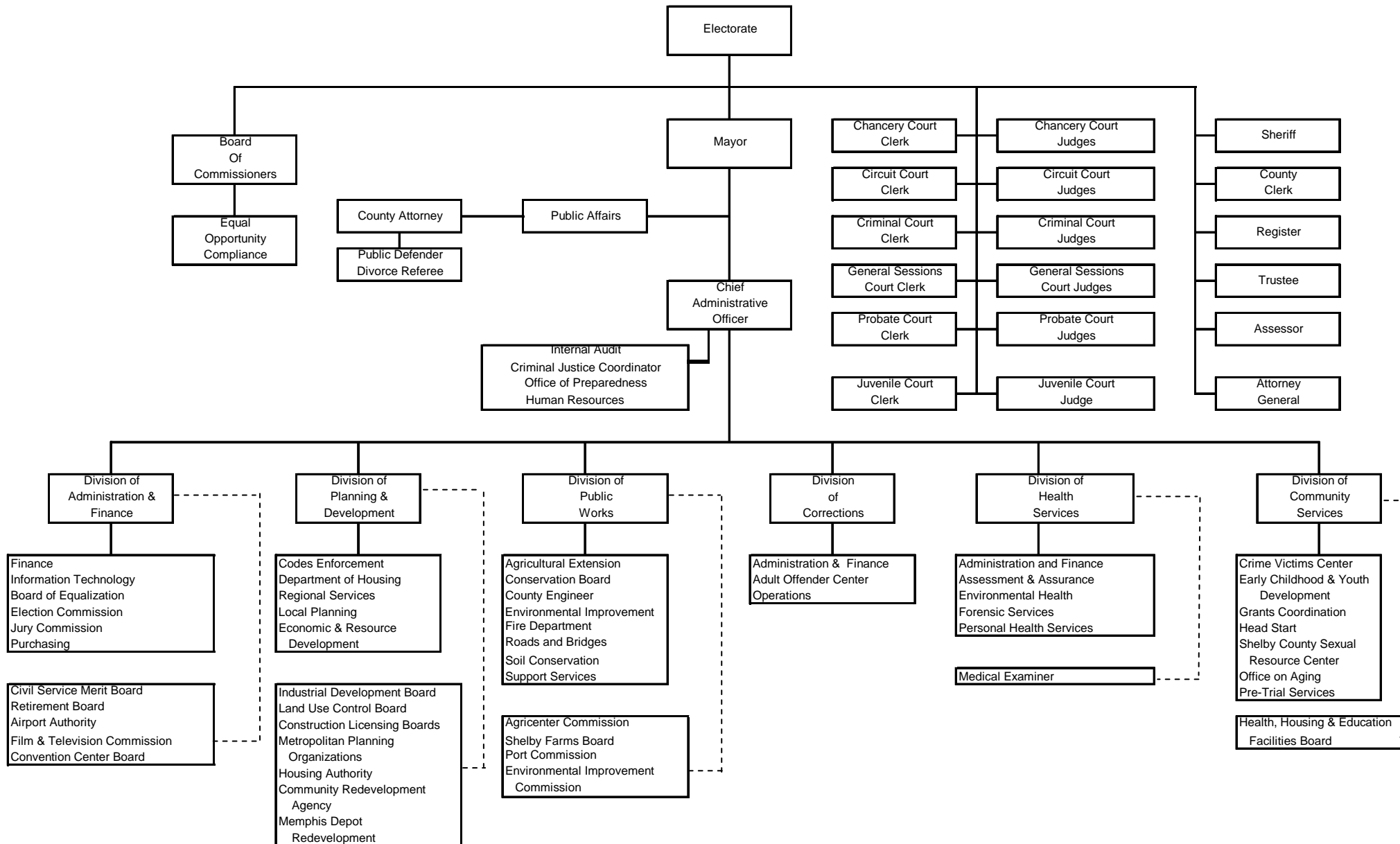
**Yvonne Smith-Madlock, Director of Health Services** - Mrs. Madlock was appointed Director of Health Services in June 1995. Prior to that appointment, she was Administrator for the Bureau of Personal Health Services within the Health Department; and from 1990-93 was Executive Director of Mid-South Family Health Care Center. Mrs. Madlock was employed by Memphis Health Center for 12 years in various administrative capacities including Senior Vice President, Chief Operating Officer and Director of Patient Care Services after joining the Health Center as a Health Educator in 1978. Mrs. Madlock also taught history for a number of years at Houston Community College and Lee High School in New Haven, Connecticut. A graduate of Wellesley College, Mrs. Madlock holds an MAT degree from Wesleyan University (Middleton, Connecticut) and attended the University of Texas School of Public Health. She was a member of the 1992 Leadership Memphis Class and

served on that organization's board for two terms. She is a 1999 graduate of the Public Health Leadership Institute of the Centers for Disease Control and Prevention and the University of California. Mrs. Madlock is a member of the Board of Directors of the National Association of County and City Health Officials (NACCHO) and serves on several national forums and presentations. Her local civic service includes current membership on the Board of Directors of the Community Foundation of Greater Memphis and the Metropolitan Inter-Faith Association (MIFA) and former leadership on the Boards of Girls Incorporated, Mid-Town Mental health Center and the Tennessee Primary Care Association.

**Thomas E. Needham, Director, Division of Public Works.** Mr. Needham was appointed Director of Public Works November 1, 2010. Mr. Needham received his B.S. degree in Electrical Engineering from Christian Brother College in 1967, bringing over 40 years of engineering and management experience to the County. Following his graduation, he served in the Signal Corps in Vietnam and Fort Bragg, NC. In 1971, Mr. Needham joined the engineering firm of Allen & Hoshall, Inc. and served in many capacities, including President from 1992 to 1996. From 1996 until 2006, Mr. Needham was employed by Ellers, Oakley, Chester & Rike, providing overall management of the firm's design and construction administration. He joined SSR Ellers, Inc. in 2006 as its Chief Operating Officer and served in the capacity until joining the County. Mr. Needham is licensed in the states of Tennessee, Mississippi, Kansas and North Carolina. He is a past President of ACEC of Tennessee; a past National Director for American Companies of Engineering Consultants – Tennessee; and past President of Tennessee Society of Professional Engineers. He serves on the Advisory Board for the University of Memphis and is past Chairman of the Engineering Advisory Board for Christian Brothers College. He is also a member of the State of Tennessee Architect/Engineering Board Blue Ribbon Task Force.

**Kelly Rayne, County Attorney** – Kelly Rayne is a licensed attorney and a member of the Tennessee Bar, admitted to practice in Tennessee State Court and U.S. District Court, Western District of Tennessee with 17 years of experience in Memphis and Shelby County governments. She has practiced as an Assistant Public Defender for Shelby County, working in Environmental Court and the Major Violators Division of Criminal Court. She also served 5 years in the County Attorney's Office, where she was assigned as counsel to the Shelby County School Board and handled environmental and land use matters. Ms. Rayne also served as the Legislative Advisor and Special Counsel to two county mayors, Mayor Jim Rout and Mayor A C Wharton. Prior to assuming the role as County Attorney, she served as the Deputy Chief Administrative Officer for the City of Memphis. Ms. Rayne received her law degree from the University of Mississippi and her Bachelors Degree in Political Science from Virginia Polytechnic Institute and State University. Ms. Rayne has served on a number of civic boards and has been active in professional organizations, including the American Bar Association, the Memphis Bar Association, the Greater Memphis Arts Council, and the Urban Land Institute Memphis Chapter. She is a graduate of the 2003 Leadership Memphis Class and has been honored by Volunteer Memphis for her work at Target House. She is also a recipient of the Memphis Business Journal's *Top 40 Under 40 award*.

# SHELBY COUNTY GOVERNMENT ORGANIZATION CHART





## **Financial Management System**

### ***Division of Administration and Finance***

The Division of Administration and Finance (the "Division") is the unit responsible for all fiscal affairs, financial management, purchasing, information technology services, and risk management functions, and related systems of the County. The Director of the Division is charged with overall County financial policy and reports directly to the Chief Administrative Officer. He is the primary administrative officer responsible for budgeting, accounting, financial reporting, debt policy, and financial support systems.

The Director is appointed by the County Mayor.

### ***Fiscal Year***

The County operates on a fiscal year, which commences July 1 and ends June 30.

### ***Financial Reporting***

The County maintains a financial reporting system, which provides timely and accurate reports of revenues, expenditures, and financial status. The County's financial statements are audited annually by independent certified accountants as required by law. The report of such accountants with respect to the County's Financial Statements for the fiscal year ended June 30, 2010, are included in Appendix A of this Official Statement.

### ***The Board of Education***

The policy making body of the school system is the Board of Education, which is composed of seven citizens elected to four year terms. The Board of Education appoints the system superintendent for a four-year term. The school board establishes educational policies and approves the budget for submission to the Board of County Commissioners for final appropriation. It has no separate taxing or bonding authority. All tax allocations must be set by the Board of County Commissioners and bonds are sold by the County for school purposes. All funds appropriated by the County, except those used to support the \$26.9 million of Special General Obligation School Bonds, 2003 Series A, which are from a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis, must be distributed to the County school system and the City of Memphis schools on an average daily attendance basis.

## **Labor Relations**

In a Policy Statement issued by the County Mayor and approved by the Board of County Commissioners on June 14, 1979, some County administrative employees were given the right to join or to refrain from joining, through an orderly process, a bona-fide organization for purposes of representation in matters of collective bargaining. Secret ballot elections may be provided for under such Policy Statement, similar to the procedures followed by the National Labor Relations board.

As of February 28, 2011, there were approximately 6,300 persons employed as permanent/duration full-time employees by the County. Of this total, 3,169 fall under the jurisdiction of the County Mayor in the Administrative function; 1,931 are responsible to the County Sheriff; and 1,200 employees are responsible to other elected officials of the County.

Within the County Mayor's area of responsibility, approximately 960 employees are represented by several labor organizations including the International Brotherhood of Electrical Workers Union, Local #474, whose two memorandums of understanding have been extended on a case by case basis to allow time for negotiations; the International Firefighters Association, Local #2585, whose memorandum of understanding expired on December 31, 2010 and is currently under negotiation; the American Federation of State, County and Municipal Employees, Local #1733 for correction officers agreement was extended to August 18, 2011 and the unit for Head Start employees was extended to April 15, 2011.

Within the County Sheriff's area of responsibility, approximately 423 employees are represented by the Deputy Sheriff's Association, Local #58. This agreement is in the beginning process of negotiations. Approximately 915 deputy jailers are represented by AFSCME #1733 whose memorandum of understanding will expire August 31, 2014. A unit of approximately 80 employees in Records and Information, and Maintenance is represented by IBEW #474 and has a memorandum of understanding, which expires October 31, 2011.

## PROPERTY TAX

### Assessments

All real estate and personal property, including some utilities not under the jurisdiction of the Tennessee Comptroller of the Treasury, Office of State Assessed Properties (OSAP) are assessed by the County Assessor of Property. Utilities and Carriers (railroads, truck lines, airlines, bus lines, etc.) are assessed by the OSAP, and some intangible personal property assessments related to banks are assessed by the State Division of Property Assessments.

The 2007 appraised values approximate market value. The ratios of assessment under the Property Assessment and Classification Act of 1973, provides for assessing farm and residential real property at 25% of the current market value, commercial and industrial real property at 40% of the current market value, personal property at 30% of the current market value and real and personal property and public utilities at 55% of the current value with corresponding reductions in tax rates.

New appraisal changes in real estate occur only for new construction. Reappraisal does not occur based on property sales. Personal property assessments are made annually based upon returns submitted by the taxpayers and are, therefore, maintained on a current basis. Appraisals by the OSAP for utilities and carriers are made annually based upon returns and are also maintained at current market value. The County, as required by State law, plans to revise all assessments every four years in the future based on current market values. The next County-wide reappraisal will occur for the 2013 tax year (collections in FY 2014).

Real estate and personal property are assessed by the County Assessor of Property at the percent of total actual value indicated. All assessments may be appealed for review by the Shelby County Board of Equalization and the State Board of Equalization.

Public Utilities are assessed by the OSAP and are automatically reviewed by the State Board of Equalization. These assessments include real estate and personal property on the basis of location and usage. Currently, under a ruling by the State Board of Equalization, the appraised value of public utilities is being reduced by multiplying it by a factor computed by dividing the appraised valuation for tax purposes of all real property within the County by the current market value. The assessed value is based on this reduced appraised value.

