

**ECONOMIC DEVELOPMENT GROWTH ENGINE
INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

**ECONOMIC IMPACT PLAN
FOR
GRACELAND
ECONOMIC DEVELOPMENT AREA**

I. Authority for Economic Impact Plan

Industrial development corporations ("IDBs") are authorized under Tenn. Code Ann. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes a project within the meaning of Tenn. Code Ann. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of such project. Tennessee Code Annotated § 7-53-312 also authorizes cities and counties to apply and pledge new incremental tax revenues, which arise from the area subject to the economic impact plan, to the IDB to promote economic development, to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

II. The Project

Elvis Presley Enterprises, Inc. ("EPE") owns and/or operates certain real property located on Elvis Presley Boulevard, in the Whitehaven neighborhood in Memphis, Shelby County, Tennessee that is popularly known as Graceland. The property currently contains Graceland Mansion, the historic home of Elvis Presley, a major national tourist attraction, as well as a hotel and ancillary retail and museum exhibition facilities. EPE has proposed to redevelop Graceland to improve the user experience and ensure the long term success of this important driver of the Memphis tourism industry by constructing an approximately 450 room hotel with associated convention and concert facilities, redeveloping and upgrading museum and retail facilities, and constructing an archive studio. The construction of the hotel, the redeveloped museum and retail facilities, and the archive studio are collectively referred to herein as the "Project." In order to make the construction of the Project financially feasible, EPE has requested that the City of Memphis (the "City") and Shelby County, Tennessee (the "County") approve, as part of this Economic Impact Plan, a plan for tax increment financing through the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board") pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the costs relating to the implementation of the Project. The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(13) and is under consideration for designation as a Qualified Public Use Facility by the Tennessee Department of Finance and Administration and State Building Commission as described in Tenn. Code Ann. §§ 7-88-101 et seq. (the "TDZ Act").

III. Boundaries of Plan Area

The Project is generally located on Elvis Presley Boulevard in the Whitehaven neighborhood, a focus of a number of federal, state and local development activities. The area that would be subject to this Economic Impact Plan, and to the tax increment financing provisions described below, includes only

the property on which the Project will be located. The area that will be subject to this plan (the "Plan Area") is shown on Exhibit A attached hereto, and a list of the existing tax parcels that are in the Plan Area are attached hereto as Exhibit B. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

IV. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay a portion of certain costs that will be incurred in connection with the development or redevelopment of the Project. These costs are expected to include those items defined as "Costs" by the TDZ Act, but shall be limited to costs permitted to be incurred by Tenn. Code Ann. § 9-23-108.

The Board, by and through a duly appointed trustee, will pay and/or reimburse EPE or special purpose entities formed for the purpose of developing all or a portion of the Project, for all or a portion of the cost of such improvements upon receipt of adequate documentation of such costs. In connection with the issuance of any tax increment financing, the Board and EPE will enter into one or more loan agreements specifying the scope and the cost of the improvements and fees to be reimbursed, which cost shall not exceed \$125,000,000 (exclusive of interest costs). The maximum amount that will be made available by the Board for such financial assistance shall be the lesser of \$125,000,000 (less financing costs as provided herein) or the costs actually incurred (exclusive of interest costs).

Tenn. Code Ann. § 9-23-108 does not permit the application of incremental tax revenues pursuant to this Economic Impact Plan to pay certain costs relating to privately-owned land without first receiving a written determination from the Comptroller of the State of Tennessee (the "State") and the Commissioner of Economic and Community Development of the State that the use of tax increment revenues for such purposes is in the best interest of the State. The Board will not apply any tax increment revenues to pay costs as to which such a written determination is required without first obtaining such written determination.

V. Expected Benefits to City and County

Implementation of the Project will greatly benefit the City and County as it will help preserve and improve a primary driver of the tourism industry for the City and County and the State. Graceland is the third most visited residence in the United States, after the White House and the Biltmore Estate, and attracts visitors from around the country and the world, 22% of its visitors are from outside the US. Graceland is the City's most visible tourist destination, providing 8.9 billion media impressions during Elvis Week 2013 alone. The Project will ensure that Graceland remains a world class tourist attraction.

