

**APPLICATION**  
**OF**  
**HOTEL PEABODY, L.P.**  
**FOR**  
**TOURISM SURCHARGE INCENTIVES**  
**BEFORE**  
**CENTER CITY REVENUE FINANCE CORPORATION**

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**2021**

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1) **APPLICANT:**

Hotel Peabody, L.P. (“Hotel Peabody” or “Applicant”)  
149 Union Avenue  
Memphis, TN 38103

Business Description: Owner and operator of Historic Peabody Hotel,  
and an affiliate of Belz Enterprises

Legal Structure: Tennessee limited partnership

Applicant Representatives: Marty Belz  
President  
Peabody Hotel Group  
5118 Park Ave.  
Suite 249  
Memphis, TN 38117  
Email: Marty.Belz@phg.net

Jimmie Williams  
Chief Financial Officer  
Belz Enterprises  
The Tower at Peabody Place  
100 Peabody Place, Suite 1400  
Memphis, TN 38103  
Email: Jimmie.Williams@belz.com

2) **PROJECT PROFESSIONALS:**

The following professionals will be involved in establishing the Project (defined below):

Applicant’s Legal Counsel

Harry J. Skefos, Esq.  
Jonathan A. Lindsey, Esq.  
Sam Fargotstein, Esq.  
Martin, Tate, Morrow & Marston, P.C.  
6410 Poplar Avenue, Suite 1000  
Memphis, TN 38119  
Telephone: (901) 522-9000  
Email: hskefos@martintate.com  
jlindsey@martintate.com  
sfargotstein@martintate.com

### **3) ABOUT BELZ AND THE PEABODY HOTEL:**

Founded by patriarch Philip Belz (1904 - 2000) in the 1940s, Belz Enterprises (“Belz”) is one of the South’s largest commercial and industrial real estate developers with interests throughout the Mid-South and much of the country. Belz develops, owns and manages hotels, warehouses, retail centers, offices and showrooms, factory outlet malls, apartments and other residential developments.

Belz’s property holdings have included more than 20 million square-feet of developed property, including more than 25 shopping complexes ranging from regional malls and community shopping centers to factory outlet malls, and several hotels, office buildings, industrial properties, and residential developments. In addition to Memphis, Belz has developed, owned and/or managed properties in Nashville and Pigeon Forge, Tennessee; Orlando, Florida; New York, New York; Boston, Massachusetts; Greenville, South Carolina; Jonesboro, Arkansas; and Dallas, Texas.

The Historic Peabody Hotel (the “Peabody Hotel”) first opened in 1869 as a symbol of the South’s rebirth and quickly became the business and social hub of Memphis. In 1925, the Peabody Hotel was rebuilt at its present location on Union Avenue and has played host to U.S. Presidents, celebrities, and socialites throughout its storied history. In the mid-1970s, downtown Memphis experienced economic decline forcing the Peabody Hotel to close its doors. But the “South’s Grand Hotel” would not remain shuttered for long, and was resurrected and faithfully restored by the Belz family - led by Jack Belz - and reopened in 1981, breathing new life into downtown Memphis.

Legendary for its charm, elegance, gracious southern hospitality, and now world-famous ducks, the Peabody Hotel is a Memphis landmark and treasure, is on the National Register of Historic Places, and continues to carry the distinction of the “South’s Grand Hotel” (see: Elite Meetings Magazine, excerpt attached as **Exhibit “A”**). The Peabody Hotel is a Forbes Four-Star, AAA Four-Diamond rated property and a member of Preferred Hotels & Resorts Worldwide and National Trust Historic Hotels of America.

In addition to elegant amenities including fine dining and boutiques, it offers business professionals more than 80,000 square feet of event space. With 464 rooms, the Peabody Hotel is the second-largest hotel within the City and is a key economic driver in the community. At present, 263 full-time-equivalent (“FTE”) employees work at the Peabody Hotel, with average compensation of almost \$16/hour.

### **4) PENDING AND PREVIOUS APPLICATIONS:**

**A.** Applicant has never applied for or received tourism surcharge revenues from the Center City Revenue Finance Corporation (“CCRFC”).

**B.** Applicant has no plans to incur indebtedness or other financial obligations that would have a materially adverse impact on its financial condition.

