

MASTER DEVELOPMENT AGREEMENT

between

CITY OF ALPHARETTA, GEORGIA,

and

AVALON HOTEL ASSOCIATES, LLC,

for

**Alpharetta Conference Center and Hotel Avalon
Alpharetta, Georgia**

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS.....3
 1.1 Definition of Terms.....3

ARTICLE 2 THE PROJECT13
 2.1 Project Development.....13
 2.2 Summary of Development Legal Structure16
 2.3 Project Phases17

ARTICLE 3 PRE-DEVELOPMENT PERIOD18
 3.1 Preliminary Development Costs18
 3.2 Pre-Development Completed.....18

ARTICLE 4 DESIGN DEVELOPMENT PERIOD18
 4.1 AHA Services18
 4.2 Project Agreements.....22
 4.3 Design Development Period Shared Costs25
 4.4 Satisfaction of Design Development Period Requirements.....25
 4.5 Mutual Termination Rights Following Specified Time Period26

ARTICLE 5 CLOSING.....26
 5.1 Closing.....26

ARTICLE 6 CONSTRUCTION PERIOD27
 6.1 Completion of Final Plans27
 6.2 Notice to Proceed.....27
 6.3 Construction of Project27
 6.4 Project Changes.28
 6.5 Adjustments to Development Budget.....29
 6.6 Adjustments to Development Schedule.....30
 6.7 Development Management Services.....30
 6.8 Construction Management.....31
 6.9 Pre-Opening Activities.....32
 6.10 Final Deliveries.....32

ARTICLE 7 PURCHASING SERVICES33
 7.1 Purchasing Services33
 7.2 Payment for FF&E.....34
 7.3 General Provisions.....34

ARTICLE 8 REPRESENTATIONS AND WARRANTIES.....35
 8.1 Representations and Warranties of AHA as of the Effective Date.....35
 8.2 Representations and Warranties of AHA as of Closing.....36
 8.3 Representations and Warranties of AHA as of Final Completion.....38
 8.4 Representations and Warranties of the City.....38

ARTICLE 9 RESPONSIBILITIES AND OBLIGATIONS.....	39
9.1 Responsibilities and Obligations of AHA.....	39
9.2 Responsibilities and Obligations of the City	40
ARTICLE 10 SOURCES AND USES OF FUNDS; DEVELOPMENT FEE; EXPENSE REIMBURSEMENT.....	41
10.1 Sources and Uses of Funds.	41
10.2 Development Fee	42
10.3 Expense Reimbursement.....	43
10.4 Monthly Draw Requests	43
10.5 Prohibition on Remuneration From Vendors.....	44
10.6 Updates to Schedules	45
ARTICLE 11 INSURANCE.....	45
11.1 Types of Coverage	45
11.2 Policy Requirements	46
11.3 Costs of Insurance.....	46
11.4 Consultant Insurance.....	46
ARTICLE 12 EVENTS OF DEFAULT AND REMEDIES.....	46
12.1 Default by AHA.....	46
12.2 Default by the City	48
12.3 Remedies.....	48
ARTICLE 13 ASSIGNMENT	49
ARTICLE 14 HOTEL LENDER PROVISIONS.....	49
14.1 Project Mortgages	49
14.2 Registration of Project Mortgage.....	50
14.3 Performance by Project Mortgagee of AHA’s Obligations.....	50
14.4 Project Mortgage Remedies	51
14.5 New Agreement	51
14.6 Succession to AHA’s Rights.....	52
14.7 No Surrender or Modification without Notice.....	52
14.8 Successors and Assigns.....	53
14.9 Modification.....	53
ARTICLE 15 ARBITRATION.....	53
ARTICLE 16 MISCELLANEOUS	54
16.1 Waiver.....	54
16.2 Severability	54
16.3 Exhibits	54
16.4 Applicable Law; Venue	54
16.5 Interpretation.....	54
16.6 “Including”	54
16.7 Notices	55

16.8	Binding Effect.....	56
16.9	Entire Agreement.....	56
16.10	Further Assurances.....	56
16.11	Counterparts.....	56
16.12	Role of the City.....	56
16.13	No Indemnification.....	57
16.14	No Rights in Third Parties.....	57

MASTER DEVELOPMENT AGREEMENT

THIS MASTER DEVELOPMENT AGREEMENT (“**Agreement**”) is made as of this ___ day of August, 2015 (the “**Effective Date**”) by and between the **CITY OF ALPHARETTA**, a political subdivision of the State of Georgia (the “**City**”), and **AVALON HOTEL ASSOCIATES, LLC**, a Delaware limited liability company (“**AHA**”) (either of them individually, a “**Party**,” or collectively, the “**Parties**”).

RECITALS:

- A. Avalon North, LLC, a Delaware limited liability company and an affiliate of NAP (as hereinafter defined) (“**Avalon North**”), is the former owner of fee simple title to, and is the owner of a leasehold estate in, and is the master developer of, certain real property located in the City, generally known as “Avalon”, including the portion thereof described in **Exhibit A** attached hereto and made part hereof (the “**Land**”).
- B. Fee simple title to the Land was conveyed by Avalon North to, and is currently owned by, the Development Authority of Fulton County, a political subdivision of the State of Georgia (“**DAFC**”), under a “bond for title” program designated as Development Authority of Fulton County Taxable Revenue Bond (Avalon North, LLC Project), Series 2013 (the “**2013 DAFC Bond**”), pursuant to which DAFC leased the Land back to Avalon North, pursuant to a Lease Agreement dated as of December 1, 2013, between DAFC and Avalon North (the “**2013 DAFC Lease**”), for a period of ten (10) years following the “Completion Date” as defined in the 2013 DAFC Lease.
- C. The City has been evaluating the opportunity to develop a City-owned conference center in conjunction with a privately-owned hotel, with the City funding to be obtained through a potential increase in the City-wide hotel occupancy tax.
- D. On March 28, 2013, the City issued a request for Indications of Interest (“**IOI**”) to develop such a facility, and Stormont Hospitality Group, LLC, a Georgia limited liability company (“**SHG**”), and North American Properties-Atlanta, Ltd., a Georgia limited partnership (“**NAP**”), Affiliates of, and through other Affiliates the controlling members of, AHA, responded with a proposal pursuant to the requirements of such IOI on April 5, 2013.
- E. After receipt of qualifications and proposals, City staff identified SHG and NAP as the preferred development team to continue discussions and negotiations regarding the Project (defined below), and identified the Land as the preferred location for such Project.
- F. Avalon North has received development approval and begun development and construction of the Avalon development, a significant mixed-use project in the heart of the City comprised of upscale retail, single family residential, multi-family residential, and entertainment, office, and hotel components. Phase I of the Avalon development has been completed, and Avalon North has concluded that it has received all necessary approvals to proceed with Phase II of the Avalon development.

- G. The Parties believe that development of the Project on the Land will add a significant and valuable resource to the community, providing a much needed large meeting facility and creating demand for additional office and commercial activity in the City, and will generate substantial economic benefits to the City.
- H. NAP, SHG and the City entered into a Memorandum of Understanding dated December 16, 2013 (the “**MOU**”), indicating the intent of the parties thereto to develop the Project, and on May 4, 2015, the City Council approved a Term Sheet dated April 23, 2015 (the “**Term Sheet**”) outlining the basic terms and conditions for the development of the Project. The City and AHA are entering into this Agreement to implement the transactions contemplated by the MOU and the Term Sheet. This Agreement supersedes the MOU and the Term Sheet in all respects.
- I. As currently planned, the Hotel and the Conference Center will constitute one, integrated structure, even though each will be separately owned by AHA and the City as set forth herein. The integrated nature of the Project necessitates that the Project be subjected to the condominium form of ownership.
- J. The Parties intend that the development of the Project will generally follow the steps outlined in Section 2.2 below.
- K. AHA desires to act as developer and construction manager in the development, construction, furnishing, equipping and opening of the Hotel and Conference Center.
- L. Subject to the terms, conditions and limitations contained in this Agreement, the City intends to issue tax-exempt bonds, and from the proceeds thereof, to contribute \$24,900,000 to pay a portion of the costs and expenses of developing, constructing, furnishing, equipping and opening the Project which are deemed allocated to the costs and expenses of the Conference Center (the “**City Bond Financing**”).
- M. Subject to the terms, conditions and limitations contained in this Agreement, AHA intends to raise private debt and equity funds, such equity funds to include the equity contributions from NAP’s and SHG’s respective Affiliates to AHA, in order to pay all the costs and expenses of acquiring the interests in the Land and of developing, constructing, furnishing, equipping and opening of the Hotel and all costs and expenses of developing, constructing, furnishing, equipping the overall Project in excess of the Public Funding Contribution.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definition of Terms. When used in this Agreement with an initial capital letter or letters, each of the following terms shall have the meaning given it below.

1.1.1 “**2013 DAFC Bond**” is defined in Recital B.

1.1.2 “**2013 DAFC Lease**” is defined in Recital B.

1.1.3 “**2016 Bond**” is defined in Section 2.2.2(f).

1.1.4 “**2016 Bond Lease**” is defined in Section 2.2.2(f)(ii).

1.1.5 “**ACVB**” means the Alpharetta Convention and Visitors Bureau.

1.1.6 “**ACVB Promotional Agreement**” means that certain Promotional Agreement to be entered into concurrent with this Agreement by and between ACVB and AHA in the form attached hereto as Exhibit H and made a part hereof.

1.1.7 “**Affiliate**” means, with respect to any Person, any other Person which managerially controls, or is managerially controlled by, or is under common managerial control with, the Person in question.

1.1.8 “**Agreement**” means this Master Development Agreement between the City and AHA.

1.1.9 “**AHA**” is defined in the Preamble.

1.1.10 “**AHA Limited Guaranty**” is defined in Section 4.2.6.

1.1.11 “**Association**” means the condominium unit owners’ association for the Condominium, initially intended to be identified as Alpharetta Conference Center and Hotel Avalon Condominium Association, Inc., a Georgia not-for-profit corporation, subject to modification of such name based on the final names chosen for the Hotel and Conference Center by the Parties.

1.1.12 “**Anti-Money Laundering Laws**” means those Requirements that (a) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (b) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; or (c) are designed to disrupt the flow of funds to terrorist organizations. The Anti-Money Laundering Laws shall be deemed to include the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the “**Patriot Act**”), the Bank Secrecy Act, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations promulgated pursuant thereto by the Office of Foreign Assets

Control, Department of the Treasury, as well as Requirements relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

1.1.13 “**Avalon North**” is defined in Recital A.

1.1.14 “**Change Order**” means any material change or alteration in the construction and equipping of the Project, in terms of design, materials or construction means and methods, that is not generally consistent with such matters as indicated in the Construction Plans as then-approved by the City. For the avoidance of doubt, a Change Order may also be considered a Design Change.

1.1.15 “**City**” is defined in the Preamble.

1.1.16 “**City Bond Financing**” is defined in Recital L.

1.1.17 “**City Council**” means the mayor and city council of the City.

1.1.18 “**City Delay**” means any delay in Completion of the Project which directly results from the failure by the City to timely perform any of its obligations under this Agreement within the deadlines expressly enumerated herein. Notwithstanding anything to the contrary contained herein, a City Delay shall not be deemed to have occurred unless and until AHA shall have given written notice of such delay to the City stating with particularity the nature of the delay, and such delay is not cured by the City within five (5) business days following the City’s receipt of such notice.

1.1.19 “**City Preliminary Development Cost Contribution**” is defined in Section 3.1.

1.1.20 “**City Specialists and Consultants**” is defined in Section 2.1.5.

1.1.21 “**Closing**” means the consummation and closing of the transactions contemplated hereby pursuant to Article 5, below.

1.1.22 “**Common Elements**” means the “Common Elements” to be defined and described in the Condominium Declaration, being those parts of the Project that serve both the Hotel Unit and the Conference Center Unit. The Parking Deck is a Common Element of the Project.

1.1.23 “**Completed**” means, with respect to any portion of the Project, when the Project Architect certifies in writing to the applicable Party(ies) that the construction of such portion of the Project is substantially completed in accordance with the Construction Plans and AHA has received a certificate of occupancy or jurisdictional equivalent to permit use thereof for the purposes for which it is intended. Completion may precede the full completion of punch list items and landscaping, all of which shall occur as a prerequisite to Final Completion.

1.1.24 “**Completion Deadline**” has the meaning set forth in Section 6.3.

1.1.25 “**Conceptual Plans**” means the conceptual plans for the Project. The initial Conceptual Plans attached as **Exhibit C** hereof shall constitute the Conceptual Plans unless and until same is revised in accordance with the provisions of Section 4.1.2 below.

1.1.26 “**Condominium**” means the condominium initially intended to be identified as Alpharetta Conference Center and Hotel Avalon, a Condominium, subject to modification of such name based on the final names chosen for the Hotel and Conference Center by the Parties, created and operated by and through (i) the Georgia Condominium Act, O.C.G.A. Section 44-3-70, *et seq.*, and (ii) the Condominium Documents.

1.1.27 “**Condominium Declaration**” means the Declaration of Condominium of and for the Condominium to be entered into at the Closing and recorded in the real property records of the Superior Court of Fulton County, Georgia.

1.1.28 “**Condominium Documents**” means the Condominium Declaration, the condominium plat and plans for the Condominium, and the articles of incorporation and the bylaws of the Association.

1.1.29 “**Conference Center**” means the conference center described in Section 2.1.1(a).

1.1.30 “**Conference Center Lease**” means the lease by which the City will lease the Conference Center Unit to AHA in accordance with Section 2.2.2(e).

1.1.31 “**Conference Center Unit**” means that portion of the Condominium constituting the Conference Center (together with all buildings and improvements constructed and to be constructed thereon and all furnishings, fixtures, equipment and other personal property located and to be located therein), as the same shall be adjusted following Final Completion of the Project pursuant to Section 2.2.4 below.

1.1.32 “**Construction Drawings**” shall mean such detailed architectural renderings, design drawings, construction and engineering drawings of the Project as are necessary and sufficient for AHA to obtain a building permit for and construct the Project.

1.1.33 “**Construction Plans**” shall mean: (a) initially, the Conceptual Plans, (b) upon the City’s approval of same in accordance with Section 4.1.2 below, the GMP Drawings, and (c) upon the City’s approval of same in accordance with Section 4.1.2 below, the Construction Drawings, as each of the same may be modified from time to time as permitted under the express terms of this Agreement.

1.1.34 “**Contractors**” means, collectively, the General Contractor and its subcontractors for construction of the Project, together with any other contractors, suppliers or materialmen directly contracting with AHA in connection with the construction and development of the Project, and their respective subcontractors.

1.1.35 “**Conveyance Documents**” has the meaning set forth in Section 4.2.3.

1.1.36 “**Cure Notice**” means a written notice sent by AHA or a Project Mortgagee to the City indicating such party’s intent to cure a default or Event of Default by AHA hereunder, and which notice generally sets forth the steps that such party intends to take to effect the cure and includes an estimate of the amount of time it will take such party to effect the cure.

1.1.37 “**DAFC**” is defined in Recital B.

1.1.38 “**Dedicated Occupancy Tax**” has the meaning set forth in Section 10.1.2.

1.1.39 “**Design Change**” shall mean any material change or alteration to the design of the Project, either prior to commencement of or during construction of the Project, that is not generally consistent with the Construction Plans as then-approved by the City, including, for the avoidance of doubt, any aspect of the GMP Drawings that is not generally consistent with the Conceptual Plans as then mutually approved by the City and AHA, any aspect of the Construction Drawings that is not generally consistent with the GMP Drawings as then mutually approved by the City and AHA, or any material change in the Conceptual Plans or GMP Drawings after same have been approved by the City. For the avoidance of doubt, a Design Change may also be considered a Change Order.

1.1.40 “**Design Development Period Shared Costs**” is defined in Section 4.3.

1.1.41 “**Design Development Period**” means the period of time commencing upon the Effective Date, and ending upon the date of Closing.

1.1.42 “**Design Professionals**” means the planning, architectural, engineering, interior design and other specialists and consultants engaged by AHA for the design and construction of the Project, including the Project Architect.

1.1.43 “**Development Budget**” means the summary budget for the development, construction, furnishing, equipping and opening of the Project as a whole. The Development Budget is a summary compilation of the major Project Line Items for all Project Costs reflected in the Master Project Budget. The initial Development Budget based on the Conceptual Plans and the initial Project program and assumptions is included in the initial Master Project Budget attached as Exhibit B hereof, and shall constitute the Development Budget hereunder unless and until same is revised in accordance with the provisions of Section 6.5 below.

1.1.44 “**Development Fee**” means the fee to be paid to AHA for the work and services to be performed by AHA under this Agreement, as described in Section 10.2.

1.1.45 “**Development Plan**” means, collectively, the then-current versions of the Construction Plans, the Development Schedule, the Development Budget, the Monthly Cost Expenditures Schedule and the Sources and Uses, as each of the same may be amended in accordance with the terms of this Agreement.

1.1.46 “**Development Schedule**” means a schedule for the development and construction of the Project setting forth a detailed, estimated timeline for the performance and completion of all tasks necessary to complete the design, approval, permitting, development, construction, furnishing, equipping and opening of the Project as contemplated herein. The preliminary Development Schedule attached as **Exhibit D** hereof shall constitute the Development Schedule hereunder unless and until same is revised in accordance with the provisions of Section 10.6 below.

1.1.47 “**Effective Date**” is defined in the Preamble.

1.1.48 “**Environmental Report**” is defined in Section 4.1.1(c).

1.1.49 “**Event of Default**” is defined in Article 12.

1.1.50 “**Excluded Project Costs**” shall mean any and all costs related to: the acquisition of the Land, the 2013 DAFC Lease, the 2016 Bond Lease, the 2013 DAFC Bond, the 2016 Bond, AHA legal, financing and Closing costs, and any agreement to be negotiated by and among Affiliates of AHA, including, without limitation, the terms of any agreement evidencing the joint venture relationship of NAP and SHG. Excluded Project Costs shall also include any Project Costs solely and directly incurred by the negligence or willful misconduct of AHA or any Affiliate thereof, and the costs of any claims against AHA by the Contractors or Design Professionals to the extent arising from the negligent acts or omissions of AHA or from the intentional or willful acts or omissions of AHA which are not in accordance with the requirements or standard of care imposed upon AHA pursuant to this Agreement.

1.1.51 “**Excluded Line Item**” shall mean any Line Items of the Development Budget constituting Excluded Project Costs.

1.1.52 “**Expire**”, “**Expired**” or “**Expiration**” mean the expiration of the term of this Agreement by reason of achievement of Final Completion of the Project and the delivery of all items required by Section 6.10 hereof, and not by reason of any Event of Default.