Further, the Project would provide the City with an additional convention attracting hotel. The proposed hotel would be the third largest hotel in the city and would be capable of attracting conventions and trade group meetings. Further, the Project will include a high quality concert venue.

The Project is also expected to preserve and create jobs within the City and the County, thereby also increasing tax revenues. Approximately 187 full-time jobs, 136 part-time jobs and 40 seasonal jobs are presently in existence within the Plan Area, and this Economic Impact Plan is expected to help preserve such jobs. Approximately 500 additional full-time jobs are also expected to be created once the Project is fully implemented, 280 in the Plan Area and 220 outside the Plan Area.

In addition to the benefits realized from maintaining Graceland as a world-class tourist attraction and preserving and expanding the job base, the City and County are also expected to receive substantial direct additional taxes as a result of the development of the Plan Area. The ad valorem real property taxes for the Plan Area for the year 2013 were approximately \$388,000 for the County and \$301,000 for the City. Development of the Plan Area will increase the value of the real property within the Plan Area, leading to an increase in ad valorem real property taxes. Following the development of the Project, the annual property taxes payable to the County are expected to be approximately \$1,600,000, and annual property taxes payable to the City are expected to be approximately \$1,200,000. Fifty percent (50%) of the tax increment revenues resulting from the development of the Project (the "TIF Revenues"), except as described below, will be applied during the period described herein to the debt service on debt incurred by the Board to pay the costs described herein. The remainder of the tax increment revenues, and, following the payment of such indebtedness, all of the tax increment revenues, will accrue to the benefit of the City and County. The Project is also expected to generate additional local sales tax revenues for educational uses as a result of the implementation of the Project in the approximate amount of \$340,000 annually.

VI. Distribution of Property Taxes and Tax Increment Financing

a. Distribution of Taxes. Subject to the provisions of this Economic Impact Plan, property taxes imposed on real property and personal property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the City and County on such property within the Plan Area will be divided and distributed as follows in accordance with Tenn. Code Ann. § 7-53-312(c):

i. The portion of the property taxes payable with respect to the Plan Area equal to the year prior to the date of approval of this Economic Impact Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and County on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the City and County only the taxes actually imposed.

ii. Fifty percent (50%) of the excess of property taxes over the Base Tax Amount (the "TIF Revenues") shall be allocated and, as collected, paid into a separate fund of the Board, created to hold such payments until the tax proceeds in the fund are to be applied to pay debt service on the obligations expected to be issued by the Board that are described to pay the eligible costs of the public project described above, except 5% of such revenues shall be payable to the County Trustee and the Board to administer the tax increment financing.

This allocation is subject to the provisions of Tenn. Code Ann. § 7-53-312(j) and Tenn. Code Ann. § 9-23-103, which requires that taxes levied upon property within the Plan Area for the payment of debt service of the City and County shall not be allocated to the Board. The 50% of excess property taxes over the Base Tax Amount not allocated to the Board as TIF Revenues shall include any taxes levied upon property for payment of debt service of the City and County.

As permitted by the Tenn. Code Ann. § 9-23-103, the Board hereby elects to group the parcels with the Plan Area into a single parcel for purposes of calculating and allocating the TIF Revenues. The Board shall give notice of such grouping of parcels to the City and the County.

TIF Revenues relating to each tax year commencing January 1, 2015 shall be allocated to the Board, to the extent received by the City or County, within ninety (90) days after the respective dates that

taxes would be delinquent to the City and County for such tax year. TIF Revenues received by the City and County as delinquent taxes shall be allocated by the City and the County within thirty (30) days of receipt.