**C.** To the best of Applicant’s knowledge, (i) Applicant has had no regular professional relationship with the legal counsel for CCRFC in the past five (5) years, and

(ii) neither CCRFC legal counsel nor any member of CCRFC has direct or indirect ownership in Applicant.

**5) INCENTIVE REQUESTED:**

The Local Tourism Development Zone Business Act, Tenn. Code Ann. §§ 67-4-3001 et seq. (the “Surcharge Act”) was amended recently to permit the City of Memphis, Tennessee (“City”): (i) to impose a privilege tax on the sale of certain goods and services (a “Tourism Surcharge”) within all or a portion of the Downtown Memphis Tourism Development Zone (the “Downtown TDZ”), and (ii) to assign the revenues generated from a Tourism Surcharge to CCRFC to finance costs incurred in connection with the development of a qualified public use facility (“QPUF”). The Surcharge Act defines a QPUF as, in relevant part, a full-service hotel of 250 or more rooms and related retail, commercial, and parking spaces located within the Downtown TDZ.

As mentioned, the Peabody Hotel is a full-service hotel with 464 rooms and various commercial, retail and parking areas, and is located within the Downtown TDZ. To wit, Hotel Peabody does hereby apply to CCRFC to grant it a Tourism Surcharge incentive consistent with the Surcharge Act. Specifically, Hotel Peabody requests that:

1. the CCRFC and the City designate the Project Location (defined herein) as a QPUF under the Surcharge Act;
2. the City impose via ordinance a Tourism Surcharge of five percent (5%) on the sale of all qualified goods and services made within the Project Location (defined herein) for a period of thirty (30) years;
3. the City assign all revenues generated by such Tourism Surcharge to CCRFC to finance or refinance all applicable costs incurred over the next 30 years in connection with the Project; and
4. the CCRFC enter into a development agreement with Hotel Peabody in connection with the Tourism Surcharge incentive and the use of the proceeds therefrom as the funding mechanism for the Project.

To the fullest extent possible, Hotel Peabody intends to rely on the Tourism Surcharge as the sole funding mechanism to finance the costs incurred over the next 30 years in connection with the Project. Based on current outlook, Hotel Peabody projects that occupancy rate and other key indicators will stabilize at the Peabody Hotel and reach pre-pandemic levels in 2023. Applying a 5% Tourism Surcharge to total revenue expected to be generated over the next 30 years at the Peabody Hotel (including room revenue, food-and-beverage revenue, occupancy revenue), Belz projects that the Tourism Surcharge would generate \$132,500,000 (not present value) over the 30-year term.

**6) JUSTIFICATION FOR INCENTIVE REQUEST:**

Hotel Peabody must preserve the status of the nearly 100-year-old Peabody Hotel as a premier destination and tourist landmark in Memphis and the region for decades to come. Due to the age of the “South’s Grand Hotel”, Applicant must commit considerable

capital to maintain the Peabody Hotel’s position in the marketplace, both in terms of its physical appearance and its performance. When a hotel is less than 10 years old, it typically requires three percent (3%) to four percent (4%) of its revenues for a capital reserve. In contrast, as the Peabody Hotel has aged, it has been necessary for Hotel Peabody to maintain a Capital Reserve approaching ten percent (10%) of its revenues.

Moreover, the COVID-19 global pandemic has greatly and negatively impacted the financial markets, the ability to obtain project financing, and the economic feasibility of commercial development. For the hospitality industry in particular, the pandemic has significantly impacted revenues and supply chains, and completely disrupted the worldwide tourism and travel ecosystem. With many vital components of the Peabody Hotel being overdue for redevelopment, the timing could not be worse for Hotel Peabody.

Nonetheless, by utilizing the Tourism Surcharge, Hotel Peabody still has the opportunity to redevelop the Peabody Hotel – even in the midst of this challenging environment – without having to incur significant indebtedness and without using or negatively impacting any incremental tax revenues that would otherwise be available to the City and County. The revenues generated by the Tourism Surcharge incentive cannot be used by the taxing authorities for any purpose other than financing the Project.