1.1.53 “**Fee Base**” is defined in Section 10.2.

1.1.54 “**FF&E**” means the furniture, fixtures and equipment to be used in the operation of the Project.

1.1.55 “**FF&E Budget**” means the Line Item of the Development Budget for purchasing and installing the FF&E for the Project, including, without limitation, purchasing fees, taxes, freight charges and installation costs related to the FF&E.

1.1.56 “**FF&E Schedule**” is defined in Section 7.1.1

1.1.57 “**FF&E Specifications**” is defined in Section 7.1.2.

1.1.58 “**Final Completion**” means, with respect to any portion of the Project, the completion of all punch list items and landscaping, the delivery and installation of all FF&E, and the receipt of all final permits not previously obtained upon Completion thereof.

1.1.59 “**First Project Mortgage**” means a Project Mortgage constituting a first, paramount and preferred lien upon the fee, leasehold estate and/or subleasehold estate of AHA in the Project (or any portion thereof).

1.1.60 “**First Project Mortgagee**” means a mortgagee holding a First Project Mortgage.

1.1.61 “**Force Majeure Delay**” means any delay in Completion of the Project which directly results from an act of God or natural disaster or other similar circumstances beyond AHA’s reasonable control despite AHA’s exercise of commercially reasonable and diligent efforts to avoid such delay, including such delays as may be caused by, but not limited to: (i) earthquake, storm, hurricane, tornado, tsunami, tidal wave, flood, fire, casualty, or other acts of God; (ii) strikes, lockouts or other significant labor interruptions or disputes; (iii) disruption to local, national or international transport services; (iv) embargoes; (v) condemnation or regulatory taking of all or any portion of the Land or the Project; (vi) acts of war or act by an enemy or other hostile governmental action; (vii) acts of terror, insurrection, rebellion, riots or other civil unrest; (viii) epidemics, pandemics, quarantine restrictions or other public health restrictions or advisories; (ix) inability to obtain labor, materials or reasonable substitutes therefor where such inability is beyond the reasonable control of AHA to obtain; (x) inability to obtain or failure of water, power, sewer, communications lines or other utilities where such inability or failure is beyond the reasonable control of AHA; and (xi) the revocation or termination of any governmental permit, approval or entitlement to continue a use or to maintain an improvement required under this Agreement, through no fault of or change in use by AHA. Notwithstanding anything to the contrary contained herein, a Force Majeure Delay shall not operate to excuse any delay by AHA hereunder unless AHA shall have given written notice to the City specifying in detail the nature of such Force Majeure Delay within ten (10) business days after the commencement of the Force Majeure Delay (or, if the Force Majeure Delay prevents such notice, then within five (5) business days after the cessation of the Force Majeure Delay).

1.1.62 “**Franchise Agreement**” means the franchise agreement for the Hotel to be executed by and between AHA and Hotel Franchisor, together with any amendments, modifications supplements, and restatements thereof or thereto, and any replacement or successor franchise or license agreements pertaining to the Hotel having AHA, its successors and assigns, or the Operator or any operating tenant of the Hotel, as the “franchisee” or “licensee” therein.

1.1.63 “**General Contractor**” means Brasfield and Gorrie, or such other or successor general contractor as may be appointed by AHA and reasonably approved by the City pursuant to Section 2.1.6 hereof.

1.1.64 “**GMP Drawings**” means such architectural renderings, design drawings, construction and engineering drawings of the Project as are necessary and sufficient for AHA to obtain a guaranteed maximum price bid for the construction of the Project from the General Contractor with a schedule of values that is consistent with the Development Budget.

1.1.65 “**Hotel**” means the hotel described in Section 2.1.1(b).

1.1.66 “**Hotel and Conference Center Management Agreement**” means the hotel and conference center management agreement for the Hotel and Conference Center to be executed by and between AHA and Operator, together with any amendments, modifications, supplements, and restatements thereof or thereto, and any replacement or successor management or operating agreements pertaining to the Hotel and Conference Center having AHA, its successors and assigns, or any operating tenant of the Hotel, as the “owner” therein.

1.1.67 “**Hotel Franchisor**” means Marriott International, Inc., a Delaware corporation, or such other replacement franchisor or licensor of the Hotel selected by AHA and approved by the City, such approval not to be unreasonably withheld, conditioned or delayed, provided that the licensor or owner of a nationally or regionally recognized brand of hotels classified in the “upper upscale” category of hotels by Smith Travel Research shall be deemed to be an approved Hotel Franchisor hereunder. For the avoidance of doubt, if AHA desires to operate the Hotel without a franchise or license agreement with a Hotel Franchisor, approval of the City shall be required, such approval not to be unreasonably withheld, conditioned or delayed.

1.1.68 “**Hotel Lender**” is defined in Section 4.2.5.

1.1.69 “**Hotel Loan Agreement**” has the meaning set forth in Section 4.2.5.

1.1.70 “**Hotel Occupancy Tax**” has the meaning set forth in Section 10.1.2.

1.1.71 “**Hotel Unit**” means that portion of the Condominium constituting the Hotel (together with all buildings and improvements constructed and to be constructed thereon and all furnishings, fixtures, equipment and other personal property located and to be located therein), as the same shall be adjusted following Final Completion of the Project pursuant to Section 2.2.4 below.

1.1.72 “**IOI**” is defined in Recital D.

1.1.73 “**Land**” is defined in Recital A and means the real property described in Exhibit A.

1.1.74 “**Land Survey**” is defined in Section 4.1.1(b).

1.1.75 “**Line Item**” shall mean each line item for Project Costs set forth on the then current approved Development Budget.

1.1.76 “**Loss**” means all direct or indirect damages, demands, claims, payments, obligations, actions or causes of action, assessments, losses, liabilities, costs and expenses, including, without limitation, penalties, interest on any amount payable to a third party, and any legal or other expenses (including, without limitation, reasonable attorneys’ fees and expenses) reasonably incurred in connection with investigating or defending any claims or actions, whether or not resulting in any liability.

1.1.77 “**Material Due Diligence Defect**” is defined in Section 4.1.1(g).

1.1.78 “**Master Project Budget**” means the detailed budget for the development, construction, furnishing, equipping and opening of the Project as a whole. The initial Master Project Budget based on the Conceptual Plans and the initial Project program and assumptions and attached as **Exhibit B** hereof, and shall constitute the Master Project Budget hereunder unless and until same is revised in accordance with the provisions of Section 4.1.2 below.

1.1.79 “**MOU**” is defined in Recital H.

1.1.80 “**Monthly Cost Expenditures Schedule**” means the schedule prepared by AHA containing its then current estimated projection of monthly expenditures for Project Costs. The initial Monthly Cost Expenditures Schedule is set forth on **Exhibit F** attached hereto. The Monthly Cost Expenditures Schedule prepared and updated from time to time by AHA shall reflect AHA’s then current estimate of the monthly expenditures expected to be incurred for Project Costs in the forthcoming months based on the current facts and circumstances as then known to AHA, but shall not be construed as or constitute a guaranty or cap on the monthly expenditures actually incurred.

1.1.81 “**NAP**” is defined in Recital D.

1.1.82 “**Notice to Proceed**” means written notice from the AHA to the General Contractor to commence construction of the Project, as provided in Section 6.2.

1.1.83 “**Office Owner**” is defined in Section 2.1.1(d).

1.1.84 “**Office Property**” is defined in Section 2.1.1(d).

1.1.85 “**Operator**” means Merritt Hospitality, LLC, an affiliate of HEI Hospitality, LLC, and any successor managers or operators of the Project under a Hotel and Conference Center Management Agreement, or such other replacement operator or manager of the Hotel selected by AHA and approved by the City, such approval not to be unreasonably withheld, conditioned or delayed, provided that any such operator or manager which (i) is approved by the Hotel Franchisor to operate and manage the Project, and (ii) then manages or operates a minimum of ten (10) other hotels under hotel brands classified in the “upper upscale” category of hotels by Smith Travel Research and having operating standards generally consistent with the Project Standard, shall be deemed to be an approved Operator hereunder.

1.1.86 “**Outside Design Development Period Date**” has the meaning set forth in Section 4.1 hereof.

1.1.87 “**Owner Contingency**” means the owner contingency Line Item of the Development Budget.

1.1.88 “**Parking Agreement**” is defined in Section 2.1.1(d).

1.1.89 “**Parking Deck**” means the approximately 425-space structured parking deck or decks to be constructed on the Land as part of the Common Elements of the Project.

1.1.90 “**Party**” or “**Parties**” are defined in the Preamble.

1.1.91 “**Person**” means any person, corporation, limited liability company, partnership (general or limited), joint venture, association, joint stock company, trust or other business entity or organization.

1.1.92 “**Pre-Development Period**” means the period prior to the Effective Date, during which the Parties performed the activities described in Article 3 hereof as contemplated by the MOU and Term Sheet.

1.1.93 “**Preliminary Development Costs**” are defined in Section 3.1.

1.1.94 “**Principals**” means any one or more of James M. Stormont, Jr. and Mark C. Toro.

1.1.95 “**Private Funding Contribution**” is defined in Section 10.1.1.

1.1.96 “**Project**” means collectively, the Hotel, the Conference Center, the Common Elements (including the Parking Deck), all FF&E to be installed therein, and all landscaping, hardscaping and other amenities related thereto as contained in the Development Plan.

1.1.97 “**Project Architect**” means Cooper Carry Inc., or such other or successor architect as may be appointed by AHA and reasonably approved by the City pursuant to Section 2.1.6 hereof.

1.1.98 “**Project Change**” means, as applicable to the current stage of the Project, any Design Change and/or Change Order.

1.1.99 “**Project Costs**” means the aggregate costs and expenses to be incurred by AHA (subject to the City’s contribution of the Public Funding Contribution) of acquiring, developing, constructing, furnishing, equipping and opening the Project as reflected in the Development Budget, including the acquisition cost of the Land. Project Costs shall be comprised of both Shared Project Costs and Excluded Project Costs.

1.1.100 “**Project Mortgage**” means any deed to secure debt, deed of trust, mortgage, security agreement or other instrument in the nature thereof at any time and from time to time conveying security title to the fee, leasehold or subleasehold, as applicable, estate of AHA (or any portion thereof) in the Project, but not upon the fee simple interest of the City in the Conference Center Unit.

1.1.101 “**Project Mortgagee**” means the holder or, collectively, the holders of the note(s) or other obligations secured by a Project Mortgage.

1.1.102 “**Project Opening Date**” means the date upon which the primary revenue producing components of the Project (i.e., the guest rooms, conference, meeting and banquet rooms) have opened to the general public for business.

1.1.103 “**Project Standard**” means the quality standards of upper upscale conference hotel facilities owned, operated and/or franchised by, for example, the Hotel Franchisor, and including other similar facilities in the United States developed by SHG or its affiliates, including the similar facilities located in Sugar Land, Texas, Franklin, Tennessee, and College Park, Georgia.

1.1.104 “**Property Sale Agreement**” is defined in Section 4.2.1.

1.1.105 “**Public Funding Contribution**” is defined in Section 10.1.2.

1.1.106 “**Public Funds Account**” is defined in Section 10.1.2.

1.1.107 “**Requirements**” shall mean all laws, codes, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county, and municipal authorities, now in force or which may hereafter be in force, which shall impose any duty upon AHA or the City with respect to the construction, development, condition, maintenance, use, occupation, operation or alteration of the Project, or the conduct of business therein, including, without limitation, the Americans with Disabilities Act of 1990, as amended, and all regulations promulgated thereunder, all environmental laws and laws governing the manufacture, generation, disposal, release, or use of Hazardous Materials, and all applicable zoning, permitting and recycling laws and regulations.

1.1.108 “**Shared Project Costs**” shall mean all Project Costs, but specifically excluding any Project Costs specifically designated as Excluded Project Costs in this Agreement.

1.1.109 “**SHG**” is defined in Recital D.

1.1.110 “**South Parking Area**” is defined in Section 2.1.1(d).

1.1.111 “**Sources and Uses**” shall mean the document prepared by AHA depicting the sources and uses of the Public Funding Contribution, the Private Funding Contribution, and the Project Costs. The initial Sources and Uses attached as **Exhibit G**

hereof shall constitute the Sources and Uses hereunder unless and until same is revised in accordance with the provisions of Section 6.5 below.

1.1.112 “**Term Sheet**” is defined in Recital H.

1.1.113 “**Terminate**”, “**Terminated**” and “**Termination**” shall mean the termination of this Agreement by reason of an Event of Default or any other termination of this Agreement pursuant to any specific provision hereof prior to the Expiration of this Agreement, and not by reason of lapse of time.

ARTICLE 2 THE PROJECT

2.1 Project Development.

2.1.1 Summary of Proposed Development. Subject to the terms and conditions of this Agreement and of the other instruments and agreements to be entered into pursuant to this Agreement, the City and AHA intend to cause the Project to be developed and constructed as follows:

(a) Conference Center. The City shall commit the Public Funding Contribution for development of the Conference Center in the Conference Center Unit in the manner provided in this Agreement. The Conference Center shall contain approximately 65,000 square feet (inclusive of appurtenant interior Common Elements, but not the Parking Deck), including approximately 44,000 square feet (including the ballroom/exhibit corridor, which will be convertible into function space, when opened) of conference center facilities with exhibition space, ballroom space, meeting rooms and pre-function space, and containing appurtenant facilities and amenities normally associated with a conference center consistent with the Project Standard. The Conference Center shall be constructed in a good and workmanlike manner in accordance with the Development Plan, all Requirements, and the Project Standard. The Conference Center shall contain ballrooms and such other meeting and banquet rooms as may reasonably be required to serve as the Hotel’s primary meeting space.

(b) Hotel. AHA shall commit the Private Funding Contribution for development of the Hotel in the Hotel Unit in the manner provided in this Agreement. The Hotel shall have approximately three hundred twenty-five (325) guestrooms and suites, appropriate support facilities such as a restaurant(s), a lounge(s) or bar(s), supporting back-of-the-house areas, food preparation facilities, together with such other amenities and features characteristic of a full-service, upper upscale hotel and consistent with the Project Standard. The Hotel shall be branded pursuant to the Franchise Agreement. The Hotel shall be constructed in a good and workmanlike manner in accordance with the Development Plan, all Requirements, and the Project Standard.

(c) Parking Deck. The Parking Deck shall contain approximately 425 parking spaces and shall be a Common Element of the Condominium available for the common use of the Hotel Unit and the Conference Center Unit.

(d) South Parking Area. The Parties acknowledge and agree that AHA may, and currently intends to, obtain exclusive easement rights to approximately 100 parking spaces on adjoining property to the South of the Project, for the common use of the Hotel Unit and the Conference Center Unit. Pursuant to the Property Sale Agreement, on or before the Closing hereunder AHA, Avalon North and the owner (the “**Office Owner**”) of the property in Phase II of the Avalon development to the South of and directly adjacent to the Land (the “**Office Property**”), shall have mutually agreed upon the form of a parking easement and agreement, to be entered into concurrent with Closing (“**Parking Agreement**”), pursuant to which, among other things: (i) Office Owner shall construct on the Office Property a structured parking facility with parking to serve the users of the Office Property as well as users of the Project and users of other retail uses to be developed within Phase II of the Avalon development; (ii) AHA shall pay to Office Owner a pro rata amount of the total costs incurred by Office Owner to construct such structured parking facility, based on the approximately 100 spaces for the Project over the total number of spaces in such parking facility, as the Project’s allocable portion of the costs of constructing such exclusive parking spaces (such exclusive spaces, as located and designated in such parking facility, the “**South Parking Area**”), which amounts shall constitute Shared Project Costs hereunder; (iii) Office Owner will grant exclusive easement rights to AHA for such parking spaces to be available, free of charge, to AHA and owners and users of the Project on an exclusive basis at all times; and (iv) Office Owner will grant non-exclusive easement rights to AHA for non-exclusive, off-hours use, free of charge, of all parking spaces in such parking structure by AHA and owners and users of the Project. If AHA does not ultimately enter into the Parking Agreement, AHA shall add not less than one hundred (100) parking spaces to the Parking Deck to comply with the operational and legal parking requirements of the Project.

2.1.2 Project Naming Rights. The Parties agree that the name of the Hotel shall be chosen by AHA, subject to the requirements of the Franchise Agreement and the approval of the Hotel Franchisor thereunder. The City shall have the right to name the Conference Center and all ballrooms, meeting spaces, conference rooms, and other rooms therein, subject to consultation with and the reasonable approval of AHA and the Hotel Franchisor as part of the overall branding of the Project (the “**Conference Center Naming Rights**”). The City shall submit the proposed name of the Conference Center or any room therein (or any change thereto) to AHA for its and the Hotel Franchisor’s prior approval, which approval by AHA shall not be unreasonably withheld, conditioned or delayed (provided approval shall not be deemed unreasonably withheld if in AHA’s good faith opinion and judgment such proposed name is likely to have an adverse effect on the marketing and sale of the Project to potential customers or customer groups), and which approval by the Hotel Franchisor will be in accordance with the requirements and other terms and conditions of the Franchise Agreement. In no event shall either AHA or the

City derive any other economic or material benefit in exchange for a sale, grant, license or other transfer of any naming rights with respect to the Project. The City and AHA hereby approve the name “Alpharetta Conference Center” as the preliminary name for the Conference Center.

2.1.3 Appointment of AHA. AHA shall act as development manager with respect to design, development and construction of the Project, and shall perform the duties and services of AHA set forth herein, all in accordance with the terms and conditions of this Agreement. AHA shall be an independent contractor and nothing contained in this Agreement shall be construed to create a partnership, joint venture, or agency relationship between AHA and the City. AHA agrees to coordinate all development activities with the City and any City Specialists and Consultants as may be retained by the City. The City acknowledges that AHA will subcontract the development and project management services to be performed by it to its Affiliates, Avalon Hotel Developers, LLC and/or SHG (and a portion of such services may be further subcontracted to NAP). No such subcontracting shall have any effect on the amount of the Development Fee paid or payable to AHA hereunder.

2.1.4 Coordinated Design. AHA agrees to coordinate development of its Hotel with the Conference Center, and to utilize a single Project Architect and a single General Contractor to design and construct the Project as an integrated whole. The City hereby acknowledges that AHA will have to coordinate approval of construction and design criteria for the Project, and hereby further acknowledges that the Hotel Franchisor will have approval rights with respect to these aspects of the design and development of the Project, as will be set forth in the Franchise Agreement, but in no event shall the terms and conditions of this Agreement be affected by the terms and conditions of the Franchise Agreement. The Parties also hereby acknowledge that the Project is subject to a master declaration of covenants, conditions and restrictions for the Avalon development, and that the project will also be subject to a sub-declaration of covenants, conditions and restrictions as a portion of the Avalon development.

