

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

WHEREAS, the City of Memphis (the “City”) has invested \$200,000,000 in the renovation of the Renasant Convention Center (“RCC”), which has been determined to be a qualified public use facility (“QPUF”) by the State of Tennessee under the Tennessee Development Zone Tourism Act, Sections 7-88-101, *et seq.*, Tennessee Code Annotated, as amended; 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, the Memphis Center City Revenue Finance Corporation (“CCRFC”) has previously approved the issuance of taxable bonds (the “Taxable Bonds”), to provide funding for the development and construction of convention space (the “Convention Space”) adjacent to the Grand Hyatt Hotel (the “Grand Hyatt”) to be developed as part of the One Beale Development, which Taxable Bonds will be wholly payable, as previously approved by the Council of the City (this “Council” or the “City Council”), from the 5% Tourism Development Zone surcharge generated on the One Beale Development; and

WHEREAS, CCRFC shall also issue tax-exempt bonds (the “Tax-Exempt Bonds” and, together with the Taxable Bonds, the “Bonds”), to provide funding for the development and construction of the Convention Space, which Tax-Exempt Bonds this Council previously approved would be payable from lease payments made by the City to the CCRFC 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 from the CCRFC to the City (the “City Lease”) of Convention Space; and

WHEREAS, the State of Tennessee approved the Grand Hyatt and Convention Space projects as a development in the economic best interest of the City by the approval of 30-year PILOTs; and

WHEREAS, the City desires to promote economic development and job growth in the City and support its investment in the RCC by facilitating the development of the Convention Space and the Grand Hyatt; and

WHEREAS, the development of the Convention Space and the Grand Hyatt is expected to enhance the viability of the RCC and result in substantial job growth, sales tax growth and property tax growth within the City; and

WHEREAS, the Convention Space is an ancillary structure or facility associated with the RCC, the cost of which can be considered part of that QPUF pursuant to Tennessee Code Annotated Section 7-88-103(7); and

WHEREAS, this Council also previously approved funding up to \$10 million of the cost of the Convention Space by an appropriation and transfer from the Assigned Fund Balance of the General Fund, as an initial lease payment (the “Initial Lease Payment”), to the CCRFC under the City Lease, which funds would be provided by the CCRFC to the developer of the Grand Hyatt as a tenant improvement allowance under the lease of the Convention Space from CCRFC to the developer of the Grand Hyatt (the “Convention Space PILOT Lease Agreement”) and which funds would be repaid to the CCRFC by the developer of the Grand Hyatt as additional rent under the Convention Space PILOT Lease Agreement; and

WHEREAS, pursuant to Section 6-54-118 of the Tennessee Code Annotated, the City is authorized to make contributions to the CCRFC from appropriated funds for the purpose of economic development, and pursuant to Section 7-53-315 of the Tennessee Code Annotated, the City is authorized to aid or otherwise provide assistance, including without limitation, granting, contributing or pledging to, or for the benefit of the CCRFC, revenues derived from any source except revenues derived from ad valorem property taxes, for those projects, or portions thereof, that consist of public infrastructure, public improvements or other public facilities for such term or terms and upon such conditions as may be determined by the City Council; 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, in lieu of the City entering into the City Lease with the CCRFC and paying the City Lease Payments and the Initial Lease Payment to the CCRFC under the City Lease, that the City enter into a grant contribution agreement with the CCRFC (the “Grant Contribution Agreement”) pursuant to which the City would agree to (i) make an initial grant to the CCRFC under the Grant Contribution Agreement of up to \$10 million to fund the cost of the Convention Space (the “Initial Grant Contribution”), which funds will be provided by the CCRFC to the developer of the Grand Hyatt as a tenant improvement allowance under the Convention Space PILOT Lease Agreement and which funds will be repaid to the CCRFC by the developer of the Grand Hyatt as additional rent under the Convention Space PILOT Lease Agreement and (ii) make grants to the CCRFC in an amount equal to \$2.25 of the \$2.75 per \$100.00 of local option sales taxes generated on the One Beale Development (the “City Grant Contributions” and, together with the Initial Grant Contribution, the “Grant Contributions”) in each year beginning in the current fiscal year of the City and continuing in each fiscal year for a period of thirty (30) years; and

WHEREAS, the proposed Grant Contribution Agreement in lieu of a City Lease will have no impact on the overall financial commitment by the City, described herein and previously approved by this Council; and

WHEREAS, it is necessary to transfer an allocation of up to \$10,000,000 (ten million dollars) funded from the existing Assigned Balance of the General Fund to fund the Initial Grant Contribution; 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 providing for the development and construction of the Convention Space, the welfare of the City and its citizens requiring it.

NOW, BE IT THEREFORE RESOLVED, by the power vested in the City Council that it hereby approves (a) the Initial Grant Contribution of up to \$10,000,000.00 to CCRFC under the Grant Contribution Agreement, which funds will be provided by the CCRFC to the developer of the Grand Hyatt as a tenant improvement allowance under the Convention Space PILOT Lease Agreement and which funds will be repaid to the CCRFC by the developer of the Grand Hyatt as additional rent under the Convention Space PILOT Lease Agreement, and (b) the City Grant Contributions under the Grant Contribution Agreement for a period of thirty (30) years, all for the purpose of economic development and aiding and assisting the Convention Space, which constitutes a public facility; and

BE IT FURTHER RESOLVED, by the City Council that the General Fund Operating Budget be and is hereby amended by transferring an allocation and appropriation of up to \$10,000,000 (ten million dollars) funded by the existing Assigned Fund Balance of the General Fund to fund the Initial Grant Contribution; and

BE IT FURTHER RESOLVED, in furtherance of the foregoing, the Mayor or his designee(s) (individually or collectively, "Authorized Officers"), are authorized to execute and deliver the Grant Contribution Agreement between the City and CCRFC in the form thereof approved by the Mayor executing the same, his signature thereon to constitute conclusive evidence of such approval; and

BE IT FURTHER RESOLVED, that the City Council intends to fund a portion of the cost of the development and construction of the Convention Space and payments on the Tax-Exempt Bonds by the Grant Contributions as provided herein and no longer intends to authorize the support of the Tax-Exempt Bonds or the development and construction of the Convention Space in the form of the City Lease, the Initial Lease Payment nor any City Lease Payments, and any previous actions, resolutions or ordinances, or parts thereof, of the City Council authorizing such support in the form of the City Lease, the Initial Lease Payment or City Lease Payments, or otherwise inconsistent with this Resolution, are, solely as it relates to such support in the form of the City Lease, Initial Lease Payment and City Lease Payments, hereby repealed; provided, however, that all other actions, resolutions or ordinances, or parts thereof, in connection with the Bonds and the One Beale Development shall otherwise remain valid, enforceable and outstanding.

BE IT FURTHER RESOLVED, that the Mayor 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 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, including but not limited to the execution and delivery of, and supplements, amendments and additions to, those documents, instruments and agreements of the City necessary, advisable or appropriate to provide for the Grant Contributions, the development of the Convention Center in the manner provided herein, and the marketing, sale and issuance of the Bonds.

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 _____ day of October, 2022

Sponsored by: City Administration