Notwithstanding anything to the contrary herein, the cost of improvements funded with TIF Revenues, or debt funded therewith, shall include only those costs incurred on the portion of the Plan Area utilized for the hotel and conference center prior to December 31, 2017 and on the remainder of the Plan Area prior to December 31, 2019.

b. TIF Obligations. In order to pay for eligible costs of the Project, the Board intends to use the incremental tax revenues that it would receive as a result of the adoption of the Economic Impact Plan to pay debt service on obligations incurred to finance such costs. This tax increment financing will be structured as follows:

i. The Board will borrow not to exceed \$125,000,000 through the issuance and sale of notes, bonds or other obligations of the Board. Such amount will be applied to pay costs relating to the Project after payment of costs incurred in connection with the issuance of the tax increment financing. The Board shall pledge all or any portion of the TIF Revenues allocated to the Board pursuant to this Economic Impact Plan to the payment of such notes, bonds or other obligations. In no event will the obligations issued by the Board be considered a debt or obligation of the City and County in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligations thereunder shall be limited solely to the TIF Revenues.

ii. The proceeds of the notes, bonds or obligations shall be used to pay the costs of the Project described above together with expenses of the Board in connection with the Project and the tax increment financing and capitalized interest on the notes, bonds or other obligations for a maximum period of twenty (20) years following the completion of the Project.

iii. The notes, bonds or other obligations shall also be payable from other revenues of the Board and revenues from the Project as determined from time to time by the Board.

c. Time Period. Taxes on the real property, but not personal property, within the Plan Area will be divided and distributed as provided in this Section of the Economic Impact Plan for a period, as to each parcel of property in the Plan Area, not in excess of twenty (20) years as to any parcel but, in any event, such allocations shall cease when there are not eligible costs, including debt service, to be paid from the TIF Revenues.

d. Qualified Use. The Board, the City and the County, by the adoption of this Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the City and County and that costs to be financed as described herein are costs of the Project.

VII. Approval Process

Pursuant to Tenn. Code Ann. § 7-53-312, the process for the approval of this Economic Impact Plan is as follows:

a. The Board holds a public hearing relating to the proposed Economic Impact Plan after publishing notice of such hearing in a newspaper of general circulation in the City and County at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public. Following such public hearing, the Board may submit the Economic Impact Plan to the City and County for their approval.

b. The governing bodies of the City and County must approve the Economic Impact Plan to be effective as to both the City and the County. The Economic Impact Plan may be approved by resolutions of the City Council and County Commission, whether or not the local charter provisions of the governing bodies provide otherwise. If the governing body of the City approves this Economic Impact Plan but the governing body of the County does not approve this Economic Impact Plan, this Economic Impact Plan shall still be effective as to the City, and all references to allocating TIF Revenues of the County shall be deemed deleted. If the governing body of the County approves this Economic Impact Plan but the governing body of the City does not approve this Economic Impact Plan, this Economic Plan shall not be effective.

c. Once the Economic Impact Plan has been approved by the governing bodies of the City and County, the clerk or other recording official of the governing bodies shall transmit the following to the appropriate tax assessor and taxing agency affected: (a) a copy of the description of the property within the Plan Area, and (b) a copy of the resolution approving the Economic Impact Plan. A copy of the Economic Impact Plan and the resolutions approving the Plan shall be filed with the Comptroller of the State and annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization as required by the Tax Increment Act. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