2.1.5 City Specialists and Consultants. The City may at its option retain such legal, design and/or construction professionals and consultants as the City may deem necessary to advise the City on matters of legal structuring, design and development of the Conference Center, and in some cases to review and approve Project-related submittals on behalf of the City (any such professionals or consultants as may be retained by the City, if any, the “**City Specialists and Consultants**”). Any legal fees or construction oversight fees charged by the City Specialists and Consultants shall be borne solely by the City at its own expense and shall not in any manner constitute Project Costs or Shared Project Costs (but may be reimbursed to the City from bond proceeds at Closing provided same do not reduce the Public Funding Contribution). Subject to the other terms and conditions of this Agreement, AHA agrees to cooperate and work in good faith with any such City Specialists and Consultants with respect to the legal structuring, design and development of the Project.

2.1.6 City Approval of Project Architect and General Contractor. The City shall have the right to approve in writing any change to the Project Architect or the General Contractor, such approval not to be unreasonably withheld, conditioned or delayed.

2.2 Summary of Development Legal Structure. Each Party hereby agrees to cause the legal structuring and development of the Project to proceed pursuant to the following steps:

2.2.1 Affiliates of SHG and NAP have formed AHA prior to the date hereof as a joint venture Georgia limited liability company to develop and operate the Project as contemplated in these steps;

2.2.2 At Closing:

(a) NAP will cause Avalon North to cause the Land to be released and removed from the 2013 DAFC Lease, whereupon fee simple title to the Land will be re-conveyed by DAFC to Avalon North;

(b) Avalon North will then sell and convey to AHA, and AHA will purchase and accept from Avalon North, fee simple title to the Land under and pursuant to the Property Sale Agreement, said conveyances described in Section 2.2.2(a) above and this Section 2.2.2(b), to the extent practicable, to be effected by Avalon North causing DAFC to convey fee simple title to the Land directly to AHA;

(c) AHA will then subject the Land to the condominium form of ownership by forming the Condominium and by executing and recording, as appropriate, the Condominium Documents. The Conference Center Unit and the Hotel Unit shall initially be comprised of the portions of the Land upon which the Conference Center and the Hotel (as applicable) are planned to be located, as set forth in the then-current Development Plan.

(d) AHA will then contribute, transfer, grant, convey and assign to the City its interest in the Conference Center Unit, together with an undivided interest in the Common Elements, at no additional cost to the City, with AHA retaining title to the Hotel Unit, and an undivided interest in the Common Elements;

(e) The City and AHA will then enter into a lease of the entire Conference Center Unit (the “**Conference Center Lease**”) between the City, as “landlord” or “lessor” therein, and AHA, as “tenant” or “lessee” therein, which the City and AHA hereby agree shall be in substantially the form attached hereto as **Exhibit G** and made a part hereof.

(f) AHA will then establish and enter into a new bond for title program with DAFC (or an alternative development authority with similar powers and bonding ability), to be designated as Development Authority of Fulton County Taxable Revenue Bond (Avalon North, LLC Project), Series 2016 (the “**2016 Bond**”), pursuant to which:

(i) AHA will convey to DAFC fee simple title to the Hotel Unit, and assign to DAFC AHA's leasehold estate in the Conference Center Unit under the Conference Center Lease;

(ii) DAFC will in turn lease the Hotel Unit back to AHA, and sublease the leasehold interest created by the Conference Center Lease in the Conference Center Unit back to AHA, all pursuant to a Lease Agreement to be entered into by and between DAFC and AHA (the "**2016 Bond Lease**"); and

(iii) DAFC, AHA and the Fulton County Board of Assessors will enter into a memorandum of agreement regarding lease structure and valuation of leasehold interest providing a valuation methodology with respect to AHA's leasehold interests in (1) AHA's leasehold interest in all real property constituting and/or in or on the Hotel Unit, (2) AHA's leasehold interest in all personal property in the Hotel Unit, (3) AHA's sub-leasehold interest in all real property constituting and/or in or on the Conference Center Unit, and (4) AHA's sub-leasehold interest in all personal property in the Conference Center Unit;

2.2.3 Following Closing, AHA will finish all Construction Plans, obtain all necessary governmental permits, approvals and licenses, issue the Notice to Proceed and thereafter construct the Project.

2.2.4 Promptly following Final Completion, the City and AHA will enter into an amendment to the Condominium Declaration to adjust the boundaries of the Conference Center Unit, the Hotel Unit, and the Common Elements to coincide with the boundaries of the Conference Center, the Hotel, and the applicable Common Elements as actually constructed, and AHA shall operate the Project (by and through the Operator pursuant to the Hotel and Conference Center Management Agreement) as an integrated whole.

2.2.5 At such time as the 2016 Bond Lease expires or is otherwise terminated, the 2016 Bond will be repaid, satisfied and discharged, and DAFC will re-convey to AHA fee simple title to the Hotel Unit, and the leasehold interest under the Conference Center Lease, the Conference Center Lease thereupon becoming once again a direct lease between the City and AHA, such that AHA shall continue to operate the Project as an integrated whole.

2.3 Project Phases. The Parties have commenced and shall continue to pursue and undertake the design, planning, development and construction of the Project in accordance with the following chronology of phases: (a) the Pre-Development Period (described in Article 3), (b) the Design Development Period (described in Article 4), (c) the Closing (described in Article 5), (d) the Construction Period (described in Article 6), and (e) the Post-Completion Period (described in Article 7).

**ARTICLE 3
PRE-DEVELOPMENT PERIOD**

3.1 Preliminary Development Costs. During the Pre-Development Period, SHG and NAP, ultimately for the benefit and on behalf of AHA, have performed various planning and development services with respect to the Project pursuant to the MOU and the Term Sheet. SHG and NAP have incurred costs and expenses in connection with services in the aggregate amount of \$252,365 (as of June 30, 2015) (the “**Preliminary Development Costs**”). The City has heretofore paid to AHA the amount of \$60,000.00 (the “**City Preliminary Development Cost Contribution**”) as the agreed upon and stipulated share of the Preliminary Development Costs to be paid by the City prior to the approval of the Term Sheet and the execution of this Agreement. Notwithstanding the foregoing, the Preliminary Development Costs are and shall be deemed Shared Project Costs to be shared by the City (31.91%) and AHA (68.09%), and to the extent that the City’s pro rata share of the Preliminary Development Costs exceeds the amount of the City Preliminary Development Cost Contribution paid prior to the Effective Date hereof, such excess share shall be deemed Design Development Period Shared Costs and shall be reimbursed to AHA by the City during the Design Development Period (subject to the Public Design Development Period Costs Cap) in the same manner as all other Design Development Period Shared Costs. The City shall be entitled to full reimbursement at Closing from the Public Funding Contribution of the City’s pro rata share of all Preliminary Development Costs paid by the City prior to Closing, including the City Preliminary Development Cost Contribution.

3.2 Pre-Development Completed. As a result of completing pre-development activities, the Parties have agreed to the following matters, each of which are hereby mutually approved by AHA and the City:

3.2.1 The initial Master Project Budget, including the initial Development Budget, attached hereto as **Exhibit B**.

3.2.2 The initial Conceptual Plans, attached hereto as **Exhibit C**.

3.2.3 The initial Development Schedule, attached hereto as **Exhibit D**.

3.2.4 The initial Sources and Uses of funds, attached hereto as **Exhibit E**.

3.2.5 The initial Monthly Costs Expenditures Schedule, attached hereto as **Exhibit F**.

3.2.6 The ACVB Promotional Agreement, which is being entered into concurrently herewith in the form of **Exhibit H**.

**ARTICLE 4
DESIGN DEVELOPMENT PERIOD**

4.1 AHA Services. During the Design Development Period, AHA shall complete or cause the completion of the following on or before the date set forth in the Development Schedule:

4.1.1 Due Diligence on Land and Project.

(a) Title. AHA shall cause Calloway Title and Escrow, LLC (the “**Title Company**”) to provide a title commitment to the City (the “**Title Commitment**”), committing the Title Company to issue at Closing an ALTA Form 2006 extended coverage title insurance policy insuring the City’s fee simple ownership of the Conference Center Unit (the “**Title Policy**”), and subject only to the non-monetary exceptions to coverage that the City may approve in writing during the Design Development Period in its commercially reasonable discretion (the “**Permitted Exceptions**”). AHA shall also cause the Title Company to provide to the City copies of all underlying title exceptions for the City’s review. AHA shall be responsible for ensuring that all requirements of the Title Commitment within AHA’s control are satisfied at or before Closing, and also for ensuring that the Title Company receives such materials as it determines to be necessary to cause the deletion of the so-called “standard exceptions” thereof. AHA shall also be responsible for curing, or causing to be cured, at or before Closing, any matter of title or survey that the City reasonably determines to be objectionable in such a manner as is reasonably acceptable to the City.

(b) Survey. Concurrent with the execution and delivery of this Agreement, AHA has delivered to the City a plat of survey of the Avalon development indicating, *inter alia*, the boundaries of the Land (the “**Land Survey**”), a copy of which is attached hereto as **Exhibit J**. If required by the Title Company in order to delete the standard survey exceptions to the Title Policy, AHA shall deliver to the City an update to the Land Survey or a “Survey No Change Affidavit” at or prior to Closing.

(c) Environmental. Promptly following the Effective Date, AHA shall deliver to the City a copy of any Phase I environmental site assessment of the Land in AHA’s possession, and prior to Closing, AHA shall deliver an updated Phase I environmental site assessment, certified to AHA and the City and dated not more than six (6) months prior to the date of Closing, each to be prepared by a professional engineer licensed in the State of Georgia in accordance with ASTM E 1527-13, Standard Practice for Environmental Site Assessments (collectively, the “**Environmental Report**”).

(d) Other Due Diligence. AHA shall perform such other reasonable and customary due diligence as AHA determines to be prudent under the circumstances and necessary to support to representations and warranties of AHA to the City contained herein, including, without limitation and as AHA determines to be appropriate, zoning reports, geotechnical reports, wetlands delineations, and/or flood zone certifications.

(e) City as Reliance Party. The City shall be the proposed insured under the Title Commitment and a named reliance party on the Survey and Environmental Report. The City shall have the right to require AHA to provide reliance letters, in form and substance reasonably satisfactory to the City, from

any or all third party advisors and/or consultants furnishing all other due diligence with respect to the Land or the Project (the “**Reliance Letters**”). AHA shall furnish the City with copies of all due diligence materials described in this Section 4.1.1, and the City shall have the right, but not the obligation, to independently review and comment on such due diligence materials, and to coordinate revisions of such due diligence materials directly with the applicable third party advisors and consultants, but also in consultation with AHA. Notwithstanding the foregoing, delivery of the due diligence materials hereunder shall not relieve AHA of its obligation to ensure that all representations and warranties made or to be made by AHA hereunder are true and correct.

(f) Costs of Due Diligence. All costs of the due diligence of the Land and Project shall be Shared Project Costs unless such costs were incurred prior to the date of the City’s approval of the Term Sheet, in which case such costs shall be Excluded Project Costs unless already included in the Preliminary Development Costs.

(g) City Review of Due Diligence Materials. The City shall have until the date that is thirty (30) days following the date upon which the City receives all of the due diligence materials required to be provided under Section 4.1.1(a)-(c) hereof, in which to Terminate this Agreement by written notice to AHA if the City disapproves of any Material Due Diligence Defect disclosed by such due diligence materials. The City shall have an additional period of ten (10) business days following the date upon which the City receives any updates to the due diligence materials required to be provided under Section 4.1.1(a)-(c) hereof, or any materials provided under Section 4.1.1(d) hereof, to Terminate this Agreement by written notice to AHA if the City disapproves of any Material Due Diligence Defect first disclosed by such additional or updated due diligence materials. As used herein, the term “**Material Due Diligence Defect**” means any issue disclosed by the due diligence materials, or otherwise discovered with respect to the Project, that the City determines in its reasonable discretion will materially adversely affect the value, constructability, or development of the Project or otherwise expose the City to a material legal risk in connection with its acquisition of the Conference Center Unit. If this Agreement is Terminated by the City pursuant to this Section 4.1.1(g), then promptly following such Termination AHA shall be entitled to and shall be paid (i) the City’s share of all Design Development Period Shared Costs owned to AHA under Section 4.3 incurred up to the date of Termination, if any, (ii) all accrued but unpaid Development Fees owed to AHA under Section 10.2 up to the date of Termination, if any, and (iii) all costs incurred by AHA through the date of Termination and provided for in the Master Project Budget with respect to design, development and construction of the Project in accordance with Section 10.3. If the City fails to Terminate this Agreement on or before the deadlines set forth herein, then the City shall have no further right to Terminate this Agreement pursuant to this Section 4.1.1(g). Notwithstanding anything to the contrary contained herein, in no event shall the City have the right to Terminate this Agreement pursuant to this Section 4.1.1(g) after Closing. Notwithstanding the

foregoing, AHA shall have the right by written notice to the City within five (5) days after receipt of any such notice of Termination, to suspend such Termination and keep this Agreement conditionally in effect by attempting to cure or mitigate the impact of such Material Due Diligence Defect, and if AHA is able to so cure or mitigate the impact of such Material Due Diligence Defect within thirty (30) days thereafter to the satisfaction of the City in its good faith, reasonable discretion, then such Termination of this Agreement by the City shall be deemed withdrawn and this Agreement shall thereafter remain in full force and effect.

4.1.2 Construction Plans. AHA shall cause the Design Professionals to prepare the Construction Plans for the Project. AHA shall complete the GMP Drawings during the Design Development Period. The Construction Drawings may be completed during the Design Development Period or after Closing during the Construction Period. AHA shall coordinate with, and seek the input of, the City and the City Specialists and Consultants throughout the design process, in particular with respect to the exterior design of the Project as a whole and the interior design of the Conference Center and the Common Elements appurtenant to the Conference Center. The City shall have the right to approve the GMP Drawings and the Construction Drawings. On the basis of the GMP Drawings and Construction Drawings as so approved, AHA shall prepare and finalize for the mutual approval of AHA and the City the final pre-Closing Master Project Budget and final pre-Closing summary Development Budget compiled from such Master Project Budget. The City agrees not to unreasonably withhold, condition or delay its approval of the GMP Drawings and the Construction Drawings so long as: (a) the Conference Center and appurtenant Common Elements are generally consistent with the Conceptual Plans, (b) such Construction Plans comply with applicable Requirements, (c) any Project Changes related to the Construction Plans are permitted or approved pursuant to the provisions of Section 6.4 hereof, and (d) any changes to the Development Budget related to the Construction Plans are permitted or approved pursuant to the provisions of Section 6.5 hereof. Further, the City agrees not to disapprove of the interior design aspects of the Hotel contained in the GMP Drawings and the Construction Drawings (specifically excluding the Common Elements and Conference Center) unless such design aspects fail to comply with applicable Requirements or are materially inconsistent with the Project Standard.

4.1.3 GMP Bid and Contract. AHA shall submit the GMP Drawings to the General Contractor and cause the General Contractor to submit a guaranteed maximum price bid for the construction of the Project that is consistent with, and does not exceed, the general construction portion of the Shared Project Costs as set forth in the then approved Development Budget. AHA shall negotiate, review, evaluate and finalize the guaranteed maximum price contract with the General Contractor. The City shall have the right to review and approve the guaranteed maximum price contract, and any subcontractor and sub-subcontractor bids on which the guaranteed maximum price contract is based, for overall consistency with the Development Budget and Development Plan, such approval not to be unreasonably withheld, conditioned or delayed. Notwithstanding the separate ownership of the Condominium units, there shall be only one comprehensive construction contract for the entire Project. AHA shall administer such guaranteed maximum price contract as development manager for the Project. The

contract with the General Contractor shall require that the General Contractor either provide payment and performance bonds or require its subcontractors to provide payment and performance bonds for all Project work, all of which payment and performance bonds shall name AHA, the City, and the Hotel Lender as co-obligees.

4.1.4 Zoning Approvals and Permits. AHA shall obtain all zoning approvals, variances, and building, development and other permits necessary to commence construction of the Project. Subject to Section 16.12, the Parties shall fully cooperate in applying for and attempting to obtain such approvals and permits.

4.1.5 Design Development. AHA shall also provide the following services during the Design Development Period with respect to the Project:

(a) Providing general descriptions of the categories of the FF&E, operating supplies, fixed asset supplies and similar items anticipated to be required for the Project;

(b) Working with the City, the Design Professionals and any City Specialists and Consultants to enhance compatibility of the architectural drawings for the Project with other elements such as interior design, front desk design, kitchen and laundry facilities and similar items; and

(c) Preparation of revisions and refinements to the Development Schedule for the Project in light of design development.

4.2 Project Agreements. During the Design Development Period, the City and AHA shall diligently and in good faith negotiate with the applicable counterparties mutually acceptable forms of the following agreements:

4.2.1 Property Sale Agreement. AHA and Avalon North shall mutually agree upon the form of an agreement for the sale and purchase of the Property between Avalon North, as “seller” therein, and AHA, as “purchaser” therein (the “**Property Sale Agreement**”), as contemplated by Section 2.2.2(a) above. All costs incurred by AHA related to the Property Sale Agreement shall be Excluded Project Costs.

4.2.2 Condominium Documents. AHA and the City shall mutually agree upon the forms of the Condominium Documents to be entered into at the Closing immediately following the conveyance of the Land to AHA, as contemplated by Section 2.2.2(c) above. The Condominium Documents will provide that upon creation of the Condominium, the entire Land shall be divided into the Hotel Unit, the Conference Center Unit, and the Common Elements. The Condominium Declaration shall contain such easements as are reasonably necessary to ensure and support the seamless integration and operation of the Conference Center Unit, the Hotel Unit, and the Common Elements as a single Project. The Condominium Documents shall further provide that action by the Association with respect to the Project or the Common Elements shall require the unanimous consent of both the owner of the Conference Center Unit and the owner of the Hotel Unit; provided, however, for so long as the Conference Center Lease remains in effect and in good standing, AHA (or its successors

or assigns) as the “tenant” or “lessee” thereunder (or as the “subtenant” or “sublessee” thereunder for so long as the 2016 Bond Lease is in effect), shall have the right to exercise the rights of the Conference Center Unit owner with respect to day-to-day operational matters respecting such action by the Association.