The incentives offered by the CCRFC, and the scope thereof, will factor significantly into Hotel Peabody’s ability to undertake the Project as currently contemplated. The redevelopment and long-term preservation of the Peabody Hotel is in furtherance of the public purposes of the CCRFC, including promoting commerce, tourism and recreation in and adjacent to the City and Shelby County, facilitating and accelerating commercial real estate development, and increasing investment and economic development generally. Through its redevelopment of the City’s most iconic hotel, the Project would fulfill the goals of the recent amendments to the Surcharge Act (as proposed and advocated by the CCRFC).

## **7) PROJECT SUMMARY:**

Hotel Peabody seeks a Tourism Surcharge incentive from the CCRFC and the City in order to make necessary capital investments totaling approximately \$128 million over the next thirty (30) years for the redevelopment and long-term preservation of the Peabody Hotel (the “Project”). This amount is only an estimate and is subject to change based on the final Project design, material and labor costs, and market conditions. In accordance with the Surcharge Act, the Project would include the design, construction, renovation, improvement, and equipping of the Peabody Hotel.

Significant components of the Project will include construction of new dining areas and exhibit hall space, the renovation of the lobby (including bar area and restrooms), Chez Philippe restaurant, guest elevators, the athletic club and exterior signage, and the remodeling and redesign of all guest rooms. Hotel Peabody has included as attached **Exhibit “B”** a breakdown of the items and the total costs thereof (\$128,425,000) which are expected to comprise the Project and includes real property improvements and tangible personal property acquisitions which are necessary and

desirable for the operation of the Peabody Hotel. Many Project items will require renovation on multiple occasions during the course of the next thirty (30) years in order to preserve the status of the Peabody Hotel as a premier hotel destination and tourist landmark. As such, Hotel Peabody requests that the Tourism Surcharge and the proceeds derived therefrom be collected and made available as a funding mechanism to Hotel Peabody for each time a Project item is renovated during the next thirty (30) years.

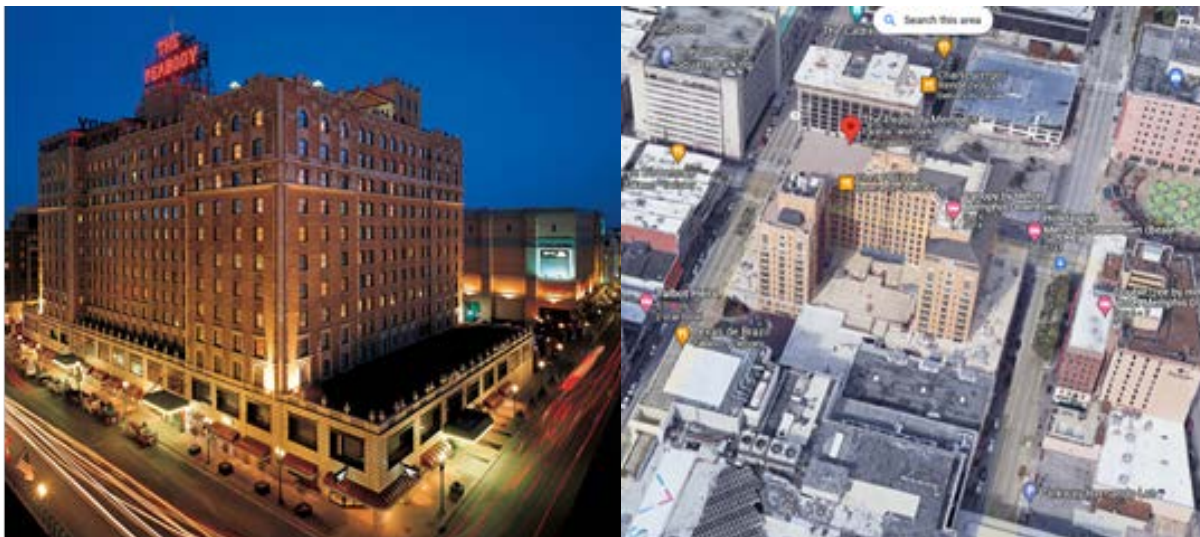
This type of forward-thinking is what makes the Peabody Hotel a long-term partner with the City, and hopefully maintains it as the preeminent hotel which it has been recognized as for the past many decades. If sufficient Tourism Surcharge incentives are granted by the CCRFC and the City, Hotel Peabody would commence the Project in 2022 (potentially as early as Q1 2022). Hotel Peabody has included as attached **Exhibit “C”** a projected timeline for completion of the Project during the 30-year term thereof. Within three (3) years of Project initiation, Hotel Peabody anticipates that its total headcount would increase from 263 FTE employees to 419 FTE employees.