### ANALYSIS OF VALUE OF TAXABLE PROPERTY (As of April 20, 2010)

	Appraised Value of Taxable Property	% of Total	Assessed Valuation	% of Total
Real Estate				
Residential & Farm (25%)	\$ 42,878,026,800	65.86%	\$ 10,719,506,700	55.69%
Commercial & Industrial (40%)	15,293,135,100	23.49%	6,116,755,995	31.77%
Multiples	578,851,700	0.89%	74,931,545	0.39%
Personalty Property				
Commerical, Industrial & Farm (30%)	4,620,013,500	7.10%	1,386,030,530	7.20%
Intangibles	4,647,200	0.01%	1,858,880	0.01%
Public Utilities				
Real and Personal - Local (55%)	1,814,700		998,085	0.01%
Privately Owned - State <sup>(1)</sup>	1,725,022,518	2.65%	948,762,385	4.93%
Total	<u>\$ 65,101,511,518</u>	<u>100.00%</u>	<u>\$ 19,248,844,120</u>	<u>100.00%</u>

(1) Real Estate, Personalty Property, Intangibles and Public Utilities Real and Personal-Local are based on values certified by the Shelby County Assessor's office as of April 20, 2010. Privately Owned State values are based on the State Comptroller of the Treasury assessments for the 2009 tax roll. The 2009 values were issued by the State of Tennessee on December 11, 2009. Note: Totals may not add up due to rounding.

**TAX RATE DISTRIBUTION**  
**(For Fiscal Years Ended June 30) <sup>(1)</sup>**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	\$ 1.23	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
Schools <sup>(2)</sup>	1.98	2.02	2.02	2.02	2.02
Principal and Interest	<u>0.81</u>	<u>0.80</u>	<u>0.80</u>	<u>0.80</u>	<u>0.80</u>
Total Direct Tax Rate	\$ 4.02	\$ 4.04	\$ 4.04	\$ 4.04	\$ 4.04
Rural School Bonds <sup>(3)</sup>	<u>0.04</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
Total Tax Rate	<u>\$ 4.06</u>	<u>\$ 4.09</u>	<u>\$ 4.09</u>	<u>\$ 4.09</u>	<u>\$ 4.09</u>

<sup>(1)</sup> All property within the County was reappraised for the tax levy for fiscal 2010.

<sup>(2)</sup> Under State law, the County is required to allocate property taxes between the City of Memphis and the school systems based upon the ratio of average daily attendance of each system. This ratio changes each year but is approximately 70% to the City of Memphis Schools and 30% to the Shelby County Schools.

<sup>(3)</sup> The Special General Obligation School Bonds Tax is applicable to those properties that are located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside of the City of Memphis.

**TAX RATE LIMITATIONS**

The ad valorem (real estate and personal property) tax levy is without legal limit. All prior limitations and restrictions, whether restrictive as to total dollar amount or restrictive as to specific uses or a combination of the two, have been repealed.

**TEN LARGEST TAXPAYERS**  
**2010 Assessments**

	<u>Assessment</u>	<u>% of Total</u>
Federal Express Corporation	\$ 261,207,400	1.33%
Galleria at Wolfchase LLC	150,017,400	0.76%
Saint Francis Hospital System	136,820,700	0.70%
Cargill Inc.	94,076,200	0.48%
Wal-Mart Real Estate Trust	91,354,800	0.46%
Kroger Limited Partnership I	83,904,900	0.43%
Smith & Nephew, Inc.	82,316,300	0.42%
Carriage Avenue LLC	74,365,600	0.38%
Highwoods Realty LP	70,074,100	0.36%
Shopping Center Associates (PSO)	60,802,300	0.31%
Taxpayers	\$ 1,104,939,700	5.62%
Balanced of Assessed Valuation	<u>18,552,438,925</u>	<u>94.38%</u>
Total Assessed Valuation	<u>\$ 19,657,378,625</u>	<u>100.00%</u>

Source: Shelby County Assessor and Trustee's Offices.

## Summary of Local Tax Revenues

The County's various local taxes produced \$830,353,021 for the fiscal year ended June 30, 2010. The County's tax revenues and the percentage mix of these tax revenues for the period 2006-2010 are shown below.

	Year Ended June 30				
	2010	2009	2008	2007	2006
Property Tax <sup>(1)</sup>	\$ 732,901,892	\$ 692,960,526	\$ 689,901,545	\$ 676,806,842	\$ 652,151,467
Interest and Penalties	8,793,437	7,678,763	7,396,532	8,095,806	6,933,399
Receipts in Lieu of Taxes	24,281,331	22,022,235	19,440,804	21,023,115	19,574,415
General Sales Tax	1,973,343	8,823,935	9,392,291	10,151,491	10,343,331
Beer Sales Tax	1,396,551	1,244,836	1,194,790	1,174,590	1,177,813
Alcoholic Beverage Tax	175,418	193,629	193,479	195,249	160,651
Gross Receipts Tax	10,215,763	9,788,797	11,179,019	9,307,206	8,970,348
Hotel-Motel Tax <sup>(2)</sup>	11,886,638	13,348,741	14,080,417	12,670,660	12,377,312
Car Rental Tax <sup>(3)</sup>	1,663,783	1,620,327	2,082,703	1,947,599	1,882,050
Uptown Redevelopment	981,631	647,617	644,990	580,819	766,942
Rural School Bonds	2,797,913	3,209,533	3,108,666	3,108,187	2,904,034
Wheel Tax	29,429,162	29,053,746	30,010,232	30,077,684	29,962,996
Other Taxes	3,856,159	100,749	189,329	250,821	268,558
Total Taxes	<u>\$ 830,353,021</u>	<u>\$ 790,693,434</u>	<u>\$ 788,814,797</u>	<u>\$ 775,390,069</u>	<u>\$ 747,473,316</u>

## PERCENTAGE OF LOCAL TAX REVENUES BY SOURCE

	Year Ended June 30				
	2010	2009	2008	2007	2006
Property Tax <sup>(1)</sup>	88.26%	87.64%	87.46%	87.29%	87.25%
Interest and Penalties	1.06%	0.97%	0.94%	1.04%	0.93%
Receipts in Lieu of Taxes	2.92%	2.79%	2.46%	2.71%	2.62%
General Sales Tax	0.24%	1.12%	1.19%	1.31%	1.38%
Beer Sales Tax	0.17%	0.16%	0.15%	0.15%	0.16%
Alcoholic Beverage Tax	0.02%	0.02%	0.02%	0.03%	0.02%
Gross Receipts Tax	1.23%	1.24%	1.42%	1.20%	1.20%
Hotel Motel Tax <sup>(2)</sup>	1.43%	1.69%	1.79%	1.63%	1.66%
Car Rental Tax <sup>(3)</sup>	0.20%	0.20%	0.26%	0.25%	0.25%
Uptown Redevelopment	0.12%	0.08%	0.08%	0.07%	0.10%
Rural School Bonds	0.34%	0.41%	0.39%	0.40%	0.39%
Wheel Tax	3.54%	3.67%	3.80%	3.88%	4.01%
Other Taxes	0.46%	0.01%	0.02%	0.03%	0.04%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

<sup>(1)</sup> Includes that portion of property tax revenues allocated to City of Memphis Board of Education.

<sup>(2)</sup> See "Computation of Self-Supporting Debt" herein.

<sup>(3)</sup> The Car Rental Tax was implemented in FY2002 and all funds are deposited to the NBA Arena Fund to pay debt service on the Arena as described on page II -11.

**SHELBY COUNTY, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Tax Year	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Adjusted Tax Levy	Total Collections to Date		
			Amount	Percentage of Original Levy			Amount	Percentage of Adjusted Levy	Percentage of Original Levy
2001	2000	\$ 454,157,373	\$ 427,388,176	94.11%	\$ 20,050,528	\$447,906,552	\$ 447,438,704	99.90%	98.52%
2002	2001	573,034,946	523,851,896	91.42%	23,468,711	548,562,273	547,320,607	99.77%	95.51%
2003	2002	577,095,200	526,168,220	91.18%	26,758,431	554,264,593	552,926,651	99.76%	95.81%
2004	2003	610,604,269	570,445,227	93.42%	22,889,407	595,021,394	593,334,634	99.72%	97.17%
2005	2004	613,508,586	577,008,988	94.05%	26,114,536	605,586,608	603,123,524	99.59%	98.31%
2006	2005	698,709,093	645,263,773	92.35%	29,146,011	679,422,079	674,409,784	99.26%	96.52%
2007	2006	707,170,608	666,613,568	94.26%	30,837,602	701,593,613	697,451,170	99.41%	98.63%
2008	2007	718,626,612	676,692,968	94.16%	29,408,777	714,970,719	706,101,745	98.76%	98.26%
2009	2008	748,339,766	684,698,542	91.50%	24,425,665	729,412,600	709,124,207	97.22%	94.76%
2010	2009	776,683,007	719,276,815	92.61%	N/A	768,641,959	719,276,815	93.58%	92.61%

Source: Shelby County 2010 CAFR, Shelby County Assessor and Trustee Offices.

Note: Property reappraisals were implemented in FY 2002, 2006 and 2010.

**SHELBY COUNTY, TENNESSEE  
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Public Utilities (b)</b>	<b>Total Taxable Assessed Value (a)</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value (c)</b>
2001	2000	\$ 6,502,973,185	\$ 4,172,329,810	\$ 1,278,675,930	\$ 875,325,387	\$ 12,829,304,312	\$ 3.54	\$ 42,423,800,004	30.24%
2002	2001	7,679,702,923	5,123,764,525	1,303,138,720	1,013,049,391	15,119,655,559	3.79	49,858,145,639	30.33%
2003	2002	7,779,710,568	5,142,401,180	1,347,626,455	957,048,226	15,226,786,429	3.79	50,347,238,284	30.24%
2004	2003	7,972,813,784	4,958,614,785	1,301,588,530	880,949,964	15,113,967,063	4.04	50,379,365,307	30.00%
2005	2004	8,212,018,085	4,830,896,025	1,232,343,955	910,598,020	15,185,856,085	4.04	50,841,730,464	29.87%
2006	2005	9,425,210,140	5,471,742,335	1,289,881,700	1,033,424,138	17,220,258,313	4.04	57,726,276,478	29.83%
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545	1,040,281,497	17,502,758,132	4.04	58,862,669,304	29.73%
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685	975,529,145	17,720,591,975	4.04	59,900,899,755	29.58%
2009	2008	10,259,997,845	5,530,133,410	1,402,492,320	896,680,554	18,089,304,129	4.04	61,383,315,080	29.47%
2010	2009	10,954,449,590	6,285,548,950	1,468,617,700	948,762,385	19,657,378,625	4.02	66,374,654,928	29.62%

(a) Assessed value is the most current tax year value prepared by the County Property Assessor as of year-end.

(b) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury Assessments.

(c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:

Real Estate-Residential and Farms	25% of actual value
Real Estate-Commercial and Industrial	40% of actual value
Personal Property-Commercial and Industrial	30% of actual value
Public Utilities	55% of actual value

Property reappraisals were implemented in FY 2002, 2006 and 2010.

Source: Shelby County 2010 CAFR, Shelby County Assessor and Trustee Offices.

## UNDERLYING DEBT

The following table of jurisdictions with boundaries within the County's boundaries is based upon information received by the County from the sources specified in the notes to the table. It does not include authorized but unissued indebtedness of those jurisdictions, according to the information that the County has received. The County has not assumed responsibility to verify any information received by it.

	<b><u>Underlying Indebtedness <sup>(1)</sup></u></b>
City of Memphis	\$ 1,217,894,230
Germantown	24,000,000
Bartlett	22,615,000
Collierville	36,484,102
Arlington	10,929,000
Millington	5,000,000
Total	<u><u>\$ 1,316,922,332</u></u>

Source: Individual incorporated municipalities located within Shelby County.

<sup>(1)</sup> The unaudited Underlying Bonded Indebtedness, which is as of June 30, 2010, includes gross direct general obligation debt for Memphis, Germantown, Bartlett, Collierville, Arlington and Millington.

## COMPUTATION OF SELF-SUPPORTING DEBT

The County has one bond issue and portions of several others that are completely supported by revenues and income sources outside its property tax receipts or other general revenues. The largest bond issue is the General Obligation Public Improvement Bonds, 1996 Series B originally issued in the principal amount of \$70,000,000 (the "1996 Bonds"). The 1996 Bonds financed enhancements to the Pyramid and the Cook Convention Center, both of which are under joint operating control of the County and the City of Memphis.