4.2.3 Conveyance Documents. (a) AHA and Avalon North shall mutually agree upon the form of a limited warranty deed to convey to AHA the Land, as contemplated by Section 2.2.2(a); (b) AHA and the City shall mutually agree upon the form of a limited warranty deed (subject only to the Permitted Exceptions) to convey to the City the Conference Center Unit and an undivided interest in the Common Elements, as contemplated by Section 2.2.2(d); and (c) AHA shall deliver to the City (i) a marked commitment irrevocably binding the Title Company to issue the Title Policy in favor of the City, (ii) the Land Survey, (iii) the Reliance Letters, (iv) the certificate of representations and warranties contemplated by Section 8.2, and (v) such residency certificates and affidavits, owner’s affidavits, lien waivers, and other documents which are customary in connection with the conveyance of fee simple title to property in Georgia and which may reasonably be requested by the City or the Title Company (collectively, all such documents are the “**Conveyance Documents**”).

4.2.4 Hotel and Conference Center Management Agreement. AHA and the Operator shall mutually agree upon the form of a Hotel and Conference Center Management Agreement (the “**Hotel and Conference Center Management Agreement**”) between AHA, as “owner” therein, and Operator, as “manager” or “operator” therein, which will govern the operational preparation for the opening of, and thereafter the day-to-day use, operation, management, maintenance and repair of, the Hotel and the Conference Center.

4.2.5 Private Funding Contribution Documents. AHA and the lender providing the construction debt portion of the Private Funding Contribution (the “**Hotel Lender**”) shall mutually agree upon the form of the loan agreement to be entered into at the Closing (the “**Hotel Loan Agreement**”) and all ancillary and related loan documents; and AHA shall obtain a commitment for the permanent financing for the Hotel from the Hotel Lender or a successor Hotel Lender (unless the construction loan provides a “mini-perm” period following the Project Opening Date). AHA and the investor or investors providing the equity portion of the Private Funding Contribution shall mutually agree upon the form of the venture documentation to be entered into at the Closing providing for the investment of such equity capital.

4.2.6 AHA Limited Guaranty. AHA and the City shall mutually agree upon the form of a limited guaranty by AHA to the City which the City may call upon in the event the Dedicated Occupancy Tax amounts received by the City during the first five (5) years of the Project’s operation do not meet certain thresholds (the “**AHA Limited Guaranty**”), with the main terms of the AHA Limited Guaranty being as follows:

- (a) The AHA Limited Guaranty will apply only to the first five (5) full calendar years of Project operations. It is presently assumed that the Project will

open in 2017, and therefore the AHA Limited Guaranty would be applicable to calendar years 2018, 2019, 2020, 2021 and 2022.

(b) If, for any calendar year for which the AHA Limited Guaranty is in effect, the Dedicated Occupancy Tax collections by the City are less than the amount of the debt service due and payable upon the City Bond Financing for such current calendar year (assuming the City Bond Financing is issued as tax-exempt revenue bonds backed by the full faith and credit of the City, and using a minimum twenty-five (25)-year bond amortization schedule), AHA will pay an amount to the City equal to such shortfall, up to a maximum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) for such calendar year.

(c) During the five (5) calendar years for which the AHA Limited Guaranty is in effect, to the extent Dedicated Occupancy Tax collections by the City for a particular year exceed the amount of the debt service due and payable upon the City Bond Financing for such current calendar year, then either:

(i) if AHA had previously contributed any amount on account of the AHA Limited Guaranty to the City, such excess shall be paid to AHA, up to such amount contributed by AHA, to reimburse AHA for such amount or amounts previously contributed; or

(ii) if AHA had not previously contributed any amount on account of the AHA Limited Guaranty to the City (or had previously contributed amounts to the City which have been subsequently reimbursed in full to AHA pursuant to clause (c)(i) above), such excess shall be held as a potential advance credit against any obligation which AHA may otherwise have to contribute to the City on account of the AHA Limited Guaranty for the following calendar years.

(d) Following the conclusion of each calendar year for which the AHA Limited Guaranty is in effect, the City will deliver to AHA an accounting of all Hotel Occupancy Tax revenues received by or on behalf of the City with respect to that calendar year, the amount of debt service due on the City Bond Financing during that calendar year, and the resulting calculations of (a) the Dedicated Occupancy Taxes, (b) any amount payable by AHA on account of the AHA Limited Guaranty pursuant to Section 4.2.6(b) above, if any, (c) any excess Dedicated Occupancy Taxes for that year available for reimbursement to or accrued advance credit for AHA pursuant to Section 4.2.6(c) above, if any, and (d) the aggregate amounts of any unreimbursed contributions by AHA on the AHA Limited Guaranty or accrued advance credits available to AHA against future potential contributions on the AHA Limited Guaranty. If any amount is indicated as due from AHA in such certification, AHA will contribute such amount within thirty (30) business days of receipt of the certification (or, should AHA dispute the City's calculation of any such amounts, the dispute shall be submitted to binding arbitration by an independent arbitrator or (if the Parties cannot agree on a single arbitrator) a panel of no more than three arbitrators, who shall review all

relevant records and make a final binding determination of the matter, and if any amount on the AHA Limited Guaranty is ultimately determined to be due from AHA, AHA shall pay such amount within thirty (30) business days following such determination). If any amount is indicated as owing to AHA in reimbursement of any AHA Limited Guaranty contributions previously made, the City shall reimburse such amount AHA along with the delivery of such certification.

4.2.7 Hotel Franchise Agreement. AHA and the Hotel Franchisor shall mutually agree upon the form of the Franchise Agreement.

4.3 Design Development Period Shared Costs. The parties acknowledge and agree that AHA and the City will incur Shared Project Costs during the Design Development Period (the “**Design Development Period Shared Costs**”), which may include excess Preliminary Development Costs as provided in Section 3.1. AHA currently projects that the Design Development Period Shared Costs will be incurred as shown in the Monthly Cost Expenditures Schedule. Subject to the Public Design Development Period Costs Cap, all Design Development Period Shared Costs shall be paid by AHA and the City on a pro rata basis, with AHA being responsible for 68.09% of such costs, and the City responsible for 31.91% of such costs (subject to the limitation in the immediately succeeding sentence). Notwithstanding the foregoing or anything to the contrary in this Agreement, the City’s obligation to pay, or to contribute from the Public Funding Contribution, for its share of Design Development Period Shared Costs will be specifically limited prior to Closing to aggregate expenditures of \$1,000,000 (the “**Public Design Development Period Costs Cap**”). All Design Development Period Shared Costs incurred prior to Closing in excess of the Public Design Development Period Costs Cap shall initially be paid for by AHA (and if this Agreement is Terminated prior to Closing for any reason, the City’s obligation shall be limited to the Public Design Development Period Costs Cap). Subject to the Public Design Development Period Costs Cap, during the Design Development Period and prior to Closing the City shall pay AHA for the City’s allocated share of Design Development Period Shared Costs on a monthly basis, within fifteen (15) days of receipt of an invoice with such supporting documentation as is reasonably necessary to document such costs. All Design Development Period Shared Costs paid by the City will be reimbursed to the City out of the proceeds of the Public Funding Contribution at Closing. Notwithstanding the foregoing, all Design Development Period Shared Costs are and shall be deemed Shared Project Costs to be shared by the City (31.91%) and AHA (68.09%), and to the extent that the City’s pro rata share of the Design Development Period Shared Costs incurred prior to Closing exceeds the amount of the Public Design Development Period Costs Cap, such excess share shall be deemed Shared Project Costs payable by the City (subject to the Public Funding Contribution Cap) and shall be reimbursed to AHA by the City following the Closing in accordance with the draw procedures set forth in Section 10.4. All remaining Design Development Period Shared Costs will be reimbursed to AHA out of the proceeds of the Private Funding Contribution at Closing.

4.4 Satisfaction of Design Development Period Requirements. The Parties hereby covenant and agree to exercise all good faith, diligent efforts to cause all of the foregoing items and agreements as set forth in this Article 4 to be agreed upon and completed with reasonable diligence following the Effective Date. In no event may either Party elect to Terminate this

Agreement prior to Closing, except upon a default by the other as set forth in Article 12 or upon the exercise of the Termination rights set forth in Section 4.5 below.

4.5 Mutual Termination Rights Following Specified Time Period. In the event that the conditions and requirements to be completed during the Design Development Period have not been satisfied as of March 31, 2017 (the “**Outside Design Development Period Date**”), despite the Parties’ good faith, diligent efforts to do so, then either Party shall have the right to Terminate this Agreement by sending written Termination notice to the other Party at any time following the Outside Design Development Period Date, but only if as of the date of the Termination notice the Terminating Party has satisfied all conditions and requirements to be satisfied by such Party during the Design Development Period. Any Termination pursuant to the preceding sentence shall be effective as of the date that is thirty (30) days following the date of the Termination notice unless the other Party causes all of the remaining conditions and requirements that are to be completed during the Design Development Period to be in fact completed prior to the expiration of such thirty (30) day period. Upon any Termination hereof under this Section 4.5, this Agreement shall be null and void and of no further force and effect, provided, however, that the Parties agree to promptly thereafter reconcile their respective obligations unto each other with respect to Design Development Period Shared Costs in accordance with the respective contribution obligations contained in Section 4.3.

ARTICLE 5 CLOSING

5.1 Closing. Upon satisfaction of all of the conditions and requirements to be completed during the Design Development Period, Closing shall occur as follows on a date mutually agreed upon by the City and AHA:

5.1.1 The City shall close upon the City Bond Financing by issuance of its tax-exempt revenue bonds in an amount sufficient to generate net available bond proceeds for investment in Shared Project Costs of not less than \$24,900,000. The City shall be entitled to receive the reimbursements set forth in Sections 3.1 and 4.3 hereof from the Public Funding Contribution at Closing. The net proceeds of the Public Funding Contribution, after application of the reimbursements described in the preceding sentence, shall be funded to the Public Funding Account.

5.1.2 AHA shall close upon the Private Funding Contribution as described in Section 4.2.4 hereof. AHA shall be entitled to receive the reimbursements set forth in Sections 3.1 and 4.3 hereof from the Private Funding Contribution at Closing. The City acknowledges that certain amounts of the Private Funding Contribution may be evidenced by the granting of capital account credit to constituent members of the sole member of AHA on account of amounts previously funded or assets previously contributed to AHA or its sole member with respect to the Project by such members.

5.1.3 The transactional and legal structuring steps outlined in Sections 2.2.1 through 2.2.5 above, inclusive, shall be consummated by the relevant Parties as set forth in said sections.

5.1.4 The Parties, as appropriate, shall enter into and deliver the various documents necessary for the funding, development, construction, completion and ongoing occupancy, use, operation, maintenance and repair of the Project in the forms therefor agreed upon during the Design Development Period, including, without limitation:

- (a) the Condominium Documents;
- (b) the Conveyance Documents;
- (c) the Conference Center Lease;
- (d) the Hotel and Conference Center Management Agreement;
- (e) the Franchise Agreement;
- (f) the Hotel Loan Agreement and all ancillary and related loan documents;
- (g) the AHA Limited Guaranty; and
- (h) the construction contract with the General Contractor.

ARTICLE 6 CONSTRUCTION PERIOD

6.1 Completion of Final Plans. During the Construction Period, if not already completed, AHA will cause to be prepared final Construction Drawings for the Project for the approval of the City pursuant to Section 4.1.2 hereof.

6.2 Notice to Proceed. At such time as the City and AHA shall have mutually approved the Development Plan, and AHA shall have obtained all necessary permits, approvals and licenses for the commencement of construction of the Project, AHA shall give the General Contractor written notice to proceed with the construction of the Project (the “**Notice to Proceed**”).

6.3 Construction of Project. Promptly following AHA’s delivery of the Notice to Proceed to the General Contractor, AHA shall cause the General Contractor to commence construction and thereafter pursue Completion thereof to achieve Final Completion not later than twenty-four (24) months following the date of the Notice to Proceed, as such deadline may be delayed by reason of any City Delay or Force Majeure Delay (such deadline being the “**Completion Deadline**”). AHA shall require the General Contractor to file a Notice of Commencement in accordance with and within the time required by Georgia law. AHA shall grant access to the City and the City Specialists and Consultants to conduct inspections of the Project during and following the Construction Period, including the materials to be used in the construction thereof and the work in process, and to examine the Construction Plans (which are or shall be kept at the construction site) at all reasonable times and with reasonable advance

notice, provided the City and the City Specialists and Consultants shall exercise due care in conducting any such examinations or inspections so as not to unduly interfere with or hinder the progress of the work in process on the Project or to delay the Development Schedule.

6.4 Project Changes.

6.4.1 Project Changes by AHA. AHA shall obtain the prior written consent of the City, not to be unreasonably withheld, conditioned or delayed, to any material Project Changes requested by AHA or necessitated by the discovery of unforeseen circumstances affecting construction, but such consent may be withheld as to any such Project Change which: (a) will result in a material change to the square footage of the Conference Center or the basic layout of the Conference Center; (b) will involve a material reduction or increase in quality (whether in the materials, FF&E, construction methods, or otherwise) from the quality contemplated by the Construction Plans last mutually approved by the City and AHA; (c) will result in a material increase or decrease in the aggregate amount of Shared Project Costs to be paid by the City from such aggregate amount set forth in the Development Budget last mutually approved by the City and AHA; (d) will result in a material delay of Completion of the Project beyond that set forth in the Development Schedule last mutually approved by the City and AHA; or (e) does not comply with applicable Requirements or does not otherwise satisfy the Project Standard. AHA and the City acknowledge and agree that it is the mutual desire, intent and understanding of both Parties that Shared Development Costs shall not exceed \$94,012,124 in the aggregate, in recognition thereof, it shall be deemed unreasonable for the City to withhold consent to any Project Changes which are necessary to prevent Shared Development Costs from exceeding \$94,012,124 in the aggregate, provided such proposed Project Changes would not be reasonably expected to have any of the impacts described in clauses (a), (d) or (e) of this Section 6.4.1. Notwithstanding the foregoing provisions of this Section 6.4.1, in the event that AHA determines in its good faith, reasonable discretion, that a Change Order (but not a Design Change) that does not have any of the impacts described in clauses (a), (b), (c), (d) or (e) above is required due to unforeseen circumstances affecting construction, and the critical path of the construction schedule is such that the Change Order must be made on a same-day basis and in any event sooner than AHA would reasonably be able to obtain the consent of the City to such change (each, a “**Field Change Order**”), then AHA shall be permitted to effect such Change Order without the prior written consent of the City, but shall promptly notify the City of such Field Change Order as soon as reasonably possible under the circumstances. In the event that the City disapproves of the Field Change Order (and would have had the right to disapprove the Field Change Order herein if the City had the opportunity to do so prior to its approval by AHA), then the City shall have the right to require AHA to take such actions as are reasonably necessary under the circumstances to mitigate the impact of such Field Change Order.

6.4.2 Project Changes by City. The City may from time to time request AHA’s approval, not to be unreasonably withheld, conditioned or delayed, of Project Changes to the design and construction of the Conference Center and appurtenant Common Elements, but such consent may be withheld as to any such Project Change which: (a) will result in a material change to the square footage of either the Hotel or the Conference

Center or the basic layout of either the Hotel or the Conference Center; (b) will involve a material reduction or increase in quality (whether in the materials, FF&E, construction methods, or otherwise) from the quality contemplated by the then-current mutually approved Construction Plans; (c) will result in a material increase or decrease in the aggregate amount of Project Costs to be paid by AHA (including, without limitation, the amount of its pro rata share of Shared Project Costs) from such aggregate amount set forth in the Development Budget last mutually approved by the City and AHA; (d) will result in a material delay of Completion of the Project beyond that set forth in the Development Schedule last mutually approved by the City and AHA; or (e) does not comply with applicable Requirements or does not satisfy or is otherwise inconsistent with (such as exceeding) the Project Standard.

6.4.3 Costs of Project Changes. Any increases in any Line Items in the Development Budget caused by any Project Changes undertaken in accordance with this Agreement shall be borne and paid for as follows:

(a) with respect to any Project Change made pursuant Section 6.4.1, such Project Costs shall be borne and paid for either from the Owner Contingency to the extent of any balance therein, and/or from the Private Funding Contribution; and

(b) with respect to any Project Change made pursuant to Section 6.4.2 above, such Project Costs shall be borne and paid for solely by the City from funds other than the Public Funding Contribution, unless AHA approves the application of the Owner Contingency to such costs if, in AHA's sole judgment, sufficient unfunded amounts would otherwise be expected to remain in the Owner Contingency Line Item following Final Completion.

6.4.4 Adjustments to Development Plan. AHA shall make appropriate adjustments to the Development Plan to reflect any Project Changes made under this Section 6.4.

6.5 Adjustments to Development Budget.

6.5.1 Reallocations. AHA may revise the Development Budget from time to time to reallocate amounts from any Line Item, including from Owner Contingency, to other Line Items (but not from a non-Excluded Line Item to an Excluded Line Item or to cover any cost incurred solely and directly by reason of the negligence or willful misconduct of AHA or its Affiliates), subject to the prior written approval of the City, which shall not be unreasonably withheld, conditioned or delayed. In the event that a reallocation is being made pursuant to a Project Change approved by the City pursuant to Section 6.4.1, such reallocation shall be deemed approved for purposes of this Section 6.5.1.

6.5.2 Updated Cost Projections. As development of the Project progresses, AHA shall provide monthly updates to the Monthly Cost Expenditures Schedule and to the Development Budget and Master Development Budget to reflect any cost increases,

cost savings, reallocations, and allocations of Owner Contingency, as may be incurred or realized accordance with the provisions of Section 6.4.3 and this Section 6.5.

6.5.3 Other Changes to the Development Budget. Except as otherwise provided in Section 6.4.3 and this Section 6.5, AHA shall not revise the Development Budget without the prior written consent of the City, to be granted or withheld in the City's sole discretion. For the avoidance of doubt, without the prior written approval of the City, to be granted or withheld in the City's sole discretion, no Project Costs shall be allocated or re-allocated from any non-Excluded Line Item to any Excluded Line Item (except as specifically set forth in the Development Budget approved by the City) or to cover any cost incurred solely and directly by reason of the negligence or willful misconduct of AHA or its Affiliates.

6.5.4 Approval of Third Parties. Notwithstanding anything to the contrary contained herein, in no event shall AHA revise the Development Budget or the Master Development Budget unless AHA has first obtained the written consent of the Hotel Lender, the Hotel Franchisor, and/or the Operator, if and to the extent that the written consent of such party is required under AHA's applicable contractual agreements with such party.

6.6 Adjustments to Development Schedule. The City shall have the right to approve any material change to the Development Schedule, such approval not to be unreasonably withheld, conditioned or delayed.