**8) PROJECT LOCATION:**

The Peabody Hotel is located at 149 Union Avenue, Memphis, Tennessee 38103 on tax parcels #00251 A0001 and #00251 A0002, and as more particularly described as follows:

Units 1 and 2 of Peabody Place Centre Condominium as described in Master Deed, Declaration of Covenants, Conditions and Restrictions of Peabody Place Centre Condominiums as recorded as Instrument No. JM 5809 in the Register’s Office of Shelby County, Tennessee.

(the “Project Location”). Legal title for the Project Location is currently vested in the CCRFC, which leases the Project Location to Hotel Peabody pursuant to that certain Lease Agreement dated as of December 31, 1997, recorded as Instrument No. HB 6476 in the Register’s Office of Shelby County, Tennessee (as amended, the “Lease”). Pursuant to Section 11.01 of the Lease, Hotel Peabody possesses an option to purchase the Project Location at the end of the Lease term.





**9) FINANCIAL INFORMATION:**

Hotel Peabody is a privately-held company in a very competitive industry. Hotel Peabody requests that it be permitted to provide any required financial information to a CCRFC representative who will review this information *in camera* at the office of Hotel Peabody's legal counsel.

**10) DIVERSITY PLAN:**

Hotel Peabody will comply with the CCRFC's Equal Business Opportunity (EBO) Program during the term of the Project, and will coordinate utilization plans with CCRFC staff prior to closing and establishing the requested Tourism Surcharge incentives.

**APPLICATION REPRESENTATIONS AND COVENANTS**

This Application is made in order to induce the Memphis Center City Revenue Finance Corporation (the “CCRFC”) to grant financial incentives to Applicant. Applicant hereby represents that all statements contained herein are true and correct to the best of its knowledge and include all information materially significant to CCRFC in its consideration of this Application.

Applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying; agrees to comply with those policies; understands that it will be required to show a good faith effort with regard to the employment of MWBE contractors; and specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC in connection with the process of this Application whether or not the requested incentive is granted or the Project is completed.

**APPLICANT:**

HOTEL PEABODY, L.P.,  
a Tennessee limited partnership

By: PERIM CORP.,  
a Tennessee corporation

Its: General Partner

By:  \_\_\_\_\_

Name: \_\_\_\_\_ Marty Belz \_\_\_\_\_

Title: \_\_\_\_\_ VP \_\_\_\_\_

# **EXHIBIT A**

THE PLATINUM COLLECTION

# ELITE MEETINGS

THE PLANNER'S ULTIMATE SOURCE FOR MEETING AND INCENTIVE TRAVEL



TOP HOTELS  
& RESORTS  
For Your Next Event

The Peabody Memphis  
Memphis, Tennessee

Designed *for* Meeting Planners, *by* Meeting Planners



# THE PEABODY MEMPHIS

Memphis, Tennessee

149 Union Ave.

Memphis, TN 38103

Sales: 888.231.7801

Director of Sales & Marketing: Craig Smith, [craig.smith@peabodymemphis.com](mailto:craig.smith@peabodymemphis.com)

[www.peabodymemphis.com](http://www.peabodymemphis.com)

## QUICK FACTS

Affiliation	Peabody Hotel Group
Accommodations	464
Singles/Doubles/Suites	80/175/15
Max Group Size (rooms/people)	450/800
Room Rates	High \$195 - \$255 Low \$140 - \$195
Resort Fee:	\$9.95
Room Tax:	6.7%
Sales Tax:	9.25%
High Season	<input type="checkbox"/>
Low Season	<input type="checkbox"/>
Shoulder Season	<input type="checkbox"/>
Jan	<input type="checkbox"/>
Feb	<input type="checkbox"/>
Mar	<input type="checkbox"/>
Apr	<input type="checkbox"/>
May	<input type="checkbox"/>
Jun	<input type="checkbox"/>
July	<input type="checkbox"/>
Aug	<input type="checkbox"/>
Sept	<input type="checkbox"/>
Oct	<input type="checkbox"/>
Nov	<input type="checkbox"/>
Dec	<input type="checkbox"/>

## MEETING SPACE

Largest Meeting Room	16,264 Sq. Ft.
Total Indoor	80,000 Sq. Ft.
Total Indoor/Outdoor	80,000 Sq. Ft.

