

TERM SHEET AND PROPOSAL TO BEALE STREET DEVELOPMENT CORPORATION

Term Sheet for City of Memphis Final Settlement With BSDC

The following is a terms sheet describing in principal the terms of a final settlement of pending litigation and disputes between the City of Memphis and Beale Street Development Corporation (BSDC) related to the 1982 lease agreements between and among the City of Memphis, and Beale Street Development Corporation (BSDC).

Since the City of Memphis has regained control of one of the Beale Street Historic District (BSHD), and the most authentic and iconic streets in America, Beale Street, a new relationship and "partnership" with the Beale Street Development Corporation (BSDC) will emerge. Over the past 30 plus years the street with the help of committed and creative merchants and Randall Catron, BSDC and the City have watched Beale Street rise from ruins to become recognized as a national tourist and retail gem.

Beale Street Development Corporation (BSDC) plans to focus its efforts on remembering, celebrating, presenting and preserving the cultural and arts which are the foundation of BSHD as the "Home of the Blues". BSDC agrees to relinquish its role as landlord, while expanding its role as the custodian and curator of the history, cultural and artistic treasures of Beale Street. While firm plans will be developed, BSDC hopes to revive a number of presentation venues and vehicles, such as the WDIA talent shows fostering, a new generation of entertainers, original and locally written plays and musical performances such as Levi Frazier's Down on Beale, Erma Clanton's "An Evening of Soul". While there is still time, BSDC will try to preserve the voices of the aging giants of the blues with a series of Oral History interviews.

BSDC plans to expand and improve the Daisy Theater to serve its primary purpose as an Interpretive Center. The Daisy will be a venue at which both visitors from around the world and around the city can learn about Beale Street — its music-its culture-its heritage-its future.

The City desires to support BSDC as a "partner" in transitioning to a role that will add future value to Beale Street and the City of Memphis.

The City will agree to provide a stable stream of revenue to BSDC as set forth below.

The City will agree that BSDC will be recognized for contribution to the development and management of BSHD. This will include an acknowledgment by the Mayor for years of service and contributions in making Beale Street the No. 1 tourist attraction in Tennessee.

Both Parties will agree that all claims and actions between and among the City of Memphis and Beale Street Development Corporation (BSDC) and all BSDC entities related to the BSHD Lease Litigation will be dismissed with prejudice, at The City's cost.

~~BSDC will agree to the payment of the CAM Administrative Fees.~~

As further consideration for the foregoing BSDC will assign and/or surrender its interests in the Lease and Sub-Lease regarding the BSHD.

The agreement will be binding upon BSDC, Randle Catron and all BSDC related entities, and all heirs, successors and assigns of the aforementioned individual and entities.

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The City and BSDC agree that the 1982 master lease between the parties will be replaced and the City and BSDC will form a new agreement in its place with terms that will support this new focus on the future as they preserve the rich history, culture and heritage of the Beale Streets past.

The City proposes to provide partial funding to BSDC from part of the net rental income of the street as follows:

The City will commit to providing BSDC with ^{up to} ~~the first~~ \$120,000 of net income derived from the street each year. ~~Before the City receives any revenue, BSDC will receive its share of the financial support from the street.~~ *gnf*

BSDC will receive a minimum monthly allotment of \$6,500 not later than the 5th of every month. ~~Any month in which the net rental income of the street is insufficient to satisfy the minimum monthly allotment, the shortfall amount will be carried forward to the subsequent month. Annually, the city and BSDC will "true up" the amounts due to one or the other resulting from these agreed upon terms.~~ *gnf* At the end of each year, the net income from operations as determined by the audited financial statements of the management company of the BSHD, will be used to calculate any remaining funds due to or from BSDC.

Any deficits arising from the overpayment of allocated funding to BSDC will carry forward to the subsequent fiscal year (i.e. the calculation of net rental income from operations will be reduced by any prior year deficits in determining the net rental income allocable to BSDC, etc.).

Any and all disputes arising out of the determination of net income will be resolved by an independent arbitrator to be determined by both parties at a later date. Each party will equally bear the cost of the arbitrator.

~~The City agrees to immediately assess and evaluate the maintenance and repairs needs of The Daisy Theater and the BSDC Offices. The city agrees to make or cause to be made such repairs and maintenance to the properties as are feasible at the costs of such repairs and maintenance are charged to the city and reduce the above monthly amount by the same amount, accordingly.~~ *gnf*

The City and BSDC agree that this agreement shall be deemed to take effect and have an effective date of August 1, 2014, in recognition of this intent, the City agrees to pay to BSDC and BSDC agrees to accept the sum of \$32,500.00 as a lump sum payment for those months, payable when and if the parties are able to reach and sign a final agreement by December 31, 2014.;

BSDC will have access to the income and expense records of the BSHD (management company), including receiving financial reports not less than quarterly. The City agrees to continue its commitment to use funds it receives for the improvement of Beale Street and the downtown area that support the economic health of the BSHD.

BSDC will continue to operate the Daisy and occupy its current office space at 323 Beale Street. BSDC agrees that it will: maintain liability insurance (maintaining the City as an additional insured); maintain the HVAC; and, comply with all rules and regulations established for the street, as well as State and local law, and in all ways be a good neighbor. The City and, in the future, any Beale Street manager will pay the maintenance of the roof for the Daisy theater and 323 Beale Street, from the operating expenses of Beale Street. Also, the City will make

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cosmetic improvements to the exterior of the building that fall into the category of maintenance and repairs.

BSDC agrees that it will cancel all existing sub-leases/management/rental agreements of the Daisy. The property will not be sub-let without prior approval of the City or the designee of the city.

The City will provide assistance in identifying and obtaining grants to support the activities of BSDC Interpretative Center.

BSDC agrees to submit an annual budget and audited financial statement evidencing its continued commitment to the role it is undertaking as currently required under the current lease. BSDC will maintain its 501(c)3 status in good standing and as well as a not-for-profit corporation under Tennessee law.

BSDC agrees that it will provide positions on its board for the appointment of representative from the City.

The City agrees that BSDC will be provided the opportunity to recommend to the Mayor individuals to consider for appointment on any search committee tasked with finding a permanent manager or management firm for the day to day operations of the BSHD.

As part of the consideration for an agreement outlined above, the parties will dismiss all actions pending, one against the other, in Chancery Court.

Both parties agree that they are authorized to enter in to the settlement agreement or will secure such authority from the Board of BSDC and the City Council by December 31, 2014.

CITY OF MEMPHIS

By: _____

Type Name: A.C. Wharton

Title: Mayor Title: _____

Date: _____

BEALE STREET DEVELOPMENT CORPORATION

By: _____

Type Name: Randle Catron

Executive Director

Date: _____

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