

RESOLUTION OF THE MEMPHIS CENTER CITY REVENUE FINANCE CORPORATION PRELIMINARILY APPROVING THE ISSUANCE OF ECONOMIC DEVELOPMENT BONDS TO FINANCE ELIGIBLE COSTS INCURRED IN CONNECTION WITH THE DEVELOPMENT OF THE ONE BEALE STREET DEVELOPMENT AND RELATED MATTERS

WHEREAS, the Memphis Center City Revenue Finance Corporation (the “Issuer”) is authorized pursuant to Tennessee Code Annotated Section 7-53-101 *et seq.*, as amended (the “Act”), to issue its bonds and take other actions to finance projects (as defined in the Act); and

WHEREAS, One Beale, LLC, a Delaware limited liability company (the “Developer”), owns or operates, through one or more affiliates, approximately 5.265 acres of property in the Beale Street area (the “Project Site”), on which it is developing a mixed-use development including hotels, apartments, retail and parking with a total development cost of approximately Four Hundred Twenty Million Dollars (\$420,000,000) (the “One Beale Street Development”); and

WHEREAS, the One Beale Street Development will include, *inter alia*, a hotel with approximately 360 rooms, including commercial space, ancillary dining, and related amenities, together with all necessary infrastructure and public improvements (the “Hotel”), and approximately 36,320 gross square feet of meeting and function space, along with all necessary infrastructure and public improvements (the “Convention Space”); the Hotel and the Convention Space will be adjacent; and

WHEREAS, the Developer, the City of Memphis, Tennessee (the “City”), and the Issuer shall enter into that certain Hotel Development Agreement (the “Development Agreement”), pursuant to which the City and the Issuer have agreed to provide certain economic incentives for the development of the Hotel and Convention Space by the Developer on the terms and conditions set forth in the Development Agreement; and

WHEREAS, the Developer proposes to convey the portion of the Project Site on which the Convention Space will be located (the “Convention Space Site”) and the improvements thereon (the “Convention Space Property”) to the Issuer, and the Issuer proposes to lease the Convention Space Property to the Developer (such lease, the “Convention Space PILOT Lease Agreement”); and

WHEREAS, the Developer proposes to convey the portion of the Project Site on which the Hotel will be located (the “Hotel Site”) and the improvements thereon (the “Hotel Property”) to the Issuer, and the Issuer proposes to lease the Hotel Property to the Developer (such lease, the “Hotel PILOT Lease Agreement”); and

WHEREAS, pursuant to a resolution adopted by the Memphis City Council on December 15, 2020, the City has agreed to (a) lease the Convention Space Property from the Issuer (the “City Lease”) and (b) sublease the Convention Space Property to the Issuer (the “City Sublease”) for the purpose of facilitating the financing of the development and construction of the Convention Space Site; the lease payments to be made by the City to the Issuer pursuant to

the City Lease shall equal \$2.25 of the local option sales tax collected from the One Beale Street Development during the term of the City Lease (the “City Lease Payments”); and

WHEREAS, Tennessee Code Annotated Section 67-4-3002 authorizes the City to designate certain projects as “Qualified Public Use Facilities,” including without limitation full-service hotels with not less than two hundred fifty (250) rooms and related retail, commercial, and parking space that are located in a tourism development zone; and

WHEREAS, Tennessee Code Annotated Section 67-4-3003 authorizes the City to charge a 5% Tourism Surcharge on goods and services used by visitors at a qualified public use facility and other related facilities (the “Surcharge”); and

WHEREAS, the One Beale Street Development is located in the portion of Downtown Memphis designated as a tourism development zone pursuant to the Convention Center and Tourism Development Financing Act of 1998, which is codified at Tennessee Code Annotated Section 7-88-101 *et seq.*, (the “TDZ Act”); and

WHEREAS, pursuant to City Ordinance No. 5770 (the “Surcharge Ordinance”), the Memphis City Council has approved the assessment of surcharge payments (the “Surcharge Payments”) within the One Beale Street Development more fully described in said ordinance, all in accordance with Tennessee Code Annotated Section 67-4-3001 *et seq.* (the “Surcharge Act”); and

WHEREAS, the Act and the Surcharge Act empower the Issuer to issue its economic development bonds to finance and/or refinance certain development and construction costs in the Convention Center Site and pay debt service on such bonds from the revenues it receives from the City Lease Payments and Surcharge Payments, as more fully described in the Act, the Surcharge Act and herein; and