## AMENITIES

**Business:** FedEx Office for all business center needs, conference center, high-tech telecommunications technology, audiovisual services and event planning.

**Recreation:** Spa and fitness center, swimming pool, whirlpool, and boutique shops.

**Nearby:** The many attractions of Memphis, including the Rock 'n' Soul Museum, Elvis Presley's Graceland, and Beale Street.

## AIRPORT PROXIMITY

Memphis International Airport (MEM) 12 miles

**"We had a great meeting and everyone loved the hotel. The staff is obviously well trained. They were always smiling and asking us if they could be of assistance. It was very refreshing."**

Susan Harper  
The Curtain Exchange

IN THE HEART OF "BLUES CITY" STANDS THE PEABODY MEMPHIS, A FAMOUS LOCAL landmark since 1925. From its earliest days, the AAA four-diamond escape has been hailed "the South's Grand Hotel," attracting an international clientele with elegant amenities and Southern-style hospitality—not to mention the legendary Peabody ducks. Before a crowd of enchanted guests, the winged celebrities make their red carpet entrance daily at 11 a.m. and again at 5 p.m. to the tune of John Philip Sousa's "King Cotton March."

Another of the hotel's many merits: a location in Memphis' business district, minutes away from such attractions as the Rock 'n' Soul Museum, Elvis Presley's Graceland, and Beale Street, with its renowned blues joints and barbecue spots. On-site, guests savor several fine restaurants, chic boutiques, a fitness center, an indoor pool and hot tub, as well as a full-service spa. A business center and FedEx office in the lobby—the first location established for the Memphis-headquartered company—stand by to assist with business and shipping needs.

Business professionals enjoy two levels and more than 80,000 square feet of newly restored event space. The Mezzanine and Grand Ballroom level is designed for larger groups and allows for smooth transitions between meeting rooms and smaller breakout areas. Two junior ballrooms and the Peabody Executive Conference Center feature the same telecommunications technology and audiovisual services while catering to medium- and small-size gatherings. In addition to high-level production and business support, the hotel provides a range of banquet and catering services.





## CAPACITY CHARTS (TOP FIVE ON-SITE MEETING SPACES)

	Total Sq. Ft.	Room Size	Ceiling Ht.	Classroom	Theater	Banquet 10
<b>Peabody Grand Ballroom</b>	16,264	135' x 25'	15.5'	600	2,100	1,350
<b>Tennessee Exhibit Hall</b>	11,100	124' x 98'	10.6'	230	450	730
<b>The Skyway</b>	7,600	NA	NA	100	220	400
<b>Continental Ballroom</b>	5,264	112' x 47'	19.79'	300	600	470
<b>Venetian Room</b>	4,256	76' x 56'	15.89'	175	300	280

For complete meeting specs on this property, visit [www.elitemeetings.com/peabodymemphis](http://www.elitemeetings.com/peabodymemphis)

## DINING, FOOD & BEVERAGE

On-site Dining	Capacity
<i>Chez Philippe</i> , classical French fine dining	90
<i>Capriccio Grill</i> , Italian steak house	120
<i>Peabody Deli and Logo Shop</i> , deli fare and unique logo items	NA

### F&B Averages

Breakfast	Buffet \$28	Cont. \$19
Lunch	Buffet \$44	Plated \$32
Dinner	Buffet \$64	Plated \$55
Coffee Break \$10		2hr Open Bar \$36



**1.** A “Blues City” icon since 1925. **2.** The pool’s Grecian ambience. **3.** Refinement in the Boardroom. **4.** A stately welcome in the Grand Lobby. **5.** The legendary Peabody ducks, a favorite Memphis attraction. **6.** Formal seating in the Venetian Room, an evocative setting for any occasion.

