



GRAND HYATT MEMPHIS
Memphis City Council Presentation

July 14, 2022

Carlisle

BENEFITS TO THE CITY

Projected total gross sales over 30 years in One Beale Surcharge District: ~\$3.5 billion

PILOT Payments over 30 years: ~\$28 million

Police & Fire (0.5% of Local Option Sales Tax over 30 years: \$17.5 million

3.5% City Hotel Motel over 30 years: ~\$28 million (Convention Center Renovation Debt)

Room Block Agreement for Convention Center's Citywide Events

\$42 million in MWBE contracts

\$1.8 billion in wages (source: Younger Report)

PROTECTIONS FOR THE CITY

At Closing:

- \$10 Capitalized Interest Reserve fund pays interest through November 1, 2024
- \$6.9m Debt Service Reserve Fund (“DSRF”)

Bonds are secured by tax revenues from the One Beale Surcharge District – every dollar of tax revenue generated in the One Beale District reduces the City’s obligation

Tax revenues generated during construction of Grand Hyatt are used to fund the \$6.9 million Excess Debt Service Reserve Fund (“EDSRF”) that must be drawn upon and completely exhausted before any replenishment obligation of the City

Projections prepared by independent third parties:

- CBRE Group Inc. prepared projections of hotel revenues for the hotels operating in the One Beale Surcharge District
- Reynolds Bone Griesbeck PLC, a Memphis based CPA firm, prepared projections of tax revenues generated from the 5% Surcharge Tax and the 2.25% Local Option Sales Tax from sale in the One Beale Surcharge District
- The projection % debt service coverage

After repayment of the construction loan, any excess tax revenue with respect to the tax-exempt series will be held in escrow to cover any shortfall on the tax-exempt series (est. \$24.9 million over 25 years). This is a new protection for the City negotiated by the administration

PROTECTIONS FOR THE CITY

Required to make commercially reasonable efforts to refinance bonds in 2032

Mechanisms in the bond documents to repay any replenishment of DSRF by the City from future excess tax revenues

Hyatt Centric, Hyatt Caption and one restaurant are open and producing Surcharge Tax revenues and will produce Local Option Sales Tax Revenues

Guaranteed Maximum Price construction contract with Reeves Young, a construction contractor with significant experience in the hospitality sector.

\$55 million of equity investment in the Grand Hyatt and a \$110 million construction loan, for which Carlisle LLC is providing a 35% guarantee. The equity and debt on the Grand Hyatt are in addition to the equity and debt utilized to finance the other developments in the \$440 million One Beale Surcharge District. The lenders and equity investors have a substantial interest in the success of the developments in the One Beale Surcharge District

Each of the hotels in the One Beale Surcharge district (Grand Hyatt, Hyatt Centric and Hyatt Caption) has a 25-year management contract with Hyatt Corporation, a global hospitality company with widely recognized, industry-leading brands and a tradition of innovation and success developed over its more than sixty-year history.

Carlisle LLC is providing a guaranty of the completion for the Grand Hyatt



OBLIGATIONS OF THE CITY

Provide a 100% replenishment obligation (“Replenishment Obligation”) on each series of bonds after the EDSRF is exhausted

No exposure during the first four years following issuance of the bonds

Maximum annual exposure ranges from \$4.8 million in 2026 to \$6.9 million in 2052

Revenues must fall below 65% of those projected for multiple years to trigger any payment obligation for the City

Projected average annual exposure of the City on Replenishment Obligation with various percentages of projected revenues:

Percent of Projected Revenue	Total City Contribution over 30 Years	Annual City Contribution
95%	\$ -	\$ -
85%	\$ -	\$ -
75%	\$ -	\$ -
65%	\$ -	\$ -
55%	\$ 22,941,949	\$ 764,732
45%	\$ 46,267,286	\$ 1,542,243
35%	\$ 70,267,960	\$ 2,342,265