WHEREAS, the Developer has requested the Issuer to assist the Developer in defraying the costs of the One Beale Street Development by issuing 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 “Series 2022A Tax-Exempt Bonds”), or Memphis Center City Revenue Finance Corporation Economic Development Revenue Bonds, Series 2022B (One Beale Project) (Federally Taxable) (the “Series 2022B Taxable Bonds,” and together with the Series 2022A Tax-Exempt Bonds, the “Series 2022 Bonds”), as applicable, or such other designations as determined by the Issuer, to (a) provide for financing or refinancing for certain eligible capital costs of the One Beale Street Development, (b) to the extent permitted to pay certain costs of issuance incurred in connection with the issuance of the Series 2022 Bonds and (c) fund capitalized interest funds and reserve funds for the Series 2022 Bonds; and

WHEREAS, the Series 2022 Bonds shall be limited obligations of the Issuer payable solely from the City Lease Payments and the Surcharge Payments and other revenues payable by the City. No holder of any such Series 2022 Bonds shall have the right to compel any exercise of the taxing power of the State of Tennessee (the “State”), the City, the County of Shelby,

Tennessee (the “County”), or any political subdivision thereof, and such Series 2022 Bonds shall not constitute a debt, liability or obligation of the State, the City, the County, the Issuer or any political subdivision thereof. The Issuer has no taxing power; and

WHEREAS, the Issuer finds that the financing as herein described will further the purposes of the Act. Subject to due compliance with all requirements of law and this Resolution, the Issuer will, subject to receipt of satisfactory financial information concerning the One Beale Street Development and debt service and of adequate assurance from the Developer that there will be one or more purchasers for the Series 2022 Bonds, issue and sell its Series 2022 Bonds in an aggregate principal amount not to exceed \$95,000,000; and

WHEREAS, the Issuer has determined that it is in the best interest of the people of the State and the inhabitants of the City that the proposed One Beale Street Development proceed without delay;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Issuer hereby finds that the proposed One Beale Street Development is for the benefit of the people of the State and the inhabitants of the City.

2. The Issuer hereby declares its official intent to issue the Series 2022 Bonds in an amount up to \$95,000,000 to finance, in part, the proposed One Beale Street Development; provided, however, that the Issuer's obligation to issue the Series 2022 Bonds shall be subject to and expressly contingent upon the Issuer's approval in all respects of the final terms, conditions and documentation of the financing documents and to the continuing validity of all representations made by the Developer in connection with its application to the Issuer.

3. Nothing contained in this Inducement Resolution shall result in the Issuer, the State, the City or the County becoming liable for the payment of principal, premium, if any, or interest on the Series 2022 Bonds, nor for the performance of any pledge, mortgage, obligation or agreement in connection with the One Beale Street Development or the Series 2022 Bonds, except that the Series 2022 Bonds shall be limited obligations of the Issuer payable solely from the City Lease Payments and the Surcharge Payments and other revenues payable by the City in accordance with the financing documents referred to in Section 2 hereof.

4. The President, CEO, Chairman, Vice-Chairman, CFO, Secretary, Assistant Secretary or such other person designated to act on behalf of the Issuer are hereby authorized to assist the Developer with the preparation of a Preliminary Official Statement relating to the Series 2022 Bonds (the “Preliminary Official Statement”) and the distribution of the Preliminary Official Statement to potential purchasers of and investors in the Series 2022 Bonds.

5. The President, CEO, Chairman, Vice-Chairman, CFO, Secretary, Assistant Secretary or such other person designated to act on behalf of the Issuer are further hereby authorized to take any and all further action and execute and deliver any and all other documents as may be necessary to issue and deliver the aforementioned Series 2022 Bonds and to effect the undertaking for which said Series 2022 Bonds are proposed to be issued. The Series 2022 Bonds will not be issued unless the Issuer adopts a Bond Authorizing Resolution approving such documents.

6. It is the intention of the Issuer that this resolution constitutes a declaration of “official intent” of the Issuer to reimburse expenditures with the proceeds of Series 2022 Bonds, within the meaning of Treasury Regulations Section 1.150-2.

Adopted this May 10, 2022.

**MEMPHIS CENTER CITY REVENUE
FINANCE CORPORATION**

By: _____

Title: _____