The County levies a 5% tax on hotel and motel room revenues to cover debt service on the 1996 Bonds and to fund operations of the Convention and Visitors Bureau, among other purposes. The 1996 Bonds have since been advance refunded by several different series of bonds. A total of \$56,623,806 of four separate refunding issues outstanding is supported by hotel and motel taxes. Also, an allocable portion of other issues brings the aggregate debt supported by such tax to \$58,273,905 as of June 30, 2010.

## CONTRACTS AND OTHER LONG-TERM OBLIGATIONS

### Leases

As of June 30, 2010, the County has capital leases to acquire four fire trucks for the Fire Services Fund, a business-type activity, at a cost of \$1,448,232. The principal balance outstanding at June 30, 2010 is \$766,064.

### Arena

The construction of the FedEx Forum (the "Arena"), an 18,200 seat state of the art multipurpose sports, entertainment and public assembly facility with suites, loge boxes and other premium seating, was completed in September 2004 and funded, in part, with the issuance of \$202,290,000 revenue bonds by the Memphis Shelby County Sports Authority (the "Authority") in 2002. In 2007, the Series 2002A and Series 2002B Bonds were refunded, in part, by the \$187,335,000 Series 2007 Series A, B, C and D Bonds. On July 9, 2009, the 2007 Series A and B Bonds were currently refunded by the Authority's Revenue Refunding Bonds, 2009 Series A and B. As of December 31, 2010, the Sports Authority had \$210,365,000 of senior lien bonds outstanding.

Pursuant to an interlocal agreement, in the event the revenues pledged to the support of the Bonds shall prove to be insufficient to pay debt service on such Bonds in any bond year (ending on October 31), the County and the City of Memphis, Tennessee (the "City"), pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, have covenanted to timely appropriate from legally available non-ad valorem revenues, not later than October 31 of the fiscal year ending June 30 following the date of such deficit, sufficient moneys to replenish draws ("Debt Service Reserve Fund Replenishment Obligations") from the Debt Service Reserve Fund used to make scheduled debt service on the Bonds in the prior year.

The obligation of the County and the City to replenish draws on the Debt Service Reserve Fund relating to the Bonds shall be apportioned on the following basis: 50% County, and 50% City, and shall not be joint. The maximum amount of the County's or City's Debt Service Reserve Fund Replenishment Obligation, respectively, under the Interlocal Agreement is the debt service payments on not to exceed \$115,000,000 of the Authority's Bonds, which is approximately one-half (1/2) of the authorized Bonds. The obligation to replenish the Debt Service Reserve Fund is not a general obligation of the County or the City.

### **Interest Rate Swaps**

In fiscal years 1998, 1999, 2005 and 2007 the County authorized the execution and delivery of certain interest rate swap agreements with Morgan Guaranty Trust Company of New York ("MGTC"), Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP"), Morgan Keegan Financial Products, Inc. ("MKFP") and Loop Financial Products I, LLC ("Loop"). An aggregate notional amount of approximately \$609,450,000 is outstanding. The County's six outstanding swaps are outlined below:

On January 15, 1999, the County entered into a swap agreement with GSMMDP contemporaneously with the issuance of the 1999 Series A General Obligation VRDN Refunding Bonds. The County pays a fixed interest rate of 4.115% on a notional amount equal to the outstanding principal amount of the 1999 Series A General Obligation VRDN Refunding Bonds, and receives a variable rate equal to 76.6% of One-Month LIBOR. The 1999 Series A General Obligation VRDN Refunding Bonds were currently refunded and this swap agreement remained in place and now relates to the 2004 Series B General Obligation VRDN Refunding Bonds. The termination date is April 1, 2020 with the option to terminate early in accordance with the swap confirmation. Payments commenced in FY1999. As of March 1, 2011, the notional amount of this swap is \$77,700,000.

On February 14, 2006 the County entered into two (2) swaps relative to the County's General Obligation Variable Rate Demand Public Improvement and School Bonds, 2006 Series B. One swap (the "2006B GSMMDP Swap") is with GSMMDP in the original notional amount of \$119,590,000, and the second swap (the "2006B MKFP Swap") is with MKFP in the notional amount of \$40,000,000. Under the terms of both swaps, the County pays a fixed rate of 3.503% until March 1, 2016 and 4.43% thereafter, and receives a variable rate equal to the SIFMA Index. The termination of both swaps is March 31, 2031. As of March 1, 2011, the notional amounts of the 2006B GSMMDP Swap and the 2006B MKFP Swap are \$119,590,000 and \$40,000,000, respectively.

The County entered into two (2) swaps relative to the County's General Obligation Variable Rate Demand Refunding Bonds, 2006 Series C. One swap ("the 2006C GSMMDP Swap") is with GSMMDP in the original notional amount of \$234,160,000 and was entered into on November 2, 2006. The second swap (the "2006C MKFP Swap") is with MKFP in the notional amount of \$52,615,000 and was entered into on June 23, 2005. Under the terms of the 2006C GSMMDP Swap, the County pays a fixed rate of 3.83%, and receives a variable rate equal to the SIFMA Index. Under the terms of the 2006C MKFP Swap, the County pays a fixed rate of 4.26%, and receives a variable rate equal to the SIFMA Index. The termination of the MKFP Swap is December 1, 2011 and the termination of the GSMMDP Swap is December 1, 2031. As of March 1, 2011, the notional amounts of the 2006C GSMMDP Swap and the 2006C MKFP Swap are \$217,615,000 and \$1,435,000, respectively.

On June 23, 2005 the County entered into a swap relative to the County's General Obligation Variable Rate Demand Refunding Bonds, 2008 Series A with Loop in the original notional amount of \$121,485,000. Under the terms of the swap, the County pays a fixed rate of 4.66% and receives a variable rate payment equal to the SIFMA Index. The termination of the swap is March 1, 2022. Upon issuance of the 2009 Series A General Obligation Refunding Bonds on April 2, 2009, the 2008A Swap was assigned to the 2004 Series B Bonds. As of March 1, 2011, the swap has a notional amount of \$119,700,000.

### **Compensated Absence Liabilities**

Governmental Accounting Standards Board (GASB) Statements 16 and 34 require recognition in the Countywide Statement of Net Assets of the liability for vacation and sick pay which has been earned and is reasonably expected to be paid to existing employees. The County has estimated its obligations for compensated absence liabilities to be \$26,973,897 as of June 30, 2010.



**COMPUTATION OF DEBT SERVICE TAX RATE  
FISCAL YEAR 2010-2011**

Total Principal, Interest & Administrative Costs Requirements <sup>(1)</sup>	\$ 179,758,112
Rural School Bonds Principal and Interest Requirements <sup>(2)</sup>	2,139,711
Less:	
Sources of funds other than current property taxes (budgeted)	
Delinquent Taxes	4,520,000
Litigation Taxes	900,000
Wheel Tax	15,000,000
Exempt In Lieu of Property Tax	6,867,000
Federal Interest Reimbursement	1,195,674
Local Revenues	2,856,096
Operating Transfers (net)	1,623,545
Projected Use of Fund Balance <sup>(3)</sup>	8,744,508
	<u>41,706,823</u>
Amount to be raised from current taxes	
\$0.04 Tax Rate @ 98% collection	<u>2,900,000</u>
Amount to be raised from current taxes	
\$0.81 Tax Rate @ 98% collection	<u>\$ 137,291,000</u>

(1) Includes Administrative Costs such as Paying Agent, Letter of Credit and Remarketing Agent Fees.

(2) Includes \$26.9 million of Special General Obligation School Bonds, 2003 Series A supported by a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis.

(3) The Debt Service Fund balance at June 30, 2010 was \$102.5 million.

**PERCENTAGE OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT to  
TOTAL GENERAL EXPENDITURES, 2001-2010**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Percentage of Debt Service to Total Expenditures</u>
2001	\$ 40,585,000	\$ 51,093,014	\$ 91,678,014	\$ 638,351,418	14.36%
2002	44,125,000	52,606,584	96,731,584	792,355,895	12.21%
2003	49,650,000	61,404,778	111,054,778	851,475,539	13.04%
2004	53,654,138	64,648,910	118,303,048	831,402,861	14.23%
2005	57,560,007	66,695,921	124,255,928	985,613,814	12.61%
2006	66,121,117	69,970,010	136,091,127	1,045,252,923	13.02%
2007	80,044,550	68,490,832	148,535,382	1,087,011,305	13.66%
2008	87,915,650	77,293,351	165,209,001	1,156,569,616	14.28%
2009	92,193,150	84,094,531	176,287,681	1,095,691,284	16.09%
2010	100,395,000	69,936,730	170,331,730	1,056,468,709	16.12%

## GENERAL OBLIGATION BOND AUTHORIZATION

General obligation bonds, other than general obligation bonds that refund other general obligation bonds, are authorized on behalf of the County by an initial resolution of the Board of County Commissioners. The initial resolution must be published one time in a newspaper of general circulation in the County. Unless 10% of the registered voters of the County protest the issuance of the bonds within twenty days of publication, the general obligation bonds may be issued as authorized.

### DEBT LIMIT

Section 9-21-103, of the T.C.A. provides that bonds issued under Chapter 21 of Title 9 of the T.C.A. may be issued "without regard to any limit on indebtedness...."

### PRINCIPAL OF OUTSTANDING GENERAL OBLIGATION DEBT PAST FIVE FISCAL YEARS (As of June 30)

	2006	2007	2008	2009	2010
<b>Long Term Debt:</b>					
General Obligation	\$ 664,012,691	\$ 626,558,892	\$ 591,254,337	\$ 528,847,227	\$ 476,449,093
School Bonds	<u>1,052,751,140</u>	<u>1,155,445,388</u>	<u>1,104,154,294</u>	<u>1,058,058,253</u>	<u>1,185,181,388</u>
Total GO Indebtedness	<u>\$ 1,716,763,831</u>	<u>\$ 1,782,004,280</u>	<u>\$ 1,695,408,631</u>	<u>\$ 1,586,905,480</u>	<u>\$1,661,630,481</u>

### PERCENTAGE OF GENERAL BONDED DEBT TO APPRAISED AND ASSESSED VALUE (In thousands of dollars)

	Fiscal Year ended June 30				
	2006	2007	2008	2009	2010
<b>Long Term Debt:</b>					
Appraised property valuation	\$57,726,276	\$58,862,669	\$59,900,900	\$61,383,315	\$66,374,655
Assessed valuation	17,220,258	17,502,758	17,720,592	18,089,304	19,657,379
Total general obligation debt	1,716,763	1,782,004	1,695,409	1,586,905	1,661,630
Less: Self-Supporting debt	76,322	73,062	65,054	62,182	58,274
Net debt	\$ 1,640,441	\$ 1,708,942	\$ 1,630,355	\$ 1,524,723	\$ 1,603,356
 Total bonded debt to appraised valuation	2.97%	3.03%	2.83%	2.59%	2.50%
Net bonded debt to appraised valuation	2.84%	2.90%	2.72%	2.48%	2.42%
Total bonded debt to assessed valuation	9.97%	10.18%	9.57%	8.77%	8.45%
Net bonded debt to assessed valuation	9.53%	9.76%	9.20%	8.43%	8.16%

**SHELBY COUNTY, TENNESSEE  
SHELBY COUNTY RETIREMENT SYSTEM  
(A COMPONENT OF SHELBY COUNTY, TENNESSEE)  
STATEMENT OF PLAN NET ASSETS  
June 30, 2010**

**Assets:**

Cash and cash equivalents	\$ 69,964,789
Investments	
Domestic Equity	248,793,827
Fixed Income	183,325,349
International equity	167,254,053
Hedge funds	115,307,325
Limited Partnership interests	27,979,958
Private real estate and infrastructure	19,920,727
Accrued interest and dividends receivable	2,747,129
Due from brokers - investment sales	<u>2,585,849</u>
 Total Assets	 <u><u>\$ 837,879,006</u></u>

**Liabilities:**

Accounts payable	\$ 1,048,756
Due to brokers and others	<u>11,065,958</u>
Total Liabilities	<u>\$ 12,114,714</u>

<b>Net assets held in trust for pension benefit</b>	<u><u>\$ 825,764,292</u></u>
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**STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Year Ended June 30, 2010**

**STATEMENT OF CHANGES IN PLAN NET ASSETS**

**Additions:**

Contributions:	
Employer contributions	\$ 19,390,150
Member contributions	<u>9,381,228</u>
Total contributions	28,771,378

**Investment income:**

Net change in fair value of investments	103,697,182
Interest income	9,641,622
Dividend income	4,544,511
Other income	<u>468,834</u>
Total investment income	118,352,149

**Less investment management expenses**

	<u>3,837,970</u>
Net investment income (loss)	<u>114,514,179</u>
Net additions	<u>143,285,557</u>

**Deductions:**

Benefit payments	48,159,243
Administrative expenses	1,535,230
Refund of member contributions	<u>3,699,296</u>
Total deductions	<u>53,393,769</u>

**Change in net assets**

89,891,788

**Net assets held in trust for pension benefits**

June 30, 2009	<u>735,872,504</u>
June 30, 2010	<u>\$ 825,764,292</u>

Source: Shelby County CAFR, June 30, 2010

## BUDGETING AND APPROPRIATIONS PROCEDURES

The formal budgetary process is preceded by a goal-setting workshop for senior administrative management. After identifying and prioritizing general goals and objectives, specific strategies and action plans for implementation are prepared at the division management level. This planning process serves as the basis for formulation of departmental budgets. These budgets are reviewed by the respective division directors and a combined division budget is prepared incorporating administrative review changes at that level.