6.7 Development Management Services. During the Construction Period, without limiting AHA's other obligations under this Agreement, AHA shall provide the following development management services:

6.7.1 Provide the City with monthly written progress reports that reflect construction progress and all costs due or paid under the Development Budget and Master Development Budget during the preceding month and which also reflect a comparison of aggregate Project Costs paid for budgeted Line Items through the end of the preceding month with total budgeted Project Costs for such Line Items;

6.7.2 Prepare and submit to the City supplements and refinements to the Development Budget and Master Development Budget as development of the Project progresses through various phases to completion, subject to the requirements of Section 6.5 above with respect to changes to the Development Budget, and prepare and submit to the City updates to the Monthly Cost Expenditures Schedule not less frequently than monthly;

6.7.3 Notify the City promptly of any actual or anticipated cost overruns or material increases or anticipated savings in the Development Budget and Master Development Budget of which AHA becomes aware;

6.7.4 Notify the City promptly of any actual or anticipated material change or delay or acceleration in the Development Schedule of which AHA becomes aware; and

6.7.5 Assure that all design and construction criteria that are specifically required by the Franchise Agreement and/or Hotel and Conference Center Management Agreement are correctly integrated into the design and construction of the Project, and that any on-site inspections and approvals specifically required by such agreement are arranged and carried out on a timely basis with Hotel Franchisor, Operator, or their respective agents, provided, however, that no such criteria or approvals shall have any effect on the City's rights and obligations under this Agreement to approve the Construction Plans and any Project Changes as and to the extent set forth herein or to conduct its own inspections of the Project as set forth herein.

6.8 Construction Management. During the Construction Period, without limiting AHA's other obligations under this Agreement, AHA shall provide or cause to be provided to the City the following construction management services with respect to the Project:

6.8.1 Apply for and obtain, with the City's cooperation and assistance (subject to Section 16.12, and at no additional out-of-pocket cost to the City, it being understood that the costs incurred by AHA in obtaining all of the following permits, approvals, certifications and like shall be Shared Project Costs) as applicable, all zoning approvals, building permits, utility permits, utility easements, certificates of occupancy and all other licenses and permits required for the development, construction and operation of the Project, including alcoholic beverage permits;

6.8.2 Provide on-site Project management supervision including, at a minimum, a local Project manager/superintendent;

6.8.3 Construct the Project in a good and workmanlike manner in accordance with the Development Plan, all Requirements, and the Project Standard;

6.8.4 Make periodic visits to the job site to review the work and progress of construction with the Contractors, the Design Professionals and any City Specialists and Consultants;

6.8.5 Respond to any questions from the City or City Specialists and Consultants, the Operator or the Hotel Franchisor regarding the work or progress of construction, construction methods, scheduling, and the like;

6.8.6 Supervise the timely and efficient performance of Contractors and the Design Professionals under their respective contracts with AHA, as the case may be, to confirm that all work is being performed in a professional and workmanlike manner;

6.8.7 Coordinate the turnover of the Project, as and when the same is appropriately completed, to the Operator;

6.8.8 Coordinate efforts by all appropriate Parties to complete the Project substantially in accordance with the Development Plan, such efforts to include assisting in the scheduling of inspections and the preparation of punch lists; and

6.8.9 Obtain, or cause the Project Architect or General Contractor to obtain, on behalf of AHA and the City, a temporary, if applicable, and permanent certificate or certificates of occupancy (or other appropriate and necessary governmental permission to occupy) with respect to all aspects of the Project.

6.9 Pre-Opening Activities. The City and AHA each recognize that certain activities must be undertaken in advance of Completion of the Project so that the Project can function in an appropriate and orderly manner. Accordingly, during the Construction Period, AHA shall contract with Operator to undertake, or cause to be undertaken, the following steps, procedures and activities:

6.9.1 Recruit, train and employ, through Operator, the on-site staff required for the operation of the Project;

6.9.2 Undertake pre-opening promotion and advertising of the Project and promotion of tourism, conventions and trade shows, including opening celebrations and related activities. Operator shall provide on-site or locally assigned personnel to conduct such activities beginning approximately twelve (12) months prior to the projected opening of the Project;

6.9.3 Test and, if necessary, implement modifications to the operations of the Project;

6.9.4 Apply for the initial licenses and permits required for the operation of the Project; and

6.9.5 In general, render such other miscellaneous services incidental to the preparation and organization of the Project's operations as may be reasonably required for the Project to be adequately staffed and capable of operating upon opening as contemplated in the Hotel and Conference Center Management Agreement.

6.10 Final Deliveries. As promptly as reasonably practicable following Final Completion of the Project, AHA shall provide the City with the following:

6.10.1 A copy or copies of the final certificate or certificates of occupancy for the Hotel and Conference Center;

6.10.2 A General Contractor's Final Lien Waiver in the form proscribed by Georgia law by the General Contractor releasing all lien rights to the Project, and an affidavit from the General Contractor swearing that the General Contractor and all other Contractors (including, without limitation, laborers, materialmen and suppliers) have been paid in full for all work performed with respect to the Project,

6.10.3 Appropriate amendments to the Condominium Declaration, as contemplated by Section 2.2.4 hereof;

6.10.4 A "marked" title commitment in form reasonably acceptable to the City from the Title Company irrevocably committing it to date-down and to endorse the Title

Policy to reflect the adjustment of the boundaries of the Conference Center Unit upon amendment of the Condominium Declaration, without excepting filed and unfiled mechanic's liens from coverage under such Title Policy;

6.10.5 A certification from the Project Architect that Final Completion of the Project and all components thereof has been achieved; and

6.10.6 An "as-built" survey of all improvements on the Project prepared by a registered surveyor or engineer, and "as-built" Construction Drawings prepared by the Project Architect.

ARTICLE 7 PURCHASING SERVICES

7.1 Purchasing Services. During the course of development of the Project, AHA shall perform or cause to be performed the following services with respect to FF&E to be installed in the Project:

7.1.1 FF&E Schedule. AHA shall prepare a schedule of all FF&E to be purchased and installed in the Conference Center, broken down by category (hereinafter referred to as the "**FF&E Schedule**"). All FF&E purchased for and/or installed in the Conference Center shall be owned by the City, all FF&E purchased for and/or installed in the Hotel shall be owned by AHA, and all FF&E purchased for and/or installed in the Common Elements shall be owned jointly by the City and AHA pursuant to their respective undivided interests in the Common Elements. The FF&E Schedule shall clearly identify which FF&E is allocated to the Conference Center, which FF&E is allocated to the Hotel, and which FF&E is allocated to the Common Elements.

7.1.2 FF&E Specifications. The FF&E shall be those items specified in specifications therefor (hereinafter referred to as "**FF&E Specifications**") as prepared by AHA or its Design Professionals. AHA shall appoint a purchasing agent for the FF&E for the Project, who shall coordinate purchasing of the FF&E for the Project pursuant to purchase orders issued by or on behalf of AHA.

7.1.3 Pricing and Procurement. AHA shall cause its purchasing agent to diligently seek to obtain the most favorable prices and terms available in connection with the purchase of the FF&E to the extent allowable by law.

7.1.4 Delivery Schedule. AHA shall use reasonable efforts to coordinate the production and delivery schedules with respect to the FF&E with the Development Schedule and place purchase orders within sufficient time to allow installation of the FF&E in accordance with the Development Schedule.

7.1.5 Records. AHA shall maintain proper, accurate and complete accounting records including purchase orders, purchasing receipts and disbursements made in connection with the purchase of the FF&E for the Project. AHA shall make available

these records for audit, inspection and photocopying by the City, or any other persons designated by the City, upon five (5) business days' notification.

7.1.6 Coordinator. When appropriate, AHA shall provide an on-site coordinator at the Project to coordinate FF&E delivery and installation.

7.2 Payment for FF&E. AHA, through such purchasing agent as described above, shall purchase the FF&E for the Project. AHA shall pay all acquisition and procurement costs, including, without limitation, required advance deposits, for such FF&E as such costs come due. To the extent such costs are Shared Project Costs, AHA will submit draw requests for reimbursement of the City's allocable share of such costs from the Public Funding Contribution in accordance with Section 10.4 hereof. The City hereby acknowledges that it is customary for suppliers and/or manufacturers of FF&E to require significant advance deposits for partial payment for such FF&E upon the placing of the purchase orders for same in order to secure production and delivery commitments from such suppliers and manufacturers. Such deposits are part of the customary acquisition and procurement costs for FF&E, and shall be deemed to be incurred as Shared Project Costs at such time as such advance deposits are paid.

7.3 General Provisions.

7.3.1 Cancellation. The City acknowledges that cancellation and return of FF&E cannot be made except under terms and conditions acceptable to the manufacturer and/or vendor thereof, and that custom items of FF&E are non-cancelable and non-returnable and require non-refundable advance deposits to be paid to the applicable suppliers and/or manufacturers in advance of their fabrication.

7.3.2 Overages. The City hereby acknowledges that it is customary for manufacturers to ship additional quantities of certain types of FF&E (fabric, wallpaper, carpet, etc.) above and beyond the actual amount ordered. This is a common practice in the industry over which AHA has no control. The City agrees to accept such industry standard overages and to pay for its share of the same as provided herein; provided, however, in no event shall the City ever be liable for any costs in excess of the Public Funding Contribution Cap. Reasonable allowances for such overages shall be included in the FF&E Budget.

7.3.3 No Warranty. AHA shall use reasonable diligence in making recommendations regarding the procurement of FF&E for the Project, but AHA does not directly extend any guarantee or make any warranty, express or implied, of merchantability or fitness for a particular purpose or otherwise with respect to any of such FF&E purchased hereunder. Claims made against such guarantees or warranties as may be offered by the manufacturers or vendors of FF&E for the Conference Center must be settled directly with the manufacturers or vendors. AHA shall, on its own behalf and, as applicable, on behalf of the City as the owner of the Conference Center FF&E, process, prosecute and enforce such claims against such manufacturers or vendors. The City, as the owner of the Conference Center FF&E, shall reasonably cooperate and coordinate with AHA (at no out-of-pocket cost to the City) in the processing, prosecution and enforcement of such claims as they relate to the Conference Center FF&E.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of AHA as of the Effective Date. AHA hereby represents and warrants to the City, as of the Effective Date, as follows:

8.1.1 Organization and Authority of AHA. AHA is a Delaware limited liability company, in good standing, and is authorized to transact business in the State of Georgia as a foreign limited liability company. AHA has the requisite power and authority to execute and deliver this Agreement, to incur and perform its obligations hereunder, and to carry out the transactions contemplated by this Agreement.

8.1.2 Due Authorization, Execution and Delivery by AHA. AHA's execution, delivery and performance of this Agreement: (i) has been duly authorized by all necessary action and proceedings by or on behalf of AHA, (ii) does not require any further approvals or filings of any kind, including any approval of or filing with any governmental authority, (iii) does not conflict with or result in a violation of the organizational documents of AHA, or any judgment, order or decree of any court or arbiter in any proceeding to which AHA is a party, and (iv) does not conflict with or constitute a material breach of, or constitute a material default under, any contract, agreement or other instrument by which AHA is bound or to which it is a party. This Agreement, when duly executed and delivered by each party hereto, will be the valid, binding and enforceable obligation of AHA in accordance with its terms, subject to matters and Requirements affecting creditor's rights generally and to general principles of equity.

8.1.3 Bankruptcy. Neither AHA nor its members, (i) is in receivership or dissolution, (ii) has made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has been adjudicated a bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against AHA or any of its members, or (iv) to the best of its knowledge, none of the foregoing are pending or threatened.

8.1.4 No Litigation. There is no action, suit, investigation or proceeding pending, threatened against, or affecting AHA in any court, before any arbitrator or before or by any governmental body; nor does AHA know of any basis for any such action, suit, investigation or proceeding, that is reasonably likely to materially and adversely affect the Project or AHA's ability to perform its obligations under this Agreement.

8.1.5 Anti-Money Laundering Laws. Neither AHA, its principals, nor to the best of AHA's knowledge any person employed by AHA or any person providing funds to AHA: (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the U.S. would be predicate crimes to money laundering, or any

violation of any Anti-Money Laundering Laws; (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws. AHA is in compliance with any and all applicable provisions of the Patriot Act.

8.1.6 Condemnation. There are no existing, pending, or, to the best of AHA's knowledge, threatened condemnation, incorporation, annexation or moratorium proceedings affecting the Project (or any portion thereof).

8.2 Representations and Warranties of AHA as of Closing. As of Closing, AHA shall execute and deliver to the City a written certificate containing all of the representations and warranties contained in Section 8.1 above (made as of the date of Closing), and further representing and warranting to the City as follows:

8.2.1 Requirements. All aspects of the acquisition, development, construction and operation of the Project heretofore completed comply with applicable Requirements.

8.2.2 Liens. There are no liens on, respecting or outstanding against the Project, other than: (i) inchoate liens for property taxes not yet due and payable, (ii) the security title of the Hotel Lender in and to the Hotel Unit (but not the Conference Center Unit), (iii) the security title of the Hotel Lender in and to the lessee's leasehold interest in the Conference Center Unit under the Conference Center Lease, and (iv) the security title of the Hotel Lender in and to the lessee's leasehold interests in the Project under the 2016 Bond Lease (collectively, the "**Permitted Liens**"). There is no action, suit, investigation or proceeding pending, threatened against, or affecting AHA in any court, before any arbitrator or before or by any governmental body; nor does AHA know of any basis for any such action, suit, investigation or proceeding, that is reasonably likely to materially and adversely affect the Project or AHA's ability to perform its obligations under this Agreement, or which is reasonably likely to result in the imposition of a lien against the Project or an action against the City.

8.2.3 Default. No uncured default or event of default exists under this Agreement, the Franchise Agreement, the Hotel and Conference Center Management Agreement, the Hotel Loan Agreement, or the Condominium Documents, of which notice has been given by one party under such documents to another.

8.2.4 Access. All means of access to the Project (i) are permanent and no special access or other permits from the applicable governmental authorities are required to operate and maintain such means of access, and (ii) are obtained from public streets, sidewalks, alleys or other public space and/or from permanent private easements, rights-of-way, or licenses over and across private streets, rights-of-way, sidewalks or alleys.

8.2.5 Hazardous Materials. AHA has not, and, to the best of AHA's knowledge and except as may be otherwise disclosed in any Environmental Report provided by AHA to the City, no other person or entity has, generated, stored, manufactured, processed, treated, spilled, released or disposed of any Hazardous Materials on the Project, or transported Hazardous Materials to or from the Project, other than Hazardous

Materials that after Closing (1) were transported on or from the Project or are being stored for use by AHA or the Operator or its or their tenants on the Project in connection with its or their operations on the Project or (2) are being used by AHA or the Operator or its or their tenants in connection with its or their operations on the Project, provided that in both instances such transport, storage or use (a) does not constitute a violation or threatened violation of any Environmental Laws or require any reporting or disclosure under any Environmental Law, and (b) is consistent with customary business practice for such operations in the State of Georgia. To the best of AHA's knowledge and except as may be otherwise disclosed in any Environmental Report provided by AHA to the City, there have been no, and there are no (i) aboveground or underground storage tanks; (ii) polychlorinated biphenyls ("PCB") or PCB-containing equipment; (iii) asbestos containing materials; (iv) lead based paints; or (v) dry-cleaning facilities in, on, under, or about the Project (or any portion thereof). AHA has not received any notice from any governmental authority inquiring about, seeking to investigate, or claiming the existence of, any Hazardous Materials on, under or about the Project. AHA has made all filings of an environmental nature as required by applicable Environmental Laws for this transaction with all federal, state and local regulatory agencies. The term "**Hazardous Materials**" as used herein means any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, toxic substances, toxic pollutants, contaminants, pollutants or words of similar meaning or regulatory effect under any present or future Environmental Laws or the presence of which on, in or under the Project is prohibited or requires monitoring, investigation or remediation under any Environmental Law, including petroleum and petroleum by-products, asbestos and asbestos-containing materials, toxic mold, polychlorinated biphenyls, lead and radon, and compounds containing them (including gasoline, diesel fuel, oil and lead-based paint), pesticides and radioactive materials, flammables and explosives and compounds containing them. The term "**Environmental Laws**" as used herein means any and all present and future Requirements, including any permits, approvals, licenses, registrations, filings and authorizations, in each case as now or hereafter in effect, relating to (i) the pollution, protection or cleanup of the environment, (ii) the impact of Hazardous Materials on property, health or safety, (iii) the use or Release of Hazardous Materials, (iv) occupational safety and health, industrial hygiene or the protection of human, plant or animal health or welfare or (v) the liability for or costs of other actual or threatened danger to health or the environment. The term "**Environmental Laws**" includes, but is not limited to, the following statutes, as amended, any successors thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including Subtitle I relating to underground storage tanks); the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act.

8.2.6 Zoning and Deed Restrictions. The Project and the current and intended use, development, construction, condition, and occupation thereof do not violate any applicable zoning requirements, deed restrictions or other covenants, restrictions or agreements, including without limitation any of the Permitted Exceptions or site plan approvals applicable to the Project.

8.2.7 True and Complete Copies. To the best of AHA's knowledge, (a) unless expressly stated otherwise, all documents delivered by AHA or its agents to the City pursuant to or in connection with this Agreement are true, complete and correct copies or originals; and (b) none of the information contained therein is materially inaccurate.

8.3 Representations and Warranties of AHA as of Final Completion. As of Final Completion, AHA shall execute and deliver to the City a written certificate containing all of the representations and warranties contained in Sections 8.1 and 8.2 above (made as of the date of Final Completion), and further representing and warranting to the City as follows:

8.3.1 No Defects. AHA has no knowledge of any defects in either the structural components or the electrical, plumbing, mechanical, life-safety and security systems of the Project.

8.3.2 Compliance with Requirements. AHA has no knowledge of any material violation of any Requirements affecting the Project, which breach or violation has not been cured by AHA.

8.3.3 Construction of Project. To AHA's knowledge, the Project was in conformity in all material respects with the Development Plans and all applicable Requirements.

8.3.4 Permits and Approvals. AHA has received any and all permits, approvals and licenses necessary for the proper function and operation of the Project in compliance with all applicable Requirements.

8.4 Representations and Warranties of the City. The City hereby represents and warrants to AHA, as of the Effective Date, as follows:

8.4.1 Organization and Authority. The City is a municipal corporation and a political subdivision of the State of Georgia. The City has the requisite power and authority to execute and deliver this Agreement, to incur and perform its obligations hereunder and to carry out the transactions contemplated by this Agreement.

8.4.2 Due Authorization, Execution and Delivery. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action and proceedings by or on behalf of the City, and no further approvals or filings of any kind, including any approval of or filing with any governmental authority, are required by or on behalf of the City as a condition to the valid execution, delivery and performance by the City of this Agreement. This Agreement, when duly executed and delivered by each party hereto, will be the valid, binding and enforceable obligation of the City in

accordance with its terms, subject to matters and Requirements affecting creditors' right generally as to political bodies and to general principles of equity.

