

**RESOLUTION FOR ECONOMIC DEVELOPMENT INITIATIVE – ONE
BEALE CONVENTION CENTER COMMITMENT**

WHEREAS, the City of Memphis has invested \$200,000,000 in the renovation of the Renasant Convention Center (RCC); and

WHEREAS, it is necessary to have a sufficient block of available hotel rooms to “sell” to prospective convention and meeting planners to ensure the continued success of the RCC and its contribution to the economic development of the City; and

WHEREAS, the adjacent Sheraton Hotel has a room block agreement with RCC, but the allowance is not large enough alone to accommodate the conventions expressing interest in the RCC; and

WHEREAS, the City needs many more contractually committed room blocks of upscale hotel rooms to realize the full potential of the RCC; and

WHEREAS, due to the impact of the pandemic, the proposed Main Street convention center hotel was deemed unviable, and as a result the supporting development was terminated; and

WHEREAS, as planned, the One Beale Development will have three hotels with more than 700 new hotel rooms placed into service; and

WHEREAS, in order to assist with the financing of the One Beale Development, the Memphis City Center Revenue Finance Corporation (the “CCRFC”) has adopted an inducement resolution declaring its intent to issue one or more series of its economic development bonds in an amount not to exceed \$95,000,000, on a tax-exempt or federally taxable basis, such bonds to be designated the Memphis Center City Revenue Finance Corporation Economic Development Revenue Bonds, Series 2022A (One Beale Project) (Tax-Exempt) (the “Tax-Exempt Bonds”), or Memphis Center City Revenue Finance Corporation Economic Development Revenue Bonds, Series 2022B (One Beale Project) (Federally Taxable) (the “Taxable Bonds,” and together with the Tax-Exempt Bonds, the “Bonds”), as applicable, or such other designations as determined by the CCRFC; and

WHEREAS, in order to deliver a quality luxury hotel with 350+ rooms as part of the One Beale Development and a contracted commitment of a bookable convention center room block consistent with industry standards, the City Council previously approved a credit enhancement to the Bonds, which Bonds will be wholly payable, as previously approved by City Council, from the 5% Tourism Development Zone (TDZ) surcharge generated on the One Beale Development (the “Surcharge Revenues”) and lease payments made by the City, as lessor, to the CCRFC, as lessee, in an amount equal to \$2.25 of the \$2.75 local option sales taxes generated on the One Beale Development (the “City Lease Payments”), under a lease of all or a portion of the One Beale Development from the CCRFC to the City (the “City Lease”); and

WHEREAS, it is proposed that the Bonds be secured in part by a debt service reserve fund funded with proceeds of the Bonds on the date of issuance of the Bonds (the “Reserve Fund”) and an excess revenue reserve fund funded on an ongoing basis with excess Surcharge

Revenues and City Lease Payments (the “Excess Reserve Fund”), and that any amounts necessary, if any, to make up any deficiencies in the Surcharge Revenues and City Lease Payments to pay debt service on the Bonds will be drawn first from the Excess Reserve Fund prior to any amounts being drawn from the Reserve Fund; and

WHEREAS, in order to deliver a quality luxury hotel with 350+ rooms as part of the One Beale Development and a contracted commitment of a bookable convention center room block consistent with industry standards, this City Council previously approved a credit enhancement to the Bonds by approving a commitment to replenish one-half of any amounts drawn from the Reserve Fund from legally available revenues; and

WHEREAS, in order to deliver a quality luxury hotel with 350+ rooms as part of the One Beale Development and a contracted commitment of a bookable convention center room block consistent with industry standards, the developers are now requesting, in lieu of the commitment to replenish one-half of any draws from the Reserve Fund, that the City commit to a credit enhancement to the Bonds by undertaking a commitment to replenish any amounts drawn from the Reserve Fund from legally available revenues; and

WHEREAS, the State of Tennessee approved the project as a development in the economic best interest of the City by the approval of a 30-year PILOT; and

WHEREAS, it is in the best interests of the City to protect the investment in the RCC and the convention and tourism associated economic development, and it is therefore proposed that the City undertake a commitment to replenish any amount drawn from the Reserve Fund with such replenishment being payable solely from legally available revenues (the “Reserve Fund Replenishment”); and

WHEREAS, the developer shall agree in the development agreement to be entered into between the developer, the City and CCRFC for the development of the 350+ room hotel (the “Development Agreement”) to make a commercially reasonable effort to refinance the Bonds without a replenishment obligation by the City 10 years after the closing of the Bonds and to make a good faith effort to refinance the Bonds without a replenishment obligation by the City as requested by the City from time to time; and

WHEREAS, the City, through its prudent oversight of the financial obligations and opportunities of the City, has positioned itself to serve as financial security and protection of the \$200 million investment in the RCC and now wishes to commit to the continued economic recovery and development of the City by supporting the economic development and enhancing the creditworthiness of the bond offering of the One Beale Development, the welfare of the City and its Citizens requiring it.

NOW, BE IT THEREFORE RESOLVED, by the power vested in the City Council of the City of Memphis that it hereby approves the Reserve Fund Replenishment for the duration of the bond issuance, subject to and under the terms of the Debt Service Reserve Replenishment Agreement; and

BE IT FURTHER RESOLVED, the City of Memphis will monitor and engage with CCRFC to determine if and when the City is required to fund the Reserve Fund Replenishment; and

BE IT FURTHER RESOLVED, in furtherance of the Reserve Fund Replenishment the Mayor or his designee(s) (individually or collectively, “Authorized Officers”) are authorized to execute and deliver a Debt Service Reserve Replenishment Agreement between the City and CCRFC in the form thereof approved by the Authorized Officer executing the same, his or her signature thereon to constitute conclusive evidence of such approval, subject to the developer, prior to or at the time of closing of the Bonds, meeting the provisions of the Development Agreement regarding a minimum of 5% M/WBE ownership in the developer; and

BE IT FURTHER RESOLVED, that the Authorized Officers and other authorized officials and employees of the City be, and each of them hereby is, authorized in the name of and on behalf of this City, to take all such other actions and to execute and deliver all such other documents, instruments and agreements and such supplements, amendments and additions to such documents, instruments and agreements as such Authorized Officer or other authorized officials and employees of the City shall, in his or her sole discretion, consider necessary, advisable, or appropriate in connection with the documents, instruments and agreements for the execution or the consummation of the transactions contemplated thereby and by this Resolution.

BE IT FURTHER RESOLVED, that all acts of the officials of the City which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the financing of the One Beale Development funded thereby be, and the same hereby are, in all respects, ratified, approved and confirmed in all respects.

This resolution shall take effect from and after its adoption, the welfare of the City of Memphis requiring it.

Adopted this 12th day of July, 2022

Sponsor: Edmund Ford, Sr.

Co-Sponsors: Patrice J. Robinson
Worth Morgan
JB Smiley, Jr.
Cheyenne Johnson
J. Ford Canale
Dr. Jeff Warren