Division budgets are submitted to the Chief Administrative Officer for a final level of administrative review. Subsequent to necessary revisions and a final executive review by the Mayor, a consolidated budget for the County Administration is prepared.

Elected officials submit their respective budgets to the budget office to be included in a consolidated budget document that is presented to the Budget and Finance Committee of the Board of County Commissioners.

The Budget and Finance Committee conducts public review meetings and recommends revisions to the consolidated budget. The revised consolidated budget is presented for approval to the Board of County Commissioners. The legislative body is responsible for final approval of the consolidated budget and sets the property tax rate.

### BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2011

<u>General Fund Revenue</u>	<u>FY 2011</u>	<u>General Fund Expenditures and Transfers</u>	<u>FY 2011</u>
Property Taxes	\$ 237,666,000	Division of Administration & Finance	\$ 32,448,518
Other Taxes	32,852,000	Division of Planning and Development	502,233
State Taxes and Grants	15,914,922	Division of Public Works	19,049,175
Federal and Local Governments	2,798,945	Divisions of Health Services	27,883,718
Charges for Services	4,257,544	Division of Community Services	8,044,238
Licenses, Permits and Fees	7,041,117	Hospitals (The MED)	36,816,000
Fines, Court Fees of Elected Officials	57,134,263	Sheriff	146,682,337
Interest	1,646,137	Judicial	64,301,494
Other Revenue	2,948,563	Other Constitutional Officers	26,531,778
Total Revenue	<u>\$ 362,259,491</u>	Total Expenditures	<u>\$ 362,259,491</u>

### SUMMARY OF AUDITED GENERAL FUND BALANCES FOR FISCAL YEARS ENDED JUNE 30 (In Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Beginning Fund Balance	\$ 41,697	\$ 45,297	\$ 51,297	\$ 65,504	\$ 75,165
Revenue	332,908	348,971	363,139	357,946	358,638
Expenditures	(308,857)	(326,638)	(344,305)	(341,221)	(346,392)
Other Financing Sources (Uses)	<u>(20,451)</u>	<u>(16,333)</u>	<u>(4,627)</u>	<u>(7,064)</u>	<u>(9,253)</u>
Ending Fund Balance	<u>\$ 45,297</u>	<u>\$ 51,297</u>	<u>\$ 65,504</u>	<u>\$ 75,165</u>	<u>\$ 78,158</u>

**GENERAL FUND**  
**Revenues, Expenditures, and Changes in Fund Balance**  
**Years Ended June 30, 2006 – 2010**

	2010	2009	2008	2007	2006
<b>Revenue</b>					
Property Taxes	\$ 224,297,858	\$ 209,260,357	\$ 208,059,490	\$ 204,672,539	\$ 197,408,179
Other Local Taxes	32,278,259	34,785,952	35,685,177	25,473,175	23,954,322
State Taxes and Grants	21,144,826	22,959,928	22,439,722	21,963,865	15,056,356
Federal Government	467,986	12,632	22,971	41,215	29,756
City of Memphis	9,233,970	14,774,484	15,224,528	12,837,839	14,258,258
Licenses, Permits and Fees	13,299,938	12,916,004	13,715,157	13,336,524	14,278,268
Fines, Court Fees of Elected Officials	56,888,435	59,473,620	61,647,822	61,145,914	60,027,768
Interest	528,662	2,250,855	4,965,353	9,158,384	7,561,730
Other Revenue	498,039	1,512,530	1,379,185	341,184	333,651
<b>Total Revenue</b>	<b>358,637,973</b>	<b>357,946,362</b>	<b>363,139,405</b>	<b>348,970,639</b>	<b>332,908,288</b>
<b>Expenditures</b>					
Legislative	2,601,183	2,535,674	2,861,470	2,494,957	2,186,882
General Government	26,294,235	29,392,935	32,566,379	29,584,633	28,988,983
Hospital	38,816,666	27,491,667	27,600,000	25,066,667	20,566,667
Planning and Development	453,617	288,565	344,359	443,279	497,339
Public Works	18,299,171	19,841,747	20,494,655	19,987,693	19,654,381
Health and Public Service	36,481,337	38,974,750	38,542,227	34,901,849	33,095,648
Judicial	59,336,155	58,759,927	59,861,301	55,380,345	51,369,654
Debt Service	-	445,286	800,333	1,759,750	2,039,578
Constitutional Officers	22,456,817	23,130,632	23,334,174	23,011,258	21,831,804
Law Enforcement	141,653,017	140,360,229	137,900,970	134,007,234	128,625,920
<b>Total Expenditures</b>	<b>\$ 346,392,198</b>	<b>\$ 341,221,412</b>	<b>\$ 344,305,868</b>	<b>\$ 326,637,665</b>	<b>\$ 308,856,856</b>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>12,245,775</u>	<u>16,724,950</u>	<u>18,833,537</u>	<u>22,332,974</u>	<u>24,051,432</u>
<b>Other Financing Sources (Uses)</b>					
Other - Net	<u>(9,252,820)</u>	<u>(7,064,133)</u>	<u>(4,627,276)</u>	<u>(16,332,974)</u>	<u>(20,451,432)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(9,252,820)</u>	<u>(7,064,133)</u>	<u>(4,627,276)</u>	<u>(16,332,974)</u>	<u>(20,451,432)</u>
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ 2,992,955</u>	<u>\$ 9,660,817</u>	<u>\$ 14,206,261</u>	<u>\$ 6,000,000</u>	<u>\$ 3,600,000</u>

**SPECIAL REVENUE FUNDS**  
**Revenues, Expenditures, and Changes in Fund Balances**  
**Years Ended June 30, 2006 – 2010**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Revenue</b>					
Property Taxes	\$ 361,240,654	\$ 346,480,263	\$ 345,468,916	\$ 337,881,921	\$ 326,128,107
State Taxes and Grants	81,505,127	77,308,809	83,682,020	81,757,025	81,844,993
Other Taxes	22,819,823	29,877,554	32,171,533	37,005,895	48,419,417
Federal Government	43,770,733	31,629,598	35,088,567	29,153,760	28,858,512
Fines, Court Fees of Elected Off	5,598,726	2,409,921	2,630,959	3,337,734	2,112,973
Other Revenue	<u>15,671,478</u>	<u>13,425,052</u>	<u>17,306,426</u>	<u>14,445,257</u>	<u>12,876,015</u>
<b>Total Revenue</b>	<b>530,606,541</b>	<b>501,131,197</b>	<b>516,348,421</b>	<b>503,581,592</b>	<b>500,240,017</b>
<b>Expenditures</b>					
Education	361,288,000	361,288,000	361,288,000	360,019,604	360,019,604
Public Works	21,674,086	10,732,601	13,949,876	18,528,040	21,061,483
Adminstration & Finance	34,583,185	21,970,356	20,683,605	16,310,541	13,040,581
Health & Community Services	95,100,496	82,100,943	74,652,597	66,903,570	63,562,976
Planning & Development	6,540,409	5,731,430	5,182,085	5,785,327	6,065,612
Corrections	1,384,904	1,261,813	1,312,609	824,652	432,172
Law Enforcement	3,673,005	5,358,672	3,659,315	3,005,516	1,608,357
Judicial	5,079,646	16,225,304	21,623,353	19,243,978	18,264,131
Other Elected Officials	<u>312,576</u>	<u>411,418</u>	<u>269,651</u>	<u>667,242</u>	<u>1,127,323</u>
<b>Total Expenditures</b>	<b>529,636,307</b>	<b>505,080,537</b>	<b>502,621,091</b>	<b>491,288,470</b>	<b>485,182,239</b>
Excess (Deficiency) of Revenue over (under)					
<b>Total Expenditures</b>	<u>970,234</u>	<u>(3,949,340)</u>	<u>13,727,330</u>	<u>12,293,122</u>	<u>15,057,778</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers Net	<u>(11,109,045)</u>	<u>(7,988,297)</u>	<u>(8,509,155)</u>	<u>(8,456,551)</u>	<u>(8,253,325)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(11,109,045)</u>	<u>(7,988,297)</u>	<u>(8,509,155)</u>	<u>(8,456,551)</u>	<u>(8,253,325)</u>
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ (10,138,811)</u>	<u>\$ (11,937,637)</u>	<u>\$ 5,218,175</u>	<u>\$ 3,836,571</u>	<u>\$ 6,804,453</u>

**DEBT SERVICE FUND**  
**Revenues, Expenditures, and Changes in Fund Balance**  
**Years Ended June 30, 2006 – 2010**

	2010	2009	2008	2007	2006
<b>Revenue</b>					
Property Taxes	\$ 151,142,924	\$ 141,041,096	\$ 145,543,993	\$ 143,780,295	\$ 136,581,793
Wheel Tax	38,573,503	30,293,362	21,885,688	15,038,842	14,981,498
Local Revenue	-	254,226	2,272,001	2,399,070	2,414,317
State Reimbursement	1,991,043	1,140,714	254,226	254,226	1,357,649
Title Search/Litigation Tax <sup>(1)</sup>	204,000	204,000	951,191	892,186	1,100,850
Investment Income	467,058	1,375,710	2,863,791	3,790,416	1,400,879
Miscellaneous Income	4,490,261	934,752	11,991,000	20	-
<b>Total Revenue</b>	<u>196,868,789</u>	<u>175,243,860</u>	<u>185,761,890</u>	<u>166,155,055</u>	<u>157,836,986</u>
<b>Expenditures</b>					
Services	340,400	316,050	310,900	-	-
Professional Fees	25,096	24,370	28,783	30,938	34,898
Principal	100,395,000	92,193,150	87,915,650	80,044,538	69,101,190
Interest	69,936,730	84,094,531	75,899,987	78,163,723	69,930,408
Bond Issue Cost	<u>1,371,427</u>	<u>3,117,841</u>	<u>2,407,399</u>	<u>1,527,274</u>	<u>717,711</u>
Total Expenditures	172,068,653	179,745,942	166,562,719	159,766,473	139,784,207
<b>Other Financing Sources (Uses)</b>					
Operating Transfers Net	3,082,179	1,928,218	(9,555,227)	739,719	8,630,613
Proceeds of Bond Refunding	-	234,516,655	231,935,000	146,416,113	-
Costs of Bond Refunding	<u>-</u>	<u>(231,005,000)</u>	<u>(231,271,726)</u>	<u>(146,067,482)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>3,082,179</u>	<u>5,439,873</u>	<u>(8,891,953)</u>	<u>1,088,350</u>	<u>8,630,613</u>
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ 27,882,315</u>	<u>\$ 937,791</u>	<u>\$ 10,307,218</u>	<u>\$ 7,476,932</u>	<u>\$ 26,683,392</u>

# ECONOMIC AND DEMOGRAPHIC INFORMATION PERTAINING TO SHELBY COUNTY, TENNESSEE

## Introduction

Shelby County is the largest county in the State of Tennessee with Memphis as the County seat. The County is located in the southwest corner of Tennessee on the east bank of the Mississippi River and is the hub of the 105 county Mid-South Region. Contained within the County's 783 square miles are seven incorporated cities, which include Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis, and Millington.