*The Peabody*  
MEMPHIS



149 Union Ave.  
Memphis, TN 38103  
Sales: 888.231.7801  
[www.peabodymemphis.com](http://www.peabodymemphis.com)

# **EXHIBIT B**



# **THE PEABODY HOTEL**

## **30-YEAR CAPITAL INVESTMENT**

Item	Last Renovated	# of Renos Over 30 Years	Total Capital Investment Over 30 Years
Guest Rooms Renovation	2018	4	\$ 37,500,000
Capriccio/ Corner Bar Concept	2002	3	\$ 5,000,000
Diner	1981	4	\$ 4,125,000
Laundry Equipment	2006	3	\$ 3,700,000
Guest Elevator MOD	2006	2	\$ 3,300,000
Skyway Roof	2001	2	\$ 2,528,000
Mezz Meeting Rooms	2016	3	\$ 2,475,000
Chillers	1995	2	\$ 2,400,000
Lobby Furniture	2018	5	\$ 2,100,000
PECC	2016	4	\$ 2,050,000
GBR Renovation	2016	4	\$ 2,000,000
Air Wall Replacement GBR	2005	4	\$ 1,775,000
Building Seal	2011	5	\$ 1,750,000
Air Conitioning Rooftops	2000	4	\$ 1,700,000
Lobby Carpet	2014	5	\$ 1,625,000
Chez Renovation	2004	5	\$ 1,625,000
Athletic Club Renovations	2006	5	\$ 1,500,000
Capriccio/Corner Bar Renovation	2021	4	\$ 1,500,000
Electrical Service Plant	1940s	2	\$ 1,412,000
Skyway Ballroom	2016	4	\$ 1,310,000
Diner Renovation	2020	4	\$ 1,250,000
Cooling Towers	2001	2	\$ 1,125,000
Exterior Entrance Doors	2001	4	\$ 1,100,000
Water Tank Coatings	2012	3	\$ 1,050,000
Peabody Sign's Lighting	1981	3	\$ 1,050,000
Kitchen Equipment	2020	3	\$ 1,050,000
Tennessee Exhibit Hall Construction	2000	3	\$ 1,050,000
Lobby Restroom Renovations	2016	5	\$ 1,025,000
Back House Carpet	2015	6	\$ 985,000
Model Guest Rooms & Design	2018	5	\$ 975,000
Restroom Renovation Skyway	2003	5	\$ 875,000
Awnings	2015	4	\$ 840,000
Purchasing Coolers	1981	2	\$ 830,000
Emergency Generator	1981	2	\$ 800,000

Fire Alarm Upgrade	1988	4	\$	800,000
Mezz Restrooms	2012	4	\$	795,000
GBR Roof	2001	3	\$	775,000
Tennessee Exhibit Hall Construction	2000	2	\$	700,000
Purchasing Elevator MOD	2002	3	\$	650,000
3rd Floor Center Roof	2015	2	\$	600,000
Service Elevator	2002	1	\$	568,000
Skyway Air Conditioning	2005	2	\$	540,000
AC Units Retail Space	1981	3	\$	500,000
Garage	2001	4	\$	500,000
Lobby Carpet/Lobby Public Floors	2022	4	\$	480,000
3rd St East Roof	2016	2	\$	450,000
2nd St West Roof	2014	2	\$	450,000
Skyway Penthouse Roofs	2016	2	\$	440,000
Main Kit Ventahood	1981	5	\$	430,000
Lobby Bar Renovation	2008	2	\$	395,000
Pool Equipment	1990	5	\$	375,000
Skyway Ceiling Plaster	2016	3	\$	375,000
Drive Lifts	2015	3	\$	365,000
Skyway Kitchen Equipment	2006	3	\$	350,000
Planter Boxes Sidewalk	2006	4	\$	267,000
Central Plant DA Tank	1981	2	\$	215,000
Chez Kitchen Ceiling and Lighting	1981	2	\$	215,000
Air Cond CBR	1981	2	\$	210,000
Electric Door Hold Opens GBR	N/A	1	\$	175,000
Central Plant Pumps Chill Water	1981	1	\$	125,000
Misc Capital F&B/IT/Rooms	N/A	Annual	\$	21,300,000

**GRAND TOTAL** \$ 128,425,000

# **EXHIBIT C**