ARTICLE 9 RESPONSIBILITIES AND OBLIGATIONS

9.1 Responsibilities and Obligations of AHA.

9.1.1 Standard of Care. The Parties acknowledge and agree that AHA is not a licensed architect, engineer, designer or contractor, and in performing its services hereunder with respect to development and construction of the Project, AHA is not providing any professionally licensed architectural, engineering, design or building contracting services. AHA makes no representations or warranties, express or implied, regarding the sufficiency of any designs, plans or drawings prepared by others, but agrees to use its commercially reasonable best efforts to cause such persons to correct such designs, plans or drawings with such corrections to be made at no additional expense to the City if and to the extent such corrections are not required due to the fault of the City or the City Specialists and Consultants. Any responsibility of AHA hereunder for development and construction of the Conference Center shall be for services directly performed by it (including any services delegated to its Affiliates as permitted herein); shall be limited solely to deficiencies that are directly attributable to AHA's failure to exercise the reasonable care usually exercised by individuals and firms providing similar services; and in no event shall AHA be liable for defects in materials or workmanship in the Project. AHA shall use reasonable good faith efforts to protect the economic interests of the City with respect to design, development and construction of the Conference Center; provided, however, that nothing in this Section shall require AHA to allocate costs for the Project to the Hotel inconsistent with the cost allocations specifically set forth in this Agreement or the Development Budget as then mutually approved by the City and AHA. Upon Final Completion of the Project, AHA shall retain all warranties from the Contractors and any and all suppliers of goods and/or services to the Project (for AHA to use in connection with its obligations to maintain and repair the Project as the owner (as to the Hotel) and the lessee (as to the Conference Center thereof). AHA shall use reasonable efforts to enforce all warranties relating to the Conference Center and Common Elements for the benefit of the City. The City shall cooperate fully with AHA in pursuing such warranties at no out-of-pocket cost to the City, including without limitation, providing copies of documentation as necessary from the owner of the Conference Center required to support such claim.

9.1.2 Contractors, Specialists and Consultants. AHA shall use reasonable care to ensure that all Contractors and Design Professionals selected in connection with the design and construction of the Project shall be qualified to do the work they are engaged to perform, and AHA shall make reasonable inquiries as to such persons' background, experience and reputation to assure they are well qualified to undertake such work.

9.1.3 AHA Employees. All personnel supplied or used by AHA in connection with the construction of the Project will be deemed employees or subcontractors of AHA

and will not be considered employees, agents or subcontractors of the City for any purpose whatsoever. AHA will be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all worker's compensation benefits.

9.1.4 Operation and Maintenance of the Hotel. Upon Completion, AHA shall thereafter operate and maintain the Project in accordance with the Project Standard and in all respects in accordance with the Franchise Agreement, the Hotel and Conference Center Management Agreement and the Conference Center Lease.

9.1.5 Litigation. AHA shall notify the City in writing, within five (5) days: (i) of receipt of actual notice thereof, of any actual, pending or threatened claim, demand, litigation or adversarial proceeding which is reasonably likely to materially and adversely affect the Project, in which a claim is made against AHA or against the Project, (ii) of any judgment rendered against AHA in excess of \$100,000, and (iii) of any matter that is reasonably likely to result or does result in a material adverse change in the financial condition or operation of AHA or the Project.

9.1.6 Legal Opinion. AHA will provide to the City a written opinion of qualified legal counsel in Georgia that AHA has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated herein, that the execution, delivery and performance of this Agreement have been duly authorized and no other action by AHA is a prerequisite to the valid and binding execution, delivery and performance of this Agreement, and that this Agreement is the valid and binding obligation of AHA, enforceable against AHA in accordance with its terms, subject to customary bankruptcy, creditors' rights, judicial and equitable limitations.

9.1.7 Indemnification. AHA shall and does agree to protect, defend, indemnify and save the City and its agents, employees, officers, elected officials, council members, and legal representatives (collectively, the "**Indemnified Persons**") harmless for, from and against all Losses imposed upon or asserted against any Indemnified Person by reason of: (i) any injury, death, damage or loss to persons (including workmen) or property sustained in connection with or incidental to the Project; (ii) the Project's failure to comply with the Project Standard or any of the Development Plans; (iii) any of AHA's acts or omissions; (iv) any inaccuracy in or breach of any representation, warranty, obligation or agreement of the AHA contained in this Agreement; and (v) any Event of Default by AHA under this Agreement; provided, however, that AHA shall have no obligation to indemnify or hold any Indemnified Person harmless for, from and against any Loss where such Loss results solely and directly from the negligence or intentional or willful misconduct of such Indemnified Person. The provisions of this Section 9.1.7 will survive any Expiration or earlier Termination of this Agreement and any closing, settlement or other similar event which occurs under this Agreement.

9.2 Responsibilities and Obligations of the City.

9.2.1 Approvals. Whenever a matter requires the approval of the City under this Agreement, the City agrees to consider AHA's request for approval in good faith and in a

reasonably diligent timely manner consistent with the standards of approval set forth in this Agreement, such that, to the greatest extent practicable, all of the Project's facilities can be completed on the same date and in accordance with the Development Schedule.

9.2.2 Certification. Promptly following request by AHA after the Final Completion of the Project is achieved and AHA has complied with its final delivery obligations under Section 6.10 above, the City will furnish AHA an appropriate instrument confirming the City's agreement that Final Completion has been achieved, that AHA has complied with such final delivery obligations, and that to the City's knowledge, no default by AHA exists under this Agreement, provided the same shall not be deemed a release of then unknown claims the City may have at that time or in the future pursuant to this Agreement.

ARTICLE 10

SOURCES AND USES OF FUNDS; DEVELOPMENT FEE; EXPENSE REIMBURSEMENT

10.1 Sources and Uses of Funds.

10.1.1 Private Funding Contribution. Prior to or concurrently with Closing, AHA shall secure binding commitments an aggregate amount of at least \$82,300,000 for the development of the Project through private equity and debt financing (the "**Private Funding Contribution**"). Not more than eighty percent (80%) of the Private Funding Contribution may consist of borrowed funds.

10.1.2 Public Funding Contribution. Prior to or concurrently with Closing, the City shall issue and sell tax-exempt revenue bonds in an amount sufficient to provide net available bond proceeds of \$24,900,000 for investment in the Conference Center (the "**Public Funding Contribution**"). In connection with the Public Funding Contribution, the City will increase the Alpharetta Hotel Occupancy Tax (the "**Hotel Occupancy Tax**") from 6 pennies (6.0%) to 8 pennies (8.0%). The City currently anticipates utilizing a portion of the Hotel Occupancy Tax comprising the revenues generated from the statutory maximum of 1.5 pennies (1.5%) allowable for "**Tourism Product Development**", together with the revenues to be generated from the City's unrestricted 3 pennies (3%) above the 2014 base of \$1,800,000.00 (together herein referred to as the "**Dedicated Occupancy Tax**") to support and provide for repayment of the Public Funding Contribution in the Project. All proceeds of the Public Funding Contribution shall be held in a segregated account owned by the City and held by the City's construction fund custodian (the "**Public Funds Account**") pending requisition and disbursement to AHA pursuant to the terms of Section 10.4 hereof.

10.1.3 Public Funding Contribution Cap. Notwithstanding anything to the contrary contained in this Agreement, AHA acknowledges and agrees that the City's contribution to invest in Shared Project Costs for all phases of the Project, now and in the future shall be limited to \$24,900,000 (the "**Public Funding Contribution Cap**"), and that the City shall have no further financial obligation for Project Costs to AHA, the

Project or otherwise pursuant to this Agreement, except as expressly provided in Section 6.4.3. In no event shall the Public Funding Contribution exceed the Public Funding Contribution Cap, except as expressly provided in Section 6.4.3, nor shall any payment required by this Agreement obligate the City to expend funds aggregating in excess of the Public Funding Contribution Cap, except as expressly provided in Section 2.1.5. In the event Project Costs or any other amounts due and payable by the City (except as expressly provided in Section 2.1.5 or in Section 6.4.3) or AHA, when aggregated together, exceed the Public Funding Contribution, such payment shall be the sole obligation of AHA.

10.1.4 Allocation of Project Costs. AHA shall be responsible for initially engaging and contracting for all Project Costs. AHA shall pay for all Excluded Project Costs and all Shared Project Costs for which the City is not responsible hereunder from the Private Funding Contribution. Subject to the Public Funding Contribution Cap, the City shall pay AHA for 31.91% of the Shared Project Costs from the Public Funding Contribution pursuant to the requisition and disbursement provisions contained in Section 10.4. If and to the extent that actual Shared Project Costs are less than \$94,012,124, as contemplated by the initial Development Budget, then the City and AHA will share in the actual savings on a pro-rata basis, with the City receiving 31.91% of such savings, and AHA receiving 68.09% of any such savings. The Parties agree to reconcile any amounts due from one Party to the other Party on account of such savings following Final Completion. For the avoidance of doubt, however, interest expense and other costs and expenses in connection with the Hotel Loan are Excluded Project Costs, and therefore unspent interest reserves on the Hotel Loan, if any, will not constitute “savings” within the meaning of this Section.

10.2 Development Fee. For the work and services to be performed by AHA under this Agreement, AHA shall be entitled to a development fee of four percent (4.0%) of the Fee Base (the “**Development Fee**”). The Development Fee shall be paid in installments according to the following schedule:

10.2.1 \$50,000 per month commencing upon the Effective Date and continuing monthly thereafter through Closing, provided this Agreement is not Terminated prior to the expiration of the Design Development Period pursuant to Section 4.4 above;

10.2.2 Twenty-five percent (25%) of the estimated total Development Fee, less the payments made pursuant to Section 10.2.1, shall be paid to AHA at Closing;

10.2.3 Sixty-five percent (65%) of the estimated total Development Fee, less the payments made pursuant to Sections 10.2.1 and 10.2.2, shall be paid to AHA over the projected period of construction, with payments to be made in equal monthly installments during the Construction Period which is initially estimated to be approximately twenty (20) months, provided if and to the extent the Development Schedule is extended in accordance with this Agreement, the remaining amount of the Development Fee payable pursuant to this Section 10.2.3 shall at that time be spread over, and the monthly installments of such remaining amount shall be recalculated based upon, the remaining extended term of the Construction Period; and

10.2.4 The total remaining amount of the Development Fee shall be paid to AHA upon Completion of the Project.

Payments of the Development Fee shall be payable by AHA and the City on a pro rata basis consistent with the payments of all other Shared Project Costs under Section 10.1.4 above, with AHA being responsible for paying 68.09% of such amounts from the Private Funding Contribution, and the City responsible for 31.91% of such amounts from the Public Funding Contribution but subject to the Public Funding Contribution Cap. Subject to Section 12.3 below, each installment of the Development Fee will be deemed fully earned upon the date the payment obligation accrues in accordance with this Section 10.2. As used herein, the term “**Fee Base**” means the total amount of Shared Project Costs contained in the final Development Budget, but specifically excluding any increases in the final Development Budget from those set forth in the Development Budget existing as of the Closing which are necessitated by Project Changes requested by AHA (for reasons other than the discovery of unforeseen circumstances affecting construction) under Section 6.4.1 hereof, or by cost overruns otherwise incurred by AHA in excess of the Development Budget not due to Project Changes requested by the City as provided in Section 6.4.2.

10.3 Expense Reimbursement. To the extent that such cost categories have been approved as a portion of the Shared Project Costs in the preliminary Master Project Budget approved by the Parties in accordance with Article 4, the City shall reimburse AHA for reasonable and verifiable out-of-pocket costs and expenses incurred by AHA in the performance of its obligations under this Agreement, in the pro rata amount of 31.91% of such amounts (subject to the maximum amount of the Public Funding Contribution). The types of such costs for which AHA shall be entitled to reimbursement shall include the actual out-of-pocket costs incurred in performing this Agreement, including all expenses for lodging, travel, telephone, telegrams, postage, air express and any other third-party expenses contracted pursuant to this Agreement, and any other incidental expenses that are directly related to the planning, development and construction of the Project and reasonably incurred by employees, Affiliates, Contractors and sub-Contractors of AHA.

10.4 Monthly Draw Requests. Following Closing, no more frequently than once every month, AHA shall submit draw requests to the City to request the transfer of funds in the Public Funds Account to pay AHA for the City’s 31.91% share of Shared Project Costs (including, as applicable, the Development Fee). Subject to the Public Funding Contribution Cap, the City shall pay or cause to be paid the amounts set forth in such draw requests to, or to the General Contractor if directed by, AHA, within fifteen (15) days after receipt of each such draw request and the satisfaction by AHA of each of the following conditions precedent:

10.4.1 No Event of Default. No Event of Default of AHA shall exist, and no event, occurrence or condition (of which the City has given AHA notice) that if not timely cured would ripen into an Event of Default of AHA shall have occurred and be continuing.

10.4.2 Officer’s Certificate. AHA shall have delivered to the City an officer’s certificate dated the date of the draw request, certifying that each of the conditions

precedent to the withdrawal from the Public Funds Account set forth herein has been satisfied or waived.

10.4.3 Title Policy Endorsement. AHA shall have provided to the City a “date down” and “disbursement” endorsement to the Title Policy, which endorsement shall increase the coverage of the Title Policy by the amount of such withdrawal, amend the effective date of such Title Policy to the date of such withdrawal and continue to insure the fee title of the City in and to the Conference Center Unit, without any exception for any lien for services, labor or material, and without exception for any other intervening matter of record.

10.4.4 Construction Matters. The City shall have received (i) a certificate from AHA confirming that (A) progress on construction of the Project has been sufficient to Complete the Project on or prior to the Completion Deadline, (B) there are no cost overruns or Project Changes of which AHA has not previously notified the City (or, if applicable, obtained the City’s prior written consent thereto) or which are not included in the current Monthly Cost Expenditures Schedule, and (C) the use of the Public Funding Contribution has and will comply with the requirements of this Agreement; (ii) an application for payment from the General Contractor for the construction period to which the draw request relates, in accordance with the requirements of the applicable construction agreement; and (iii) interim lien waivers in statutory form from the General Contractor and from subcontractors, vendors and material suppliers of any tier to the extent the same are required to deliver lien waivers pursuant to the construction agreement for the Project or are necessary to obtain an appropriate disbursement endorsement for the Title Policy.

10.4.5 Architect’s Certificates. AHA shall have delivered to the City a certificate from the Project Architect in and form and substance reasonably satisfactory to City, or, at AHA’s option, an Application for Payment (AIA Form G702) for the applicable withdrawal request signed by the Project Architect.

10.4.6 Inapplicability of Certain Conditions Precedent. Notwithstanding the foregoing, the conditions precedent set forth in Sections 10.4.3, 10.4.4, and 10.4.5 hereof shall be inapplicable to draw requests made prior to the date on which AHA has sent the Notice to Proceed to the General Contractor.

In any instance in which this Agreement provides that the City shall make payments to or at the direction of AHA within fifteen (15) days of receipt of an invoice, draw request or the like, the City shall endeavor to make such payment within fifteen (15) days or such other period less than fifteen (15) days to the extent reasonably possible in light of the City’s procedural requirements, but in all events such payments shall be made within no more than thirty (30) days after the City’s receipt of the applicable documentation.

10.5 Prohibition on Remuneration From Vendors. AHA, SHG, NAP, and Avalon North, and all Affiliates thereof, shall neither bargain for nor accept any gift or consideration (whether monetary or non-monetary) from the Contractors, Design Professionals, or suppliers, consultants, or other vendors of the Project, other than de minimis amounts or items of de

minimis value in the ordinary course of business. No Affiliate of AHA, SHG, NAP, or Avalon North shall perform services with respect to the Project in relation to matters which are included in Shared Project Costs for valuable consideration (other than the Development Fee or portions thereof) without the prior written approval of the City, which approval may be granted or withheld by the City in its sole discretion.

10.6 Updates to Schedules. During the Design Development Period and the Construction Period, AHA shall update the Development Schedule and the Monthly Cost Expenditures Schedule (or confirm that no updates are necessary) not less frequently than monthly and provide a copy thereof to the City.

ARTICLE 11 INSURANCE

11.1 Types of Coverage. AHA shall carry the following insurance coverages throughout the term of this Agreement, with insurers reasonably approved by the City, provided that during the Construction Period, AHA may cause the General Contractor to procure and maintain the insurance required under this Section 11.1.1 hereof (but not the insurance required under Section 11.1.2 hereof), and provided further that following Final Completion, AHA may cause the Operator to procure and maintain any such insurance:

11.1.1 “All risk” builder’s risk insurance, written on a completed value basis, in an amount not less than the total replacement cost of the Project under construction (excluding site preparation and grading, but specifically including paving, parking lots, foundations and other undersurface installations subject to collapse or damage by other insured perils), including, if applicable, the coverages available under the so-called “installation floater” and written on a 1991 Causes of Loss - Special Form, or its equivalent. This insurance shall insure against loss from the periods of Fire and Extended Coverage, including flood and earthquake, in such amounts and with such deductibles as shall be reasonably approved by the City, and the value of related soft costs as approved by the City. The builder’s risk policy shall be endorsed as follows:

“The following may occur without diminishing, changing, altering, or otherwise affecting the coverage and protection afforded the insured under this policy:

- (i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and
- (ii) Partial or complete occupancy by the insured.”

11.1.2 Commercial general liability insurance insuring the City and AHA against any and all liability for injury to or death of a person or persons and for damage to property in any way occasioned by or arising out of the activities of the City, AHA and their respective agents, contractors or employees, in connection with the design and construction of the Project, in the amount of at least Ten Million Dollars (\$10,000,000) (including umbrella liability) for property damage and for bodily injury or death of persons, or such higher amounts as may be required by Hotel Franchisor or Hotel Lender.

11.2 Policy Requirements. The following general requirements shall apply to all insurance coverage carried by AHA pursuant to Section 11.1:

11.2.1 To the extent available, each policy shall contain a clause whereby the insurer waives all rights of subrogation against the City and AHA, and in furtherance thereof, the City and AHA agree that in the event that the Project or the contents thereof is damaged or destroyed by fire or other casualty, each Party hereto waives its rights, if any, against the other Party with respect to such damage or destruction to the extent such damage or destruction is covered under the property insurance policy(ies) of the Party waiving such rights (or would have been covered had the Party waiving such rights carried the property insurance required hereunder to be carried by such Party);

11.2.2 The City and AHA shall be named as insureds in all policies hereunder as their respective interests may appear;

11.2.3 Such policies shall be with reputable insurance companies reasonably acceptable to AHA and licensed to do business in the State of Georgia;

11.2.4 AHA shall provide the City with policies or certificates of insurance evidencing such coverage prior to the start of construction;

11.2.5 Prior to expiration of any required coverage, AHA shall provide renewal policies or certificates of insurance evidencing renewal and payment of premium; and

11.2.6 The coverages must be non-cancelable unless the carrier provides to the City and AHA thirty (30) days' prior written notice of cancellation (ten (10) days in the case of non-payment of premiums).