## Population

Between 1990 and 2000, the population of the County increased by 7.9% according to the U.S. Bureau of the Census. The estimated 2000 total of the County's population is 897,472 compared with the 1990 census total of 826,330. The County has maintained or realized some growth in population over the last several years, as shown in the table below.

### POPULATION: COUNTY, STATE AND NATION (In Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Shelby County	920	919	920	919	912
Tennessee	6,296	6,240	6,173	6,089	5,996
United States	307,007	304,375	301,580	298,593	295,753

Source: U.S. Census Bureau, Annual Population Estimate, December 2010

The breakdown of population by age group is shown below.

### 2009 POPULATION BY AGE GROUP: COUNTY, STATE AND NATION

	<u>Shelby County</u>	<u>Tennessee</u>	<u>United States</u>
Under 19 years	30.0%	13.6%	27.2%
20 to 24 years	6.7%	6.6%	7.0%
25 to 34 years	14.0%	13.4%	13.5%
35 to 49 years	17.2%	21.1%	21.0%
50 years & over	28.2%	32.4%	31.3%

Source: U.S. Census Bureau, Annual Population Estimates, September 2010

## Income and Buying Power

### PER CAPITA PERSONAL INCOME: SHELBY COUNTY, TENNESSEE, SOUTHEAST REGION AND UNITED STATES

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Shelby County	\$ N/A	\$ 41,598	\$ 40,950	\$ 39,224	\$ 37,367
Tennessee	34,245	35,098	34,199	32,881	31,302
Southeast Region <sup>(1)</sup>	36,033	36,811	35,865	37,698	32,452
United States	39,626	40,673	39,458	36,714	35,424

Source: U.S. Bureau of Economic Analysis, September 2010

<sup>(1)</sup> Southeast Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia



## NUMBER OF FAMILIES BY INCOME RANGE IN SHELBY COUNTY

	<u>2000</u>	<u>1990</u>	<u>1980<sup>(1)</sup></u>	<u>1970<sup>(1)</sup></u>
Under \$10,000	39,802	57,955	51,693	103,033
\$10,000 – \$14,999	21,868	27,656	28,403	42,816
\$15,000 – \$24,999	44,743	54,750	53,936	22,153
\$25,000 – \$34,999	44,505	46,578		
\$35,000 – \$49,999	54,091	50,553	53,277	5,568
\$50,000 – \$74,999	62,342	41,347	10,085	1,498
\$75,000 – \$99,999	32,032	12,538		
\$100,000 – \$149,999	23,554	7,409		
\$150,000 and over	<u>15,623</u>	<u>4,845</u>		
Total	<u>338,560</u>	<u>303,631</u>	<u>197,394</u>	<u>175,068</u>
Median Household Income	\$ 39,593			

<sup>(1)</sup> Income brackets different on census. Maximum bracket was \$50,000 and over.  
Source: U.S. Bureau of the Census.

The 2000 Median Household Effective Buying Income in the County, although below that of the United States (\$41,994), is above the State of Tennessee (\$36,360) and comparable to the Memphis MSA (\$39,779).

### Employment

According to the U.S. Bureau of Labor Statistics, as of November 30, 2010, the unemployment rate for Shelby County was 9.8%. Employment and unemployment trends in the County from 2000 to 2009 are presented below.

### LABOR FORCE TRENDS

(In Thousands)

<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Shelby County</u>	<u>Tennessee</u>	<u>USA</u>
Nov. 2010	394.4	43.0	9.8%	9.2%	9.3%
Nov. 2009	387.2	45.3	10.5%	10.6%	9.4%
2009	390.1	44.1	10.1%	10.5%	9.3%
2008	408.5	30.9	7.0%	6.7%	5.8%
2007	417.4	23.4	5.3%	4.9%	4.6%
2006	415.4	25.3	5.7%	5.2%	4.6%
2005	407.4	27.1	6.2%	5.6%	5.1%
2004	404.5	26.3	6.1%	5.4%	5.5%
2003	410.0	26.2	6.0%	5.7%	6.0%
2002	410.8	23.4	5.4%	5.3%	5.8%
2001	419.2	19.6	4.5%	4.7%	4.7%
2000	425.0	17.4	3.9%	4.0%	4.0%

Source: U.S. Bureau of Labor Statistics, February 2011

The major areas of employment in the metropolitan area are services, governmental services and retail trade. Comparatively, both the State of Tennessee and the United States show a heavier concentration in manufacturing than does the County, but they also display higher employment in services and governmental services.

# PERCENTAGE OF PERSONS EMPLOYED BY MAJOR INDUSTRY: COUNTY, STATE AND NATION

	Memphis MSA					Tennessee					United States				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Total, All Industries <sup>(1)</sup>	600.8	632.5	640.8	637.4	626.7	2,618.9	2,774.8	2,797.4	2,783.1	2,743.1	130,920.0	136,790.0	137,598.0	136,174.0	133,703.0
In Percentages															
Construction and Mining	3.6%	3.9%	4.1%	4.3%	4.2%	4.2%	4.8%	4.9%	5.3%	4.6%	5.1%	5.8%	6.0%	6.1%	5.9%
Manufacturing	7.7%	8.0%	8.2%	8.6%	8.6%	11.8%	13.0%	13.6%	17.3%	14.9%	9.1%	9.8%	10.1%	10.4%	10.6%
Transportation & Public Utilities	10.4%	10.3%	10.2%	10.1%	10.1%	5.0%	5.2%	5.3%	6.1%	5.2%	3.7%	3.7%	3.7%	3.7%	3.7%
Trade (Wholesale & Retail)	16.4%	16.7%	17.2%	17.3%	17.3%	16.3%	16.5%	16.6%	19.2%	16.6%	15.4%	15.5%	15.7%	15.6%	15.7%
Information	1.1%	1.2%	1.2%	1.2%	1.3%	1.8%	1.8%	1.8%	19.2%	1.8%	2.1%	2.2%	2.2%	2.2%	2.3%
Financial Activities	5.1%	5.1%	5.2%	5.2%	5.2%	5.4%	5.2%	5.2%	6.1%	5.2%	5.9%	6.0%	6.0%	6.1%	6.1%
Services	41.0%	40.7%	40.2%	39.6%	39.1%	39.2%	38.1%	37.6%	28.6%	36.7%	41.4%	40.6%	40.1%	39.6%	39.3%
Government	14.6%	14.1%	13.8%	13.8%	14.2%	16.3%	15.4%	15.1%	17.5%	15.0%	17.2%	16.5%	16.1%	16.1%	16.3%

Source: U.S. Bureau of Labor Statistics Data, August 2010

<sup>(1)</sup> Total Employment in thousands of persons.

## Principal Industries

The industrial economy of Shelby County and the City of Memphis encompasses not one, but many industries. Twenty major industrial groups and over 425 sub-groups, as classified by the Bureau of the Budget, are listed in the Directory of Memphis Manufacturers. Major industries include: chemicals, electronics, foods and beverages, paper products, hardwood lumber products, pharmaceuticals, soybean and cotton oil derivatives and fertilizers.

There are located in Memphis, Shelby County, and the surrounding area approximately 6,000 manufacturing, wholesaling, and retailing firms. A partial list of manufacturing or processing plants in the area is listed below:

Company	Line of Business
American Snuff Co. LLC (formerly Conwood Co)	Smokeless Tobacco Manufacturer
Brother Industries (USA) Inc.	Business Products
Bryce Corp.	Flexible Packaging
Buckeye Technologies Inc.	Specialty Cellulose & Absorbent Products
Buckman	Specialty Chemicals for Industrial Use
Cargill Corn Milling	Corn Sweeteners, Starches & Oils Manufacturer
Chromcraft Corp.	Chrome & Wooden Dinette & Office Furniture
Cleo Inc.	Gift Wrap Manufacturer
Coca-Cola Enterprises Inc.	Soft Drink Processing & Bottling
Cummins Inc.	New & Remanufactured Diesel Components
E.W. Scripps Co. ( <i>The Commercial Appeal</i> )	Newspaper Printing & Typesetting
Hershey Foods Corp.	Candy, Mints & Gum Manufacturer
Hino Motors Manufacturing USA Inc.	Truck Parts Manufacturing
Hunter Fan Co.	Ceiling Fans
Interstate Brands Corp. Wonder-Hostess	Fresh Bakery Products Manufacturer
K.T.G.(USA) LP	Manufacturer of Paper Goods
Kellogg USA Inc.	Cereal Manufacturer
Lucite International Inc.	Manufacturer of Acrylic-Based Products
Merck (formerly, Schering-Plough)	Pharmaceutical Manufacturing
Mueller Industries Inc.	Tube & Fittings Manufacturer
Nucor Steel Memphis Inc.	Steel Manufacturer
PMC Biogenix Memphis Plant	Manufacturer of Performance Chemicals & Plastics
SFI of Tennessee	Steel Fabrication Manufacturing
Sharp Manufacturing Co. of America	Solar, Health & Environment, Business Solutions
Smith & Nephew Orthopedics	Orthopedic Medical Devices
Solae LLC	Isolated Soy Protein
Thomas & Betts Corp.	Electrical Connectors & Components
ThyssenKrupp Elevator Manufacturing Inc.	Elevators & Industrial Lifting Equipment
UTC-Carrier Corp.	Split System Condensing Units & Heat Pumps
Valero Energy Corp.	Gasoline, Diesel Fuel, Jet Fuel
W.M. Barr & Co. Inc.	Paint
Wright Medical Technology, Inc.	Orthopedic Implants

Source: Memphis Area Manufacturing Companies, *Book of Lists 2011*, *Memphis Business Journal*.  
Greater Memphis Chamber, as of August 2010.

The following table presents employers with 1,500 or more employees from all sectors in the metropolitan area.

### **LARGEST EMPLOYERS, 1,500 OR MORE**

<b>Company Name</b>	<b>Local Employees</b>
Federal Express Corporation	32,000
Memphis City Schools	16,184
United States Government	14,600
Tennessee State Government	9,000
Methodist Le Bonheur Healthcare	8,442
Memphis City Government	7,080
Baptist Memorial Health Care Corp.	6,470
Shelby County Government	6,110
Wal-Mart Stores, Inc.	6,000
Harrah's Entertainment, Inc.	5,964
Shelby County Schools	5,200
American Residential Services LLC	4,300
Naval Support Activity Mid-South	4,076
University of Tenn. Health Science Center	3,969
Desoto County School District	3,601
The Kroger Co.	3,546
St. Jude Children's Research Hospital	3,343
First Horizon National Corp.	2,985
Technicolor Video Services, Inc.	2,800
Memphis Light, Gas & Water	2,800
Kemmons Wilson Cos.	2,705
Regions Financial Corp.	2,601
Internal Revenue Service, Inc.	2,500
The University of Memphis	2,500
United Parcel Service, Inc.	2,500
Walgreen Co.	2,358
Katt Worldwide Logistics	2,316
International Paper Co.	2,300
Tenet Healthcare Corp.	2,205
Century Management, Inc.	2,150
Regional Medical Center (The Med)	2,112
The ServiceMaster Co.	2,096
Veterans Affairs Medical Center	2,029
Pinnacle Airlines Corp.	1,832
Smith & Nephew Orthopaedics	1,815
Nike, Inc.	1,804
Swift Transportation Co., Inc.	1,800
Accredo Health Group, Inc.	1,700
Flextronics	1,700
Valenti Mid-South Management LLC	1,700
Miracle Investment Corp.	1,650
AT&T, Inc.	1,580
MGM MIRAGE	1,571
Medtronic Spinal & Biologics	1,550
Target Corp.	1,500
UTC-Carrier Corp.	1,500
Bulab Holdings, Inc.	1,500

Source: Book of Lists 2010, *Memphis Business Journal*  
Revised August 2010, Greater Memphis Chamber

## Housing and Construction

Population growth in the unincorporated areas of the County and in the incorporated cities outside the City of Memphis has historically created the demand for new housing construction in the County. The following table presents data on housing units in the County based on U.S. Census information.