EXHIBIT A
MAP OF PLAN AREA

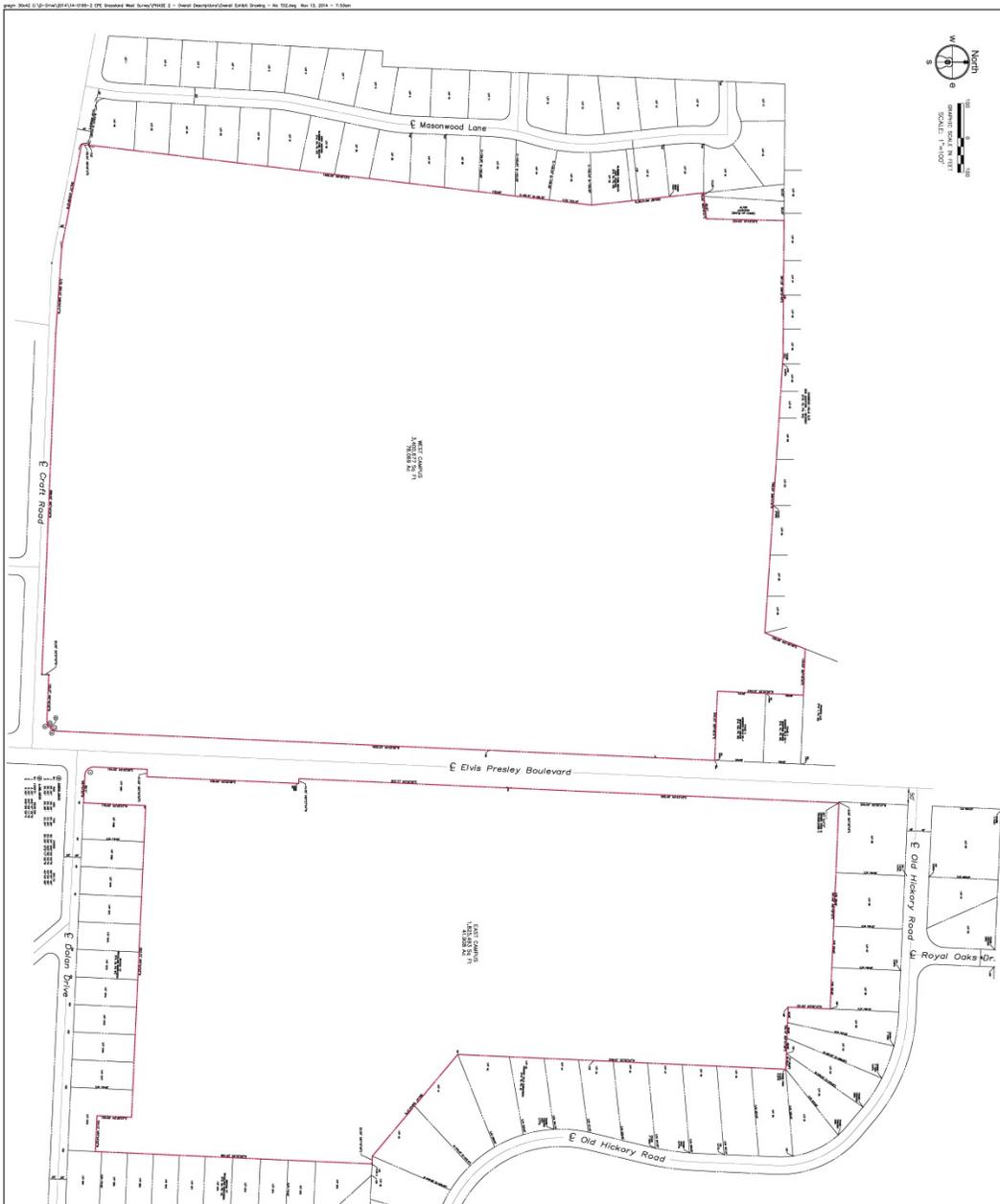


EXHIBIT B

PARCEL IDENTIFICATION NUMBERS OF PARCELS IN PLAN AREA

Parcel Identification Numbers
077024-00027
077024-00090
077024-00091
077024-00025
077024-00028C
078038-00051
078038-00050
077024-00024
078038-00050M
078038-00051M
078038-00052M
077024-00026
077024-00097
078038-00060
078038-00062
078038-00049
078038-00063C
078038-00061C
078038-00069
077024-00084
077024-00036
077024-00037
077024-00082
078038-00059
078038-00066
077024-00088
077024-00094
07702400032C
077024-00089