11.3 Costs of Insurance. At all times prior to the earlier of (a) the Project Opening Date, and (b) Final Completion, the costs of the insurance coverages required to be maintained by AHA hereunder shall be Shared Project Costs. After such date, AHA shall be solely responsible for all costs of such insurance coverages, and the costs thereof shall be Operating Expenses (as defined in and pursuant to the Conference Center Lease).

11.4 Consultant Insurance. AHA shall cause the Design Professionals and the Contractors to maintain the insurance coverages in the amounts and complying with the requirements of Exhibit I attached hereto.

ARTICLE 12 EVENTS OF DEFAULT AND REMEDIES

12.1 Default by AHA. The occurrence of any of the following shall be an “**Event of Default**” by AHA under this Agreement:

12.1.1 The filing by AHA of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors' rights;

12.1.2 The consent by AHA to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

12.1.3 The entering of an order for relief against AHA or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of AHA in any involuntary proceeding, and the continuation of such order, judgment or decree unstayed for any period of ninety (90) consecutive days;

12.1.4 AHA's failure to pay or cause to be paid when due any sum of money owed by AHA to the City, or to fund or cause to be funded when due any sum of money to the Project, pursuant to this Agreement, and the continuation of such failure for ten (10) days after written notice from the City, specifying the nature and extent of any such default;

12.1.5 The failure of AHA to perform or to observe any covenant, obligation or requirement of this Agreement not otherwise specifically named as a default in this Section 12.1, and the continuation of such failure for thirty (30) days after written notice from the City specifying the nature and extent of any such default, or, if such default cannot reasonably be cured within such thirty (30)-day period, the failure to commence to cure such default within such thirty (30)-day period and to diligently continue to pursue such efforts to cure to completion, in no event to exceed ninety (90) days after the written notice of default;

12.1.6 The failure of AHA to cause the Project to be Completed on or prior to the Completion Deadline;

12.1.7 If AHA has ceased work on or abandoned the Project for thirty (30) consecutive days or more, or forty-five (45) non-consecutive days or more in any six (6) month period, in each case other than due to Force Majeure Delay or City Delay, and such failure has not been cured to the reasonable satisfaction of the City within thirty (30) days after written notice from the City to AHA;

12.1.8 The default by AHA under the Conference Center Lease beyond any applicable notice, cure and/or grace period set forth therein; or

12.1.9 The failure of AHA to remove or cause to be removed any and all liens for work done or materials furnished with respect to the Conference Center within thirty (30) days after notice to AHA of the filing thereof, unless such failure is caused by the City's default under this Agreement to make any disbursement of the Public Funding Contribution required to be made by the City.

12.1.10 The material default by AHA beyond applicable notice and cure periods under the Franchise Agreement, the Hotel and Conference Center Management Agreement, the Hotel Loan Agreement or related loan documents, such that the counterparty thereto has the right to terminate such agreement or exercise the other remedies that such party may have under such agreement, unless (and for so long as) such counterparty has affirmatively elected in writing to forbear enforcement of such termination right or other remedies.

12.2 Default by the City. The occurrence of any of the following shall be an “**Event of Default**” by the City under this Agreement:

12.2.1 The filing by the City of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors’ rights;

12.2.2 The consent by the City to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor’s rights;

12.2.3 The entering of any order for relief against the City or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of the City in any involuntary proceeding, and the continuation of such order, judgment or decree unstayed for any period of ninety (90) consecutive days;

12.2.4 The City’s failure to pay or cause to be paid when due any sum of money owed by the City to AHA pursuant to this Agreement, and the continuation of such failure for ten (10) days after written notice from AHA, as applicable, specifying the nature and extent of any such default;

12.2.5 The failure of the City to perform or to observe any nonmonetary covenant, obligation or requirement of this Agreement and the continuation of such failure for thirty (30) days after written notice from AHA specifying the nature and extent of any such default, or, if such default cannot reasonably be cured within such thirty (30)-day period, the failure to commence to cure such default within such thirty (30)-day period and to diligently continue to pursue such efforts to cure to completion, in no event to exceed ninety (90) days after the written notice of default; or

12.2.6 The default by the City under the Conference Center Lease beyond any applicable notice, cure and/or grace period set forth therein, or, if no such period is set forth therein, within the time to cure set forth in Section 12.2.5 above.

12.3 Remedies. Upon the occurrence and during the continuance of an Event of Default described in Section 12.1 or Section 12.2, the City (subject, however to the provisions of Article 14 below) or AHA, respectively, as the non-defaulting Party, may elect to (a) bring an action for specific performance of the defaulting Party’s obligations hereunder, or an action seeking to enjoin or restrain such Event of Default, the Parties hereby acknowledging and agreeing that remedies at law may not be adequate, or (b) seek any other remedy as may be available at law or in equity, including an action for damages and further including, without limitation, the right to Terminate this Agreement by giving written notice of such Termination to the defaulting Party, whereupon this Agreement shall Terminate as of the date specified in such notice (which date shall be on or after the date of the notice of Termination but prior to Closing). All remedies under this Agreement shall be cumulative and not restrictive of other remedies, other than as specifically set forth herein. Upon the occurrence and during the continuance of any Event of Default by AHA: (i) AHA’s right to collect Development Fees under this Agreement shall immediately cease retroactively as of the date the City first sent to AHA written notice of the default that ripened into such Event of Default, but AHA shall be entitled to and shall be paid all accrued but unpaid Development Fees owed to AHA under Section 10.2 up to

such date, if any, and the City's share of costs incurred by AHA through such date and provided for in the Master Project Budget with respect to design, development and construction of the Project in accordance with Section 10.3; and (ii) subject to the provisions of Article 14 below, the City shall be immediately relieved of any obligation to disburse or authorize the disbursement to AHA of the Public Funding Contribution.

ARTICLE 13 ASSIGNMENT

The Parties recognize that the City has selected AHA because of its unique abilities to develop the Project, therefore any assignment by AHA of its rights and obligations under this Agreement shall be subject to the consent of the City, through action of the City Council; provided, however, AHA shall have the right, with the consent of the City, which shall not be unreasonably withheld or delayed, to assign its rights and obligations under this Agreement to (A) any Affiliate of AHA (i) in which the Principals (or any of them) own at least fifty-one (51%) of the economic interest and voting control, or (ii) of which any of the Principals (or any of them, or an entity controlled by any of them) is the managing member or general partner; or (B) the Hotel Lender, as security for the Hotel Loan Agreement; or (C) to the Hotel Lender (or its designee) or other third party purchaser at a foreclosure sale of the Land. The City shall have the right to assign its rights and obligations under this Agreement to any government agency or authority, provided such assignee is empowered to perform this Agreement and has the financial ability to perform hereunder as determined in the reasonable opinion of AHA. Except as provided in the preceding two sentences, neither Party shall assign or transfer, or permit the assignment or transfer of, this Agreement without the prior written consent of the other Party. A permitted assignment by any Party of its interests in this Agreement shall not relieve the assigning Party from its obligations under this Agreement unless the non-assigning Parties shall expressly consent in writing to any such release. Any assignee of any Party's rights under this Agreement, as a condition of such assignment, shall execute an assumption of the assigning Party's duties and obligations under this Agreement arising from and after the date of such assignment and assumption, such assumption to be in form reasonably acceptable to the other Parties to this Agreement, whereupon (solely if the other Party consents in writing as required above) the assigning Party shall be relieved and released of and from its obligations under this Agreement arising from and after such date.

ARTICLE 14 HOTEL LENDER PROVISIONS

14.1 Project Mortgages. AHA shall have the right at any time after (but not before) Closing and from time to time thereafter to collaterally assign this Agreement as security for a Project Mortgage, provided that the fee or leasehold estate of AHA in the Hotel is likewise transferred, assigned, mortgaged and hypothecated as security for such Project Mortgage. A copy of any such Project Mortgage shall be delivered to the City and shall contain covenants as described in Subsections 14.1.1 through 14.1.4.

14.1.1 Proceeds and Awards. The net proceeds of all insurance policies, condemnation and similar awards shall be held in trust and used for the purposes and distributed, all in accordance with the provisions of the Conference Center Lease, the Condominium Documents, and the Development Authority Lease (for so long as the same is in effect).

14.1.2 Foreclosure. If action is brought to foreclose such Project Mortgage, the rents and subrents (if any), income and profits issuing from the Project may be collected either through a receiver appointed by a court after notice of application for such appointment has been given to AHA and the City by the Project Mortgagee. All such money collected shall be first applied for the payment of any Rent due and owing under the Conference Center Lease or other amounts to become due and owing to the City, then for any taxes, assessments and other impositions, insurance premiums or other charges due and payable by AHA under the Conference Center Lease and for all other maintenance and operating charges and disbursements incurred in connection with the operation and maintenance of the Project. The balance of such money shall be applied pursuant to the terms of the Project Mortgage.

14.1.3 Non-Disturbance. In the event of foreclosure of such Project Mortgage, the Project Mortgagee will not disturb the possession or right to possession of any tenant or subtenant of AHA, except for default by such tenant or subtenant, under its sublease.

14.1.4 Reassignment. Upon satisfaction and discharge of the Project Mortgage, the Project Mortgagee shall, by operation of law or as otherwise may be directed by the City, retransfer this Agreement, the Conference Center Lease and, if applicable, each and every sublease.

14.2 Registration of Project Mortgage. If any Project Mortgagee shall have delivered to the City a written notice stating the existence of a Project Mortgage and setting forth the name and address of such Project Mortgagee, the City thereafter shall give to such Project Mortgagee a copy of each notice of default for which provision is made under this Article 14 and which the City shall have given to AHA, each such copy to be addressed to such Project Mortgagee at the address last furnished to the City as provided hereinabove, and all such notices to Project Mortgagee to be provided at the same time at which they are given to AHA.

14.3 Performance by Project Mortgagee of AHA's Obligations. The City will accept performance by any Project Mortgagee of any term, covenant or condition of AHA's part to be performed hereunder, with the same force and effect as though timely performed by AHA if performed within the periods described in Subsections 14.3.1 and 14.3.2.

14.3.1 Monetary Defaults. As to any payment of money, within thirty (30) days after notice of such default to such Project Mortgagee.

14.3.2 Non-Monetary Defaults. As to all other defaults, within sixty (60) days after notice of such default to such Project Mortgagee, provided, however, the City will accept performance by such Project Mortgagee after such sixty (60)-day period if such Project Mortgagee provides a Cure Notice to the City and thereafter commences to cure

such default within thirty (30) days after such notice and is diligently and continuously proceeding therewith; provided, however, in the event the nature of such cure requires that such Project Mortgagee exercise its rights and remedies under its Project Mortgage in order to effect same, the aforesaid thirty (30) day period shall be extended for such time as is reasonably necessary to afford such Project Mortgagee the opportunity to commence and prosecute such cure, so long as such Project Mortgagee provides a Cure Notice to the City and thereafter proceeds promptly and with due diligence in pursuing its rights and remedies under such Project Mortgage and thereafter prosecutes said cure with all due diligence.

14.4 Project Mortgagee Remedies. The City shall not have any right to Terminate this Agreement by reason of an Event of Default during the time period that any Project Mortgagee shall reasonably require to exercise its rights under such Project Mortgage, provided that (i) such Project Mortgagee proceeds promptly to provide the City with a Cure Notice and thereafter promptly and with due diligence pursues its remedies under such Project Mortgage and thereafter prosecutes the same with all due diligence and likewise completes the same with all due diligence, and (ii) such Project Mortgagee shall pay to the City all amounts, if any, required to be paid by AHA hereunder which have accrued and which shall become due and payable during such period of time and performs all the other obligations of AHA hereunder which can be performed by such Project Mortgagee during such period of time. The City consents to the exercise by any Project Mortgagee of any and all rights and remedies permitted under its Project Mortgage and such other documents as may be executed by AHA in connection with such Project Mortgage, and to the exercise of such additional legal and equitable rights and remedies as may be available to such Project Mortgagee, in the event of a default or event of default under the Project Mortgage, with the parties hereto acknowledging and agreeing that all such rights and remedies of the Project Mortgagee are subject and subordinate to the terms, covenants and conditions of this Agreement, as modified herein. Furthermore, the City expressly agrees that from and after the Closing, neither the execution, delivery and/or recording of a Project Mortgage, nor the execution, delivery and/or recording or filing of any other instrument or agreement by AHA or a Project Mortgagee in connection with any such Project Mortgage, nor any other matters to which the City has given its consent herein, shall be deemed to constitute a default or Event of Default under this Agreement.

14.5 New Agreement. Should this Agreement be Terminated by the City for any reason after Closing, including, without limitation, for an Event of Default (subject to Section 14.4), the First Project Mortgagee shall then have the option (upon written notice to the City within thirty (30) days after receipt by the First Project Mortgagee of advice from the City that this Agreement has been so Terminated) for the First Project Mortgagee or any designee or nominee thereof to enter into a new agreement with the City from the date of such Termination of this Agreement for the remainder of the scheduled term of this Agreement, upon the same terms, covenants and conditions as are set forth in this Agreement, with the same relative priority as this Agreement and having the benefit of and vesting in the First Project Mortgagee or the designee or nominee thereof all of the rights, title interest, powers, privileges and obligations of AHA under this Agreement. In the event the First Project Mortgagee elects to obtain such new agreement, the First Project Mortgagee or its designee or nominee shall be obligated to (i) with respect to monetary defaults, pay to the City, within ten (10) days after delivery of notice of such election, all amounts, if any, due from AHA under this Agreement up to and including the date

of commencement of the term of such new agreement; (ii) to the extent curable, cure the nonmonetary default(s) upon which such Termination was based within a reasonable period of time following delivery of possession (delivery of possession being deemed to mean the date on which such new agreement is fully executed by the City and the First Project Mortgagee or its designee or nominee) not to exceed thirty (30) days following delivery of possession; provided, however, that in the case of any such curable nonmonetary default which cannot with diligence be cured within said thirty (30)-day period, the aforesaid thirty (30)-day period shall be extended for such time as is reasonably necessary to afford the First Project Mortgagee the opportunity to commence and prosecute such cure, so long as the First Project Mortgagee provides a Cure Notice and thereafter proceeds diligently and continuously to complete the cure, then the time within which such default may be cured shall be extended for such period as is reasonably necessary to complete the curing of such default; (iii) if the First Project Mortgagee is not vested with legal title in and to the Hotel, exercise its remedies under the Project Mortgage to obtain all of the right, title and interest of AHA in and to the Hotel within a reasonable period of time following the delivery of possession under such new agreement; and (iv) pay to the City all expenses and reasonable attorneys' fees incurred by the City in connection with the preparation, execution and delivery of such new agreement. Upon performance of clauses (i) (within such ten (10)-day period in said clause (i)) and (iv) in the immediately foregoing sentence by the First Project Mortgagee or the designee or nominee thereof, the City shall thereupon execute and deliver such new agreement to the First Project Mortgagee, or the designee or nominee thereof, having the same relative priority as this Agreement and having the benefit of all the right, title, interest, powers, privileges and obligations of AHA under this Agreement, until the Expiration of this Agreement unless such new agreement shall thereafter be sooner Terminated; provided, however, the City shall not be liable to First Project Mortgagee, or the designee or nominee thereof, for claims asserted by AHA under this Agreement as then Terminated. The First Project Mortgagee or the designee or nominee thereof shall be obligated under such new agreement only for the period that the First Project Mortgagee or the designee or nominee thereof shall be vested with title to all, or any estate or interest in, the fee simple or leasehold title to the Project.

14.6 Succession to AHA's Rights. In the event a Project Mortgagee shall ever become the owner of the rights and interests of AHA in and to the Project and this Agreement by reason of judicial foreclosure, nonjudicial trustee's sale or other proceedings brought by the Project Mortgagee to enforce its rights under its Project Mortgage, or through any other means or manner in connection with the loan secured by such Project Mortgage, the Project Mortgagee shall be deemed to be AHA's permitted successor and assignee under this Agreement and such successor shall be benefited and burdened by all of the rights, privileges and obligations of AHA under this Agreement; and the City shall be bound to the Project Mortgagee under all of the terms, covenants and conditions of this Agreement for the balance of the term hereof, all without the need to execute any further instruments on the part of the City, AHA or the Project Mortgagee to make such succession and assignment effective and binding upon the City; provided, however, that the Project Mortgagee or its direct successors or assigns shall not be (a) liable for any amounts due from AHA under this Agreement or (b) liable for any action or omission of AHA (other than its express obligations hereunder to cure defaults of a continuing nature).

14.7 No Surrender or Modification without Notice. Anything elsewhere herein contained to the contrary notwithstanding, the City and AHA mutually covenant and agree that

so long as there exists any unpaid Project Mortgage, neither this Agreement nor the Condominium Documents shall be modified, amended or altered, and the City shall not accept a cancellation or release of this Agreement by AHA prior to the Expiration or sooner Termination thereof, without the prior written Approval of the Project Mortgagee holding such Project Mortgage (such approval not to be unreasonably withheld, conditioned or delayed as to any proposed modification, amendment or alteration of this Agreement, but which may be withheld in such Project Mortgagee's sole discretion as to any cancellation or release of this Agreement by AHA), and any purported modification, amendment, alteration, cancellation or release made without such consent shall be ineffective and void as to such Project Mortgagee.

14.8 Successors and Assigns. For purposes of this Agreement, the term "**Project Mortgagee**" shall include a Project Mortgagee's successors, assigns, nominees and/or designees hereunder including, but not limited to, any person who acquires AHA's interest under this Agreement pursuant to a foreclosure of the Project Mortgagee's Project Mortgage. All references herein to the City and AHA shall likewise include their respective legal representatives, heirs, executors, and permitted successors and assigns for each such party (including, without limitation, any person, party or entity to whom either the City's and/or AHA's respective rights and interests in and under this Agreement may be assigned). This Agreement shall accordingly be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, and permitted successors and assigns. In the event a Project Mortgagee becomes a Party under this Agreement and intends to assign its interest in and to this Agreement, then the Project Mortgagee shall have the same assignment rights as AHA as set forth in Article 13 of this Agreement.

14.9 Modification. If, in connection with AHA's obtaining the Private Funding Contribution, including without limitation a Project Mortgage, any lender or investor shall request reasonable modifications of this Agreement as a condition to such investment or financing, the City will in good faith consider such modification of this Agreement. Such consideration shall not be unreasonably withheld or delayed by the City, provided such modifications do not increase the financial or other obligations of the City or adversely affect any of the rights created by this Agreement, which shall be determined in the City's sole discretion.