### HOUSING UNITS SHELBY COUNTY, TENNESSEE, 1960-2000

<u>Year</u>	<u>Total Units</u>	<u>Occupied</u>		<u>Total Vacant Units</u>	<u>Renter Vacancies</u>	
		<u>Owner Units</u>	<u>Renter Units</u>		<u>Number</u>	<u>Rate</u>
2000 .....	362,954	213,360	125,006	24,588	11,260	8.26%
1990 .....	327,796	180,490	123,081	24,225	13,523	9.90
1980 .....	286,381	158,171	111,015	17,195	7,771	6.54
1970 .....	218,610	122,745	90,782	n.a.	5,083	5.60
1960 .....	179,313	99,543	75,215	n.a.	4,555	6.06

Source: U.S. Bureau of the Census.

The table below provides annual data on the number of building permits granted by the County and the value of related construction between 2001-2010.

### SHELBY COUNTY BUILDING PERMITS Total Building Permits <sup>(1)</sup>

<u>Year</u>	<u>Total Number Issued</u>	<u>Valuation (in \$000)</u>
2001	10,221	1,883,122
2002	10,948	1,217,074
2003	12,008	1,415,105
2004	12,044	1,362,325
2005	11,602	1,475,285
2006	10,448	1,591,352
2007	8,465	1,607,594
2008	6,127	1,116,213
2009	5,974	835,758
2010	4,684	661,243

Source: Shelby County Building Department, September 2010. The County implemented a new system to track Building Permits in 2002.

<sup>(1)</sup> Totals do not include building permits of incorporated areas within the County except the City of Memphis.

## Financial Institutions

There are more than thirty-five financial institutions operating in the County. The following table provides a listing of the banks operating in the County:

### SHELBY COUNTY BANKS (in thousands of dollars)

<b>Bank Name</b>	<b>Location of Corporate Headquarters</b>	<b>Number of Local Offices</b>	<b>Total Local Deposits</b>
Bancorpsouth Bank	Tupelo, MS	9	244,134
Bank of America N.A.	Charlotte, NC	17	568,143
Bank of Bartlett	Bartlett, TN	8	324,905
BankTennessee	Collierville, TN	5	190,922
Brighton Bank	Brighton, TN	1	24,523
Cadence Bank N A	Starkville, MS	6	206,947
Citizens Savings B&T Co	Nashville, TN	1	1308
Commercial Bank&Trust Co	Paris, TN	3	146,020
Community Bank North MS	Amory, MS	1	7,030
Farms Bank of Lynchburg	Lynchburg, TN	1	22,989
Financial FSB	Memphis, TN	1	215,794
First Alliance Bank	Cordova, TN	3	97,683
First Bank	Lexington, TN	3	68,750
First Capital Bank	Germantown, TN	2	139,297
First Citizens National Bank	Dyersburg, TN	4	133,751
First State Bank	Union City, TN	1	30,443
First Tennessee Bank NA	Memphis, TN	38	6,628,852
Fort Sill National Bank	Fort Sill, OK	3	548
Iberiabank FSB	Little Rock, AR	2	170,942
Independent Bank	Memphis, TN	9	686,540
Insouth Bank	Brownsville, TN	2	98,547
Landmark Community Bank	Collierville, TN	4	187,826
Magna Bank	Memphis, TN	5	342,266
Merchants&Farmers Bank	Kosciusko, MS	1	26,466
Metropolitan Bank	Crystal Springs, MS	2	229,491
Paragon National Bank	Memphis, TN	5	214,322
Patriot Bank	Millington, TN	3	127,036
Regions Bank	Birmingham, AL	41	3,350,371
Renasant Bank	Tupelo, MS	3	275,581
Suntrust Bank	Atlanta, GA	35	1,659,444
Synovus Bank	Columbus, GA	9	280,021
Tri-State Bank Of Memphis	Memphis, TN	5	103,082
Triumph Bank	Germantown, TN	3	191,958
Trustmark National Bank	Jackson, MS	11	289,381
Wells Fargo Bank NA	Sioux Falls, SD	7	502,056

Source: FDIC; as of June 30, 2010.

## The Economy

In recent years, the economy of the County has experienced notable success in attracting new businesses along with the continued growth of existing businesses. The result has been relatively steady total employment in the County during periods of sluggish growth or declines in the national economy with substantial increases when the national economy improves. This success is due in large part to the County's location near the geographic center of the nation combined with excellent transportation facilities. Also, the County benefits from serving as the trade center for the surrounding area.

## Trade Area

Trade and retail facilities in the County are extensive and serve a trade area of 105 counties, with a radius of roughly 200 miles east and west and a longer radius paralleling the Mississippi River 300 miles north and south. This trade territory includes 13 counties in Arkansas, one county in Kentucky, 41 counties in Mississippi, two counties in Missouri, and 19 counties in Tennessee.

## **Agribusiness**

The Mid-South area, encompassing the Mississippi River Delta, is one of the richest agricultural areas in the nation. Farming is a major occupation of the region and has developed into major agribusiness activities. The 200-day growing season and favorable climate encourage the production of a variety of products. The major emphasis is on soybeans, cotton, and cattle, with additional interest in rice, corn, peaches, apples, and a variety of vegetables.

The County is the world's largest spot cotton market, with more than 40 percent of the nation's entire cotton crop traded here annually. In addition to being the leading cotton market, the County now is the nation's second largest processor of soybeans, third largest meat processor, and third largest total food processor. Also agricultural processors, packers, shippers, distributors, and merchants are becoming increasingly visible contributors to the growth of the County and its economy. Nearly every supplier of machines, equipment, chemicals, and technology to the farm and the industry levels of agribusiness utilize the County as a major sales and distribution center.

An international agricultural market center, Agricenter International, was established in 1985. The 140,000 square-foot exhibition center provides a forum for manufacturers, researchers and agribusiness organizations and producers from across the country. Facilities at Agricenter include a 1,000-acre demonstration farm, both indoor and outdoor exhibition space, and an auditorium with seating capacity of 500. Agricenter is located in the eastern section of the County about 30 minutes from downtown Memphis. It is a nonprofit entity that operates on a management contract with the Shelby County Agricenter Commission.

## **Tourism**

The County's tourism industry has shown considerable growth since 1990. Among the principal reasons for the growth have been the investment of public funds into tourism development projects, the area's music culture and industry, and the development of casino gaming in nearby Northern Mississippi.

The County's two single largest tourist attractions draw on the area's rich music heritage. The Beale Street Historic District is located in downtown Memphis and on an annual basis attracts approximately 3 million patrons, both tourists and residents. The District was redeveloped through both government and private efforts beginning in 1983 and is on the National Register as an official historic district. Entertainment in the District focuses on the Blues, which developed on Beale Street throughout the early and middle part of this century. The other large music-related attraction is Graceland, the home of the late Elvis Presley. The mansion and related area are set up as a museum honoring the early rock and roll pioneer. It attracts more than 750,000 people every year, many who make Graceland the primary reason for their visit to the County.

Much of the area's tourism activity is focused on downtown Memphis. Mud Island, a park and museum devoted to the history, environment and culture of the Mississippi River, is located in Memphis' harbor. The Convention Center is downtown and hosts business and other gatherings. In 2003, a \$92 million expansion to the convention center was completed, which included the construction of the Cannon Center for the Performing Arts, home to the Memphis Symphony. The National Civil Rights Museum is located at the Lorraine Motel; it offers a comprehensive overview of the American Civil Rights Movement in exhibit form. A trolley system operates on the Main Street Mall with the principal purpose of shuttling visitors between various tourist and business locations located downtown. The trolley system recently completed a \$40 million extension east into the Medical District. In 2000, Memphis became the home of the Memphis Redbirds, a minor league baseball team, and constructed a new stadium, AutoZone Park, in the heart of downtown. In 2001, the NBA Vancouver Grizzlies were refranchised and relocated to Memphis. A new arena, the FedEx Forum, was constructed just south of Beale for the Grizzlies' use. It opened for the 2004-2005 NBA season.

Many other features of the County enhance its ability to attract visitors. These include its 13,291-acre park system which is the largest urban park system in the country, the Memphis Zoo and Aquarium, a number of fine art galleries, Overton Square entertainment district, the 62,000-seat Liberty Bowl Memorial stadium and the Memphis International Motorsports Park.

There are more than 15,000 hotel rooms available to serve the County area, including the historic Peabody Hotel, the Memphis Marriott Downtown Hotel, the recently built Westin Hotel, and other facilities downtown along with a number of large hotels in the eastern part of the City of Memphis and County. The Memphis Marriott Downtown Hotel, a 400-room hotel adjacent to the Cook Convention Center, recently added 200 rooms, making it the largest hotel in Shelby County.

## **Economic Development of the County**

One of the County's primary attractions for economic development opportunities is the combination of its central location in the United States and its excellent transportation facilities, including air, rail and water (See "Transportation and Distribution" below). Another attractive feature for certain companies is the relatively low cost of living compared with other urban areas, including real estate prices.

The County and the City of Memphis have combined their development efforts into one unit under the Memphis-Shelby County Division of Planning and Development. In addition, two industrial development corporations have been established staffed by the Center City Commission, which was formed in 1977. The first corporation, Center City Revenue Finance Corporation, issues mortgage revenue bonds for qualified projects and also administers a payment-in-lieu-of-taxes (PILOT) program for the center city area. The latter, the Center City Development Corporation, promotes comprehensive redevelopment of the central business district. The Center City Commission is currently engaged in mobilizing resources and support for a number of other downtown projects including the renovation of several older commercial buildings. The Commission is also involved in efforts to develop residential housing, improved public transportation access, and a range of financial incentives to developers seeking to restore, redevelop, or construct other projects that relate to the overall planning objectives for the area.

The Memphis and Shelby County Industrial Development Board promotes industrial or labor intensive development throughout Shelby County. It administers a separate Payment-In-Lieu-Of-Taxes (PILOT) Program that promotes business expansion and industrial development throughout the County as well as the City. Applicants are encouraged to make a significant long-term commitment to the community in terms of capital investment, job creation and strength of wages.

Other economic development efforts are led in the County by the Memphis Area Chamber of Commerce, a private organization that receives financial support from its members. The Tennessee Department of Economic and Community Development is active in working to attract industrial and business prospects to the areas as a part of its state-wide recruiting efforts. Also, several local governments have combined their efforts to form the Millington Base Reuse Committee to find alternative industrial and economic uses for certain facilities vacated by the Navy Memphis Complex.

The County competes with other centrally located areas of the country and other parts of the State for economic development. Certain surrounding states offer more attractive financing and tax incentive plans than Tennessee to new or relocating businesses.

### **Central Business District**

The Central Business District has undergone major redevelopment with a combination of private and public investment during the past decade; currently, more than \$3 billion of investment has been completed or is underway. Shelby County and the City of Memphis continue to develop plans for the revitalization of the area through the Center City Commission.

The Commission, formed in 1977, serves as the official partnership for downtown revitalization among local governments and the private sector. The Commission is involved in efforts to develop residential housing, to improve public transportation access in the District, and to assist in the redevelopment of older commercial buildings. It can offer a range of financial incentives to developers seeking to restore or redevelop projects that relate to the overall goals and objectives for the District as laid out by the local governments. Management of the Main Street Mall and marketing activities also fall under the jurisdiction of the Commission.

Much of the recent commercial development within the District has been at the southern end of downtown. The construction of AutoZone's headquarters and the Peabody Place office tower has added significant commercial office space to the downtown market. Overall, on the south end of downtown, new shops, restaurants, and night clubs have opened and had success.

The NBA franchise Grizzlies moved to the County in the summer of 2001, and in 2004 moved to a new arena, the FedEx Forum, which serves as their home court.

### **Residential Development**

At present, there are more than 10,000 residential units, and 23,500 residents, in the Central Business District. The occupancy rate in downtown is consistently in excess of 90% for both rental and sale housing. In 2005, the Uptown Project, a \$142 million renovation of public housing and construction of infill housing, was completed through a public/private partnership.

As a part of the project, 1,148 homes in a variety of initiatives – historic, rehabilitated units; low income housing tax credit apartments; and neighborhood infill of single family homes – were completed on the north end of the Central Business District, turning 125 blocks of distressed residential into a mixed-income community.

### **Office Space**

The market for office space in downtown has an occupancy rate of approximately 84%. Major renovations are being made to downtown buildings that will enhance the downtown office market by providing additional Class A space in the core as well as in adjacent districts.



## Transportation and Distribution

Because much of the economy of the County and the City of Memphis depends on transportation and distribution, local leaders have formed an organization known as "Uniport" to unify the four modes of transportation: air, rail, highway and water. The Uniport concept is a network of air routes, rail lines, highway and river transportation connecting to provide economic growth of a broad transportation complex which serves as the nucleus for a totally integrated industrial-commercial community.

### Air Service

Memphis International Airport ("Airport") is located on a 4,640-acre site on the southern outskirts of the City of Memphis. The Airport is served by five major passenger carriers: AirTran, American, Continental, Delta, and US Airways.. Delta uses the Airport as a major hub in its operational networks. Several commuter and regional airlines also serve the Airport.

The Airport is operated by the Memphis-Shelby County Airport Authority ("Airport Authority") created in 1969 by official action of the City and County. The Airport Authority is governed by a seven-member Board of Commissioners, appointed by the Mayor of the City with one nominated by the Mayor of the County and all confirmed by the Memphis City Council for seven-year terms.

More than 35,000 individuals work at the Airport and include airline, Airport Authority, FAA, concessionaires and tenant employees with a total payroll in excess of \$1 billion. Passenger enplanements exceeded 5.1 million for 2009 and aircraft movements totaled more than 310,000. All of the major air-freight carriers offer service through the International Airport to Shelby County.

Construction is currently underway to build a \$121 million Consolidated Parking Facility (CPF) at the Airport which will consist of a seven level parking garage containing approximately 5,700 spaces and support facilities including a parking office within the new garage and two toll plazas, rental car facilities inside the garage (occupying the first two levels); a quick turn around surface lot and renovations and rehabilitation to the existing garage. The CPF is scheduled to be completed in March 2012.

Terminal improvements are also underway to expand and reconfigure the existing Terminal B checkpoint to accommodate enhanced security scanning equipment as required by the Transportation Security Administration as well as various projects to extend the useful life of the Terminal complex. The terminal improvements are estimated to cost \$21 million and should be completed by the summer of 2011.

Delta Airlines offers daily international round-trip service to Amsterdam, Netherlands. The airline also offers international direct flights to Toronto, Canada; Vancouver, Canada; Cancun, Mexico; and Montego Bay, Jamaica.

Federal Express is headquartered in Shelby County. The main sorting facility is located just off of the Memphis International Airport runways. FedEx has completed several major expansion and improvement projects at its airport hub operations in recent years, and employment has increased. The company also has two major facilities in the County outside its airport operations. There is a 500,000-square-foot technology complex in Collierville, in the southeastern part of the County, where about 3,000 employees are located, including programmers, software developers, and support staff. The Company also has a new headquarters office complex in a nearby area of the County to accommodate and consolidate recent growth.

## MEMPHIS INTERNATIONAL AIRPORT AVIATION ACTIVITIES

	2009	2008	2007	2006	2005	% Change 2008-2009
<b>Enplaned Passengers By Airline Type</b>						
Major/National <sup>(1)</sup>	2,208,442	2,703,381	3,230,417	3,155,442	3,442,161	(18.31%)
Regional/Commuter	2,867,313	2,686,239	2,312,629	2,325,575	2,149,986	6.74%
Non-Scheduled	1,402	3,031	5,187	7,199	7,749	(53.74%)
<b>Total</b>	<b>5,077,157</b>	<b>5,392,651</b>	<b>5,548,233</b>	<b>5,488,216</b>	<b>5,599,896</b>	<b>(5.85%)</b>
Aircraft Total Movements <sup>(2)</sup>	310,926	328,218	331,328	336,670	342,136	(5.27%)
Aircraft Landed Weight (in thousand pound units)	25,537,194	26,511,588	26,807,294	26,118,145	25,993,442	(3.68%)
<b>Per Thousand Pounds of Cargo Enplaned 2009:</b>						
	<b>Domestic</b>	<b>International</b>	<b>Air Mail</b>	<b>Total</b>		
Major Airlines	1,860.3	2,442.6	4.5	4,307.4		
Regional/Commuter	1,178.3	--	3.1	1,181.4		
Cargo Airlines	3,966,200.0	198,487.9	2,513.0	4,167,200.9		
Other	--	--	--	--		
2009 Total	3,969,238.6	200,930.5	2,520.6	4,172,689.7		
2008 Total	4,002,263.4	186,719.7	3,379.5	4,192,362.6		
Increase (Decrease)	(33,024.8)	14,210.8	(858.9)	(19,672.9)		
Percent Increase (Decrease)	(0.83%)	7.61%	(25.42%)	(0.47%)		

Source: Memphis-Shelby County Airport Authority, Calendar Year Statistics

<http://www.mscaa.com>

<sup>(1)</sup> Fiscal years 2005-2008 were restated to reflect revised enplanement data as of October 1, 2010.

<sup>(2)</sup> Excludes Military and General Aviation activity.

## Water

The Mississippi River ranks third in length, fourth in drainage area and fifth in volume in the world. Among the world's ten largest rivers, reaching from the Gulf of Mexico deep into the heartlands of the United States, the Mississippi River system encompasses about 8,900 miles of navigable inland waterways. This system has also helped make Memphis a close neighbor of the agricultural Midwest and the industrial East and West Coasts. The waterways allow for barge service to New Orleans and other Gulf Ports along the Gulf Intercoastal Waterway. This intracoastal waterways system of approximately 1,173 miles connects Florida and Texas and has offered Memphis' industry unprecedented growth opportunities. In addition, regular service is available to Europe and Asia via the waterway system.

There is an abundance of usable industrially zoned land in the County, much of which is located where industry may utilize the water and the low-cost transportation of the Mississippi River. The Mississippi River provides extraordinary opportunities for the attraction of industries. Lying just off of the river, McKellar Lake, President's Island, Frank Pidgeon, and Rivergate Industrial Parks are excellent industrial locations. All of them front or are near a stillwater harbor that has a minimum depth of twelve feet.

In terms of freight handled, Memphis is the third largest shallow draft river port in the U.S. and second largest inland shallow draft river port on the Mississippi River. The Memphis port provides favorable transportation rates for waterborne movements and excellent port facilities that interconnect with other modes of transportation. The port handles more than 17 million tons of barge driven cargo each year. The navigation channel is maintained by the U.S. Army Corps of Engineers. A minimum 9-foot depth and 300-foot width is available year round, but a 12-foot deep channel is available approximately nine months of the year. Favorable climatic conditions permit year-round availability of water transportation to the present 161 tenants of the Port of Memphis and other users of the waterways. The value of the annual flow of goods and services is approximately \$680 million. A major portion of the recent tonnage increase is due to the port's improved handling capabilities for petroleum products.

Of the original 960 flood-free acres located on President's Island, only 2.4 percent of the land remains available, consisting of sixteen acres of waterfront land and seven acres of back land. Plans now exist to make an additional 1,000 acres of back land available for development. The Island already has two river-rail- truck terminals, which provide excellent overland facilities for foreign and domestic water shipments. All necessary utilities and services, including U.S. Customs inspections, and a Foreign Trade Zone are available.

Total tonnage shipped through the Port of Memphis between 1999-2008 is presented in the table below.

### **TOTAL TONNAGE PORT OF MEMPHIS (1999-2008)**

<b><u>Year</u></b>	<b><u>Total Tonnage</u></b>
2008	16,361,042
2007	18,825,124
2006	19,100,259
2005	17,094,876
2004	17,520,436
2003	18,191,319
2002	16,400,555
2001	16,907,072
2000	18,269,265
1999	16,811,000

Source: Waterborne Commerce Statistics of the United States; <http://www.iwr.usace.army.mil/ndc/index.htm>.

Two still-water harbors in the Memphis area provide shelter from the river current. Wolf River Harbor is the original harbor, located in north Memphis; and McKellar Lake is a \$50 million, man-made harbor just south of the Central Business District. Public facilities include three public terminals; LASH service; roll-on, roll-off service; bulk loading facilities to barges; bulk sacking facilities; chemical fertilizer storage tanks; heavy lifts up to 100 tons (CBI Nuclear heavy lift to 1200T); two boat/barge repair facilities; and six grain elevators.

Most major common carrier barge lines provide service to the Memphis Port including American Commercial Barge Lines, Federal Barge Lines, Ohio Barge Lines, Sioux City and New Orleans Barge Lines, DRAVO-Mechling Corporation, Riverway Barge Corporation, and Valley Barge Lines.

## **Rail**

Six Class One railroads operate out of the County with competitive freight service to all principal cities in the U.S. and direct, on-line service to 35 states. Serving the County area are the Norfolk Southern Railroad, Burlington Northern, Seaboard System, St. Louis-Southwestern Railway Lines, and the Union Pacific System. Eighteen other rail carriers maintain off-duty offices in the County for the development and coordination of traffic over their lines. The rail lines offer a variety of modern, specialized equipment and services, including piggy-back and containerized freight.

## **Highway**

The County is connected to the rest of the nation by eight federal, three interstate, and seven state highway systems. These highways combined with a circumferential expressway and two highway bridges crossing the Mississippi River make all parts of Memphis readily accessible to its surrounding communities.

## **Public Transit**

The Memphis Area Transit Authority (MATA) provides public mass transportation in the City of Memphis, with limited service furnished in Bartlett, Germantown, Collierville, Millington, and Raleigh. According to MATA officials, the fleet of 232 buses serves 53,000 passengers daily. Of the 33 total bus routes, 5 are Blazer (express) routes, 7 are cross-town routes, and 21 are local routes. MATA also operates a shuttle service known as the "Hustle Bus" between downtown Memphis and the Medical Center, a service initially funded by a Federal Demonstration Grant. MATA is presently operating 10 privately sponsored "showboat" buses. These theme buses operate on routes combining tourist attractions, restaurants, and shopping facilities. MATA's Main Street Trolley service operates along 2.5 miles of track in downtown Memphis. The line serves numerous restaurants, retail stores and attractions throughout downtown, such as The Pyramid, Convention Center, Beale Street, The Orpheum and the National Civil Rights Museum. The line has recently been extended to serve the Medical Center.

MATA, as with most metropolitan transit systems, has been faced with decreasing federal subsidies and rising costs. The MATA Board has responded to these pressures by a combination of increased fares and service reductions, as well as a current effort to lease excess buses to other transit authorities across the nation.

## **Interstate Bus Lines**

Continental Trailways/Greyhound Bus Lines is the major interstate bus line serving the County, offering bus service from its Memphis terminals to the continental United States and Canada and supported by three smaller lines: Bridge Transit Corp., Great Southern Coaches, and Gulf Transport Co.

## **Utilities**

### **Memphis Light, Gas and Water Division ([www.mlgw.com](http://www.mlgw.com))**

The Memphis Light, Gas and Water Division ("MLGW") is a municipally owned utility which distributes electric power and natural gas throughout the City of Memphis and the County, as well as, water within the City of Memphis and certain adjacent areas. MLGW was created by an amendment to the Charter of the City by Chapter 381 of the Private Acts of the General Assembly, adopted March 9, 1939. MLGW is managed by its board, which consists of five members nominated by the City of Memphis Mayor and approved by the Council. Board members serve for three-year terms. MLGW has control over the administration of its activities in connection with MLGW's business affairs. It operates as three separate divisions (Electric, Gas, and Water), for accounting and financial purposes. MLGW's fiscal year is the calendar year.

MLGW is committed to purchase almost all of its power from Tennessee Valley Authority ("TVA") under a contract, subject to termination by either MLGW or TVA, on not less than ten years' prior written notice.

MLGW contracts with Texas Gas Transmission Corporation to receive gas from Texas and Louisiana fields. MLGW also purchases gas from various suppliers on the "spot market".

Memphis water is provided through an excellent artesian water supply. The water is soft bicarbonate, low in sulphate and chlorides, and contains no organic matter or harmful bacteria. It is aerated, filtered, chlorinated and fluoridated. There are nine pumping stations in Memphis, each adjacent to its well field. These stations are interconnected by a network of mains and have an installed service pumping capacity average of 133 million gallons per day.

## Education

The Shelby County school system has 48 schools and employs 3,065 teachers. The City of Memphis school system is one of the largest in the nation with over 16,500 employees and 191 schools staffed by more than 8,000 teachers. All schools are approved by the Tennessee State Department of Education. The Southern Association of Schools and Colleges accredits the secondary and elementary schools, and some junior high schools are in the process of accreditation by SACS. There are also approximately 60 private schools in the City and the County.

### MEMBERSHIP AND ATTENDANCE School Systems

	<u>Memphis City Schools</u>		<u>Shelby County Schools</u>	
<u>Year</u>	<u>Daily Membership</u>	<u>Average Daily Attendance</u>	<u>Average Daily Membership</u>	<u>Average Daily Attendance</u>
2009-2010	103,593	97,688	47,342	45,212
2008-2009	104,829	99,588	46,284	44,248
2007-2008	107,314	101,304	46,537	44,443
2006-2007	110,753	104,440	45,897	43,786
2005-2006	117,948	110,937	46,523	45,923
2004-2005 <sup>(1)</sup>	117,740	108,809	44,868	42,661
2003-2004	115,702	106,323	46,267	43,966
2002-2003	117,753	108,655	46,469	44,081
2001-2002	116,974	107,504	44,807	42,039
2000-2001	115,878	107,328	45,105	42,416
1999-2000	117,795	109,795	44,492	41,847

Source: Tennessee Department of Education Report Card, January 2011

<sup>(1)</sup> Getwell East Annexation occurred.

## Colleges and Universities

Memphis is home to about 45,000 students enrolled in more than 20 local colleges, universities, and technical institutions. The following is a partial list.

Baptist Memorial College of Health Sciences	Mid-America Baptist Theological Seminary
Hospital of X-ray Technology	Mid-South Christian College
School of Medical Records Library	Mid-South Community College
School of Nursing	Northwest Mississippi Junior College
Christian Brothers University	Rhodes College
Concorde Career College	Southern College of Optometry
Crichton College	Southwest Tennessee Community College
Harding University Graduate School of Religion	St. Joseph Hospital School of Nursing
ITT Technical Institute	Tennessee Technology Center at Memphis
LeMoyne-Owen College	University of Memphis
Memphis College of Art	University of Mississippi, DeSoto Center
Memphis School of Preaching	University of Tennessee Health Science Center - Memphis
Memphis Theological Seminary	College of Medicine
Methodist Hospital School of Medical Sciences	College of Dentistry
School of Nursing	College of Pharmacy
School of Radiologic Technology	William R. Moore College of Technology

The University of Memphis, a co-educational institution founded in 1912, is a state-supported institution with schools in Arts and Sciences, Business Administration, Education and Law, with approximately 21,400 students enrolled. The University offers graduate schools of Arts and Sciences, Business, Education, Engineering and Industrial Technology. Research services provided by MSU include the Bureau of Business and Economic Research, the Bureau of Social Research, and the Bureau of Educational Services and Research. The University also has a Center for Regional Development to provide counseling in industrial expansion efforts.

The University of Tennessee Medical Units is the largest medical education center in Tennessee. The University of Tennessee College of Medicine graduates approximately 200 physicians each year. Included in the Medical Units are the College of Dentistry, College of Pharmacy, College of Basic Medical Sciences and a Graduate School of Medical Sciences.

## **Medical Facilities**

Shelby County, encompassing one of the most comprehensive collections of health care centers in the nation, has 19 hospitals providing 4,262 beds and numerous other health care facilities. The health care industry contributes over \$10.4 billion to the economy annually. Over 13 percent of jobs are generated by health care in Shelby County. There are also 32 nursing homes (with a total of approximately 4,235 beds), 23 homes for the aged offering 320 beds and 14 assisted care living facilities offering 1,213 beds. Memphis is also home to over 100 specialty clinics, including nationally recognized Campbell Clinic, Semmes-Murphy Clinic and Shea Clinic.

**The Regional Medical Center at Memphis (The MED)** is a private hospital owned by a not-for-profit corporation, which receives substantial annual appropriations from the County. Much of its debt funding also is provided through the County. With more than 14,000 admissions and 140,000 outpatient visits per year, the hospital trains approximately 750 medical students, residents, and fellows annually in connection with the University of Tennessee Medical Units. The hospital has the only accredited skin bank in the State, the only HIV/AIDS center in the Mid-South, and the Diggs-Kraus Sickle Cell Research Center.

The MED's Centers of Excellence include the Elvis Presley Memorial Trauma Center, which is the only Level 1 trauma center in the region and the third busiest in the nation; the firefighters Regional Burn Center, the only full-service center in a 150-mile radius; the Newborn Center (an intensive care unit for premature and distressed newborns), the only Level IV center in West Tennessee; the Wound Care Center, which specializes in the treatment of chronic non-healing wounds; and High Risk Obstetrics, where more babies are born each year than in any other Memphis hospital.

**Baptist Memorial HealthCare Corp. ("Baptist")** is the world's largest private hospital, based on the number of admissions. At its various facilities, it provides a broad array line of medical and surgical treatments. Its parent organization, headquartered in the County, owns and manages hospitals located throughout the Mid-South. Baptist has recently completed a \$172.5 million expansion to its Baptist East facility, including a new heart hospital and a freestanding women's hospital, the first of its kind in the Mid-South.

**Methodist Health Systems ("Methodist")** is the second largest private, not-for-profit hospital in the United States. Methodist has six hospitals in the region, as well as LeBonheur Children's Medical Center. Methodist also operates rural health clinics and home health agencies. In total in the region, Methodist has 10,249 Associates and 1,805 licensed beds. Methodist provides strategic medical care through the development of specialized Centers of Excellence in the regional hospitals that focus resources on major disease areas. LeBonheur recently completed construction on a \$327 million pediatric facility to replace its existing building. LeBonheur has a dominant market share in the pediatric healthcare market and operates clinics and outpatient facilities in various locations. Methodist Germantown recently completed a \$50 million, 89-bed expansion project, which includes specialized facilities designed to provide comprehensive cardiac services. The expansion added 152,000 square feet to the hospital and brought the total number of beds to 209. The hospital has also expanded its emergency department and added a Women's and Children's Pavilion, which houses expanded maternity, neonatal, intensive care, and surgery services.

**St. Jude Children's Research Hospital ("St. Jude")** was founded by the late actor, Danny Thomas. Located in Downtown Memphis, St. Jude is the world's leading childhood cancer research center and one of the only institutions devoted solely to the study of catastrophic childhood illnesses, with its primary focus on leukemia and solid tumors. The hospital has approximately 3,000 patients. It treats patients from across the country and throughout the Western Hemisphere, all with no charge.

St. Jude is in the midst of a five-year, \$1 billion expansion program that includes the construction of five new buildings and renovation of existing buildings, which will double the facility's size and greatly expand research capacity for genetic and infectious diseases. In 2003, its \$36 million Good Manufacturing Practices facility was completed and manufactures vaccines and gene therapy components for treating patients. This combination of new facilities, new equipment and expanded research has increased employment from 2,000 to near 3,700 and pushed annual operating costs to over \$400 million. The adjacent UPTOWN neighborhood has been redeveloped to provide mixed income housing for a portion of these new workers.

## **U.S. Government**

**Navy Memphis Complex at Millington** – The U.S. Navy operates several key offices and commands at its complex in north Shelby County within the city limits of Millington. There are a total of more than 6,000 civilian and military employees at the facility. The major offices that were relocated to the complex in 1999 include:

- The headquarters of the Bureau of Naval Personnel
- The Naval Recruiting Command
- The Navy Personnel Research and Development Center

Also, the Department of Defense has located a satellite office of the Defense Finance and Accounting Service and the headquarters of the U.S. Army Corps of Engineers Finance and Accounting Office at the Millington complex.

**Internal Revenue Service** - The Internal Revenue Service Center serves a six-state area and is the only one of the 10 facilities in the country to be designated as a computer center, a customer service site and a submission-processing site. Its employment varies from 2,300 to 4,200 during the year, peaking during tax season. The local payroll is in excess of \$90 million.

## **Libraries**

The Memphis Library System has 22 branches throughout the area, and an annual circulation of about 4 million books. The Memphis library system houses 1.7 million volumes. In 2001, a new main library, the \$70 million Memphis Public Library and Information Center, opened to serve as the flagship information hub of the Mid-South. Situated in the middle of the City, the new 330,000 square-foot facility is larger and more accessible to all residents. Colleges, universities, businesses, industries, and organizations maintain numerous other libraries.

## **Communications**

One major daily newspaper, which is circulated throughout the 76-county area, a financial daily, and many weekly publications serve the County. There are six television stations in the County: ABC, CBS, NBC, PBS, FOX and UPN affiliates. In addition, Time Warner Cable television is available. There are 17 AM, and 25 FM radio stations.

BellSouth Communications and numerous other providers of long distance service operate within the City. The network provides a vast range of services and communication techniques to over 302,000 main line telephones in the area, including service to more than 295,000 households.

The City serves as one of the regional post office and bulk mail distribution centers for the eleven-state Southern Postal Region. This is the headquarters for the administration of more than 7,500 post offices.

## **Recreation**

The County is famous for its duck hunting and the surrounding areas provide deer hunting, upland game hunting for squirrel, rabbit, quail, and doves, and year-round fishing for bass, crappie and pan fish.

There are two state parks in the County: the 12,512 acre Meeman-Shelby Forest State Park, and T.O. Fuller State Park. Chickasaw State Park with 11,000 acres and Natchez Trace State Park with 42,000 acres are nearby in West Tennessee. The largest local park is Shelby Farms, more than 4,000 acres centrally located in the County and operated by County Government. It contains a wide variety of recreational areas including lakes, biking trails, sports fields, picnic grounds, and agricultural demonstration facilities. It is the site of Agricenter International among other facilities. The County also has developed a large soccer complex with a combination of private and public funds to host local and regional soccer tournaments. Parks operated by the Memphis Park Commission also serve residents in the County. Audubon (373 acres), Overton (357 acres), King Riverside (340 acres), and Edmund Orgill Park (443 acres plus 160 acres undeveloped) are the County's largest and most popular parks. The Park Commission supervises 63 playgrounds during the summer and, there, provides 20,000 children with lunches. There are also 136 baseball fields throughout the County, 10 publicly owned and 17 privately owned golf courses and numerous swimming, tennis, bowling and skating facilities. Shelby County is also the home of the prestigious Southwind Tournament Players Club Golf Course, home of the St. Jude Hospital Memphis Classic Golf Tournament.

There are 26 community centers available in the County as well as a children's theater, a hobby center, a center and programs for the handicapped, and four senior citizens centers. Boating and water-skiing are popular activities, while facilities for other individual sports such as handball, horseback riding, or archery are also provided throughout the Shelby County area.

Athletics for the spectator sportsmen include the PGA tour event, the St. Jude Classic Golf tournament, the Regions Morgan Keegan Championships, the AutoZone St. Jude Liberty Bowl Football Classic, the Southern Heritage Football Classic, the Memphis Grizzlies NBA franchise, Memphis Redbirds AAA baseball, the University of Memphis Tigers basketball and football, professional exhibition games, and high school tournaments. Trade exhibitions, such as events sponsored by the Memphis Gun Club; the Germantown Charity Horse Show; and the National Bird Dog Championship provide other opportunities for the sports-minded.

**APPENDIX A**  
**SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS**  
**DATED JUNE 30, 2010**

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## GENERAL PURPOSE FINANCIAL STATEMENTS

Audited Financial Statements of Shelby County, Tennessee (the "County") and supplementary information as of and for the fiscal year ending June 30, 2010 together with the independent auditors' report thereon from Watkins Uiberall, PLLC and Banks, Finley, White & Co: (1) have been filed with each nationally recognized municipal securities information repository, as described herein under "Continuing Disclosure," and may be obtained from them in accordance with their respective procedures, and (2) are available through the website of Shelby County's Department of Finance at <http://shelbycountyttn.gov/Archive.aspx?ADID=106>.

To the extent there are any differences between the electronically posted financial statements of the County and the printed financial statements of the County, the printed version shall control.

Only the following items, each of which has been posted on the website referenced above, are described above and incorporated herein by reference:

### **For the Year Ended June 30, 2010**

- Independent Auditors' Report, dated December 8, 2010
- Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Activities
- Balance Sheet, Governmental Funds
- Reconciliation of Fund Balances of Governmental Funds to the Statement of Net Assets
- Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds
- Reconciliation of Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Assets, Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Assets, Proprietary Funds
- Statement of Cash Flows, Proprietary Funds
- Statement of Fiduciary Net Assets, Fiduciary Funds
- Statement of Changes in Fiduciary Net Assets, Fiduciary Funds
- Combining Statement of Net Assets, Component Units
- Combining Statement of Activities, Component Units
- Notes to the Financial Statements
- Budgetary Comparison Schedules, General Fund
- Budgetary Comparison Schedules, Education Fund
- Budgetary Comparison Schedules, Grants Fund
- Shelby County Retirement System, Required Supplemental Information