ARTICLE 15 ARBITRATION

Any dispute arising between or among the City and AHA under this Agreement shall be settled by a two-step process. The City and AHA shall submit to mediation before a mediator upon which they agree or, failing agreement, petition the Superior Court of Fulton County, GA, for appointment of a mediator. Should mediation not settle the dispute, it shall be settled by arbitration. AHA and the City shall attempt to agree upon a single arbitrator who is experienced in the hotel and conference center industry. If they cannot agree on a single arbitrator within ten (10) days of the conclusion of the mediation, The City and AHA shall each appoint an arbitrator within five (5) days thereafter, and within ten (10) days after the appointment of the last of the two arbitrators, arbitration proceedings shall be conducted according to the Commercial Rules of the American Arbitration Association. The decision of the arbitrator (or the decision of the

arbitration panel determined by averaging each of the arbitrators' determinations) shall be binding and conclusive, and judgment upon the award or decision of the arbitrator(s) may be entered in the appropriate court of law; and the Parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the court or a judge thereof may be served outside the State of Georgia to the parties' respective addresses set forth in Section 16.7, by certified or registered mail, return receipt requested, first class, postage prepaid, or by personal service, provided a reasonable time for appearance is allowed. The costs and expenses of such arbitration hereunder and their apportionment between the Parties shall be determined by the arbitrator(s) in the award or decision.

ARTICLE 16 MISCELLANEOUS

16.1 Waiver. The failure of any Party to insist upon strict performance of any of the terms or provisions of this Agreement or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy. No waiver by any Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.

16.2 Severability. If any clause or provision of this Agreement is or becomes illegal, invalid, or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity, then the remaining parts of this Agreement shall not be affected, unless such invalidity would create undue hardship on a Party, or is essential to the rights of any of them, in which event such Party has the right to Terminate this Agreement on written notice to the other Parties.

16.3 Exhibits. Each exhibit referred to in this Agreement is deemed attached to and incorporated by reference in this Agreement.

16.4 Applicable Law; Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia. Any action brought to enforce or interpret this Agreement shall be brought in the Superior Court of Fulton County, Georgia, which shall be the proper forum for any dispute arising hereunder, and in no other court.

16.5 Interpretation. For the purpose of construing this Agreement, unless the context indicates otherwise, words in the singular number shall be deemed to include words in the plural number and vice versa, words in one gender shall be deemed to include words in other genders, and the word "person" shall be deemed to include a corporation, partnership or other legal entity. Headings of Articles and Sections are inserted only for convenience and are not, and shall not be deemed, a limitation on the scope of the particular Articles or Sections to which they refer.

16.6 "Including". In this Agreement, whenever general words or terms are followed by the word "including" (or other forms of the word "include") and words of particular and specific meaning, the phrase "including without limitation," and the general words shall be construed in their widest extent, and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meaning.

16.7 Notices. All notices or other communications required or desired to be given with respect to this Agreement shall be in writing and shall be delivered by hand or by courier service, sent by registered or certified mail, return receipt requested, bearing adequate postage, or sent by nationally recognized overnight delivery service (such as Federal Express or UPS), and properly addressed as provided below. Each notice given by mail shall be deemed to be given by the sender when received or refused by the Party intended to receive such notice; each notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the Party intended to receive such notice or when such Party refuses to accept delivery of such notice; and each notice given by overnight delivery service shall be deemed to have been given and received on the next business day following deposit thereof with the overnight delivery company. Upon a change of address by either Party, such Party shall give written notice of such change to the other Parties in accordance with the foregoing. Inability to deliver a notice because of changed address or status of which no notice was given, shall be deemed to be receipt of the notice sent, effective as of the date such notice would otherwise have been received.

To the City:

City of Alpharetta
2 Park Plaza
Alpharetta, Georgia 30009
Attention: Hon. David Belle Isle, Mayor

with a copy to:

Bovis, Kyle, Burch & Medlin
200 Ashford Center North
Suite 500
Atlanta, Georgia 30338
Attention: C. Sam Thomas, Esq.

To AHA:

Stormont Hospitality Group, LLC
Riverwood 100
3350 Riverwood Parkway
Suite 1590
Atlanta, GA 30339
Attention: Mr. James M. Stormont, Jr.

and:

North American Properties-Atlanta, Ltd.
264 19th Street, Suite 2200
Atlanta, Georgia 30363
Attention: Mr. Mark C. Toro

with a copy to:

Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N. E.
Atlanta, GA 30326
Attention: G. Brian Butler, Esq.

16.8 Binding Effect. Subject to the limitations of Article 13, this Agreement shall be binding upon and shall inure to the benefit of the City and AHA and their respective successors and assigns.

16.9 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the Project and supersedes all prior understandings and writings, including, without limitation, the MOU and Term Sheet which shall be of no further force or effect upon execution of this Agreement, and this Agreement may be amended or modified only by a writing signed by the City and AHA.

16.10 Further Assurances. The Parties covenant to execute such additional documents and instruments as may be reasonably necessary to provide for the coordinated development, financing and operation of the Project, provided that none of such documents and instruments shall materially impair the executing Party's rights hereunder, or materially increase the executing Party's obligations hereunder.

16.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single document.

16.12 Role of the City. AHA hereby acknowledges that the City has entered into this Agreement in its role as the owner of the Conference Center Unit and not as a governing authority. Accordingly, the City's execution of this Agreement shall neither constitute nor be deemed to be governmental approval for any actions or interests contemplated herein, including without limitation, for the construction or occupancy of the Project, or for any other governmental approval or consent required to be obtained by AHA. Whenever in this Agreement the City is required to join in, consent, give its approval, or otherwise act under this Agreement, it is understood that such obligations are meant to apply to the City acting in its capacity as the owner of the Conference Center Unit and not in its capacity as a governing authority. Further, AHA hereby acknowledges that any and all decisions, determinations, consents, notifications or any other actions taken or to be taken by the City pursuant to this Agreement, whether or not specifically contemplated hereunder, may be taken by any City official or body, or by any City Specialists and Consultants designated by the City, pursuant to any means, mechanism or process as determined by the City in its sole discretion, and AHA shall have no right to question or challenge the propriety, authority or legality of any such official, body, designee or means, mechanism or process by which any such decision, determination, consent, notification, or other action is taken or to be taken hereunder by the City. Nothing in this Agreement shall be construed to waive any of City's powers, rights or obligations as a governing authority or local governing body, whether or not affecting the Project, including, but

not limited to its police power, right to grant or deny permits, approvals or licenses, right to collect taxes or other fees, or any other power, right or obligation whatsoever but AHA has not and does not waive its right to question or challenge the propriety, authority or legality of any such action. Any approval granted by the City hereunder is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulations or any other governmental approval, nor does any approval by the City pursuant to this Agreement constitute endorsement of the quality, structural soundness, safety of the Project, or the compliance of the Project (or AHA's development thereof) with applicable Requirements. Neither the City nor any director, elected official, council member, officer, employee or agent of the City will be personally responsible for any liability of the City arising under or related to this Agreement.

16.13 No Indemnification. Notwithstanding any other term or provision of this Agreement to the contrary, the City shall have no obligation to explicitly or implicitly indemnify or hold harmless AHA or any third party or parties from any liability whatsoever.

16.14 No Rights in Third Parties. No provision of this Agreement shall create in the public, or in any person or entity other than those signing this Agreement as parties hereto, rights as a third party beneficiary hereunder, or authorize any person or entity, not a party hereto, to maintain any action for personal injury, property damage, or breach of contract pursuant to the terms of this Agreement or otherwise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above stated.

“City”:

CITY OF ALPHARETTA,
a political subdivision of the State of Georgia

By: _____
Name: _____
Title: _____

Attest: _____
Name: _____
Title: _____

“AHA”:

AVALON HOTEL ASSOCIATES, LLC, a
Delaware limited liability company

By: AVALON HOTEL DEVELOPERS, LLC, a
Delaware limited liability company, its Sole
Member

By: SHG AVALON INVESTORS, LLC, a
Georgia limited liability company, its
Managing Member

By: STORMONT HOSPITALITY GROUP,
LLC, a Georgia limited liability
company, its Manager

By: _____
Name: James M. Stormont, Jr.
Title: President

Avalon North and NAP hereby join in this Agreement solely for purposes of binding themselves to the provisions of Sections 2.2.2(a)-(b) and 10.5 hereof.

“AVALON NORTH”

AVALON NORTH, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

“NAP”

**NORTH AMERICAN PROPERTIES-
ATLANTA, LTD.,**
a Georgia limited partnership

By: _____
Name: _____
Title: _____

“SHG”

STORMONT HOSPITALITY GROUP, LLC
a Georgia limited liability company

By: _____
Name: James M. Stormont, Jr.
Title: President

EXHIBIT A

Legal Description of Land

All that tract or parcel of land lying and being in Land Lot 854 of the 1st District, 2nd Section, Fulton County, Georgia, and being more particularly described as follows:

Commencing at a PK nail set at the intersection of the northern right-of-way of Old Milton Parkway (aka Georgia State Route 120 and State Bridge Road) (variable right-of-way) with the western right-of-way of Georgia State Route 400 (variable right-of-way); Thence along said right-of-way of Georgia State Route 400 the following courses and distances: North 80 degrees 15 minutes 40 seconds East a distance of 143.58 feet to a concrete monument found; North 02 degrees 13 minutes 52 seconds West a distance of 45.43 feet to a concrete monument found; North 87 degrees 21 minutes 53 seconds East a distance of 45.04 feet to a concrete monument found; South 02 degrees 19 minutes 45 seconds East a distance of 39.92 feet to a concrete monument found; North 80 degrees 15 minutes 48 seconds East a distance of 25.39 feet to a 5/8-inch rebar set; North 64 degrees 26 minutes 50 seconds East a distance of 188.24 feet to a point; North 33 degrees 55 minutes 41 seconds East a distance of 248.16 feet to a point; North 34 degrees 20 minutes 09 seconds East a distance of 226.06 feet to a point; North 34 degrees 30 minutes 56 seconds East a distance of 78.89 feet to a point; said point being the **POINT OF BEGINNING**, Thence leaving said right-of-way Thence North 90 degrees 00 minutes 00 seconds West a distance of 424.65 feet to a point; Thence North 00 degrees 00 minutes 00 seconds East a distance of 464.15 feet to a point; Thence North 07 degrees 57 minutes 55 seconds East a distance of 54.53 feet to a point; Thence North 00 degrees 00 minutes 09 seconds East a distance of 58.33 feet to a point; Thence along a curve to the left having a radius of 102.50 feet and an arc length of 19.37 feet, being subtended by a chord bearing of North 06 degrees 00 minutes 49 seconds East for a distance of 19.34 feet to a point; Thence North 00 degrees 35 minutes 57 seconds East a distance of 54.08 feet to a point; Thence along a curve to the right having a radius of 44.63 feet and an arc length of 14.84 feet, being subtended by a chord bearing of North 09 degrees 09 minutes 57 seconds East for a distance of 14.78 feet to a point located on the southern right-of-way of Westside Parkway (variable right-of-way); Thence along said right-of-way the following courses and distances: thence South 89 degrees 54 minutes 06 seconds East a distance of 12.15 feet to a point; North 89 degrees 29 minutes 28 seconds East a distance of 10.03 feet to a point; North 00 degrees 00 minutes 00 seconds West a distance of 10.00 feet to a point; along a curve to the left having a radius of 410.00 feet and an arc length of 319.61 feet, being subtended by a chord bearing of North 66 degrees 26 minutes 48 seconds East for a distance of 311.58 feet to a point; Thence leaving said right-of-way, South 89 degrees 54 minutes 57 seconds East a distance of 33.23 feet to a point; Thence South 44 degrees 43 minutes 10 seconds East a distance of 279.56 feet to a point located on the western right-of-way of Georgia State Route 400; Thence along said right-of-way the following courses and distances: South 65 degrees 39 minutes 01 seconds East a distance of 154.77 feet to a point; South 25 degrees 08 minutes 40 seconds West a distance of 517.78 feet to a point; South 34 degrees 30 minutes 56 seconds West a distance of 82.21 feet to a point; said point being the **POINT OF BEGINNING**.

Said tract of land contains 9.223 acres.

EXHIBIT B

**Initial Master Project Budget
Including
Initial Development Budget**

[Attached hereto]

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Initial Development Cost Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106 (GC Calc)	COST PER KEY TOTAL = 325
<u>LAND, SOFT, CONSTRUCTION, & FF&E COSTS</u>		<u>SUMMARY BUDGET</u>			<u>Shared Item Percent</u> 68.09%	<u>Shared Item Percent</u> 31.91%			
	TOTAL LAND AND IMPROVEMENTS		Excluded	9,075,000	9,075,000	0	8.47%	33.23	27,923
	SOFT COSTS		Shared	8,883,860	6,049,020	2,834,840	8.29%	32.53	27,335
	SOFT COSTS CONTINGENCY		Shared	18,158	12,364	5,794	0.02%	0.07	56
	GENERAL CONSTRUCTION		Shared	65,793,608	44,798,868	20,994,740	61.37%	240.91	202,442
	GENERAL CONSTRUCTION CONTINGENCY		Shared	3,209,000	2,185,008	1,023,992	2.99%	11.75	9,874
	FURNITURE, FIXTURES, & EQUIPMENT		Shared	9,353,858	6,369,042	2,984,816	8.73%	34.25	28,781
	FF&E CONTINGENCY		Shared	319,996	217,886	102,111	0.30%	1.17	985
SUB TOTAL LAND, SOFT COSTS, CONSTRUCTION, & FF&E				96,653,480	68,707,187	27,946,293	90.16%	353.90	297,395
<u>OPERATIONS-RELATED COSTS</u>									
	OPERATING SUPPLIES & EQUIPMENT		Shared	4,511,288	3,071,736	1,439,552	4.21%	16.52	13,881
	WORKING CAPITAL		Excluded	305,000	305,000	0	0.28%	1.12	938
	PRE-OPENING COSTS & OTHER		Shared	1,922,357	1,308,933	613,424	1.79%	7.04	5,915
SUB-TOTAL OPERATIONS-RELATED COSTS				6,738,645	4,685,669	2,052,976	6.29%	24.67	20,734
<u>LEGAL, FINANCING, & CLOSING COSTS</u>									
	TOTAL BROKERAGE & LOAN COSTS		Excluded	1,328,500	1,328,500	0	1.24%	4.86	4,088
	INTEREST RESERVES & RELATED COSTS		Excluded	1,700,000	1,700,000	0	1.59%	6.22	5,231
	LEGAL, CLOSING COSTS, DEVELOPMENT PROFIT, OTHER		Excluded	779,376	779,376	0	0.73%	2.85	2,398
SUB-TOTAL LEGAL, FINANCING, & CLOSING COSTS				3,807,876	3,807,876	0	3.55%	13.94	11,717
SUB-TOTAL ALLOCATED DEVELOPMENT COSTS				107,200,000	77,200,731	29,999,269	100.00%	392.52	329,846
	APPLY CONFERENCE CENTER COST CAP	\$24,900,000		0	5,099,269	(5,099,269)	0.00%	0.00	0
TOTAL ALLOCATED COSTS AND FUNDING OBLIGATIONS				107,200,000	82,300,000	24,900,000	100.00%	392.52	329,846

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106 (GC Calc)	COST PER KEY TOTAL = 325
<u>LAND, SOFT, CONSTRUCTION, & FF&E COSTS</u>				<u>SUMMARY BUDGET</u>		Shared Item Percent 68.09%	Shared Item Percent 31.91%		
	TOTAL LAND AND IMPROVEMENTS		Excluded	9,075,000	9,075,000	0	8.47%	33.23	27,923
	SOFT COSTS		Shared	8,883,860	6,049,020	2,834,840	8.29%	32.53	27,335
	SOFT COSTS CONTINGENCY		Shared	18,158	12,364	5,794	0.02%	0.07	56
	GENERAL CONSTRUCTION		Shared	65,793,608	44,798,868	20,994,740	61.37%	240.91	202,442
	GENERAL CONSTRUCTION CONTINGENCY		Shared	3,209,000	2,185,008	1,023,992	2.99%	11.75	9,874
	FURNITURE, FIXTURES, & EQUIPMENT		Shared	9,353,858	6,369,042	2,984,816	8.73%	34.25	28,781
	FF&E CONTINGENCY		Shared	319,996	217,886	102,111	0.30%	1.17	985
SUB TOTAL LAND, SOFT COSTS, CONSTRUCTION, & FF&E				96,653,480	68,707,187	27,946,293	90.16%	353.90	297,395
<u>OPERATIONS-RELATED COSTS</u>									
	OPERATING SUPPLIES & EQUIPMENT		Shared	4,511,288	3,071,736	1,439,552	4.21%	16.52	13,881
	WORKING CAPITAL		Excluded	305,000	305,000	0	0.28%	1.12	938
	PRE-OPENING COSTS & OTHER		Shared	1,922,357	1,308,933	613,424	1.79%	7.04	5,915
SUB-TOTAL OPERATIONS-RELATED COSTS				6,738,645	4,685,669	2,052,976	6.29%	24.67	20,734
<u>LEGAL, FINANCING, & CLOSING COSTS</u>									
	TOTAL BROKERAGE & LOAN COSTS		Excluded	1,328,500	1,328,500	0	1.24%	4.86	4,088
	INTEREST RESERVES & RELATED COSTS		Excluded	1,700,000	1,700,000	0	1.59%	6.22	5,231
	LEGAL, CLOSING COSTS, DEVELOPMENT PROFIT, OTHER		Excluded	779,376	779,376	0	0.73%	2.85	2,398
SUB-TOTAL LEGAL, FINANCING, & CLOSING COSTS				3,807,876	3,807,876	0	3.55%	13.94	11,717
SUB-TOTAL ALLOCATED DEVELOPMENT COSTS				107,200,000	77,200,731	29,999,269	100.00%	392.52	329,846
	APPLY CONFERENCE CENTER COST CAP	\$24,900,000		0	5,099,269	(5,099,269)	0.00%	0.00	0
TOTAL ALLOCATED COSTS AND FUNDING OBLIGATIONS				107,200,000	82,300,000	24,900,000	100.00%	392.52	329,846

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106 (GC Calc)	COST PER KEY TOTAL = 325
<u>LAND AND IMPROVEMENTS</u>		<u>DETAILED BUDGET</u>							
17001	<u>LAND COST</u>								
.05	Land	Contract Price		9,375,000	9,375,000	0	8.75%	34.33	28,846
.10	Land - Other	Soil Conditions Credit		-300,000	-300,000	0	-0.28%	(1.10)	-923
.15	Other			0	0	0	0.00%	0.00	0
17001	LAND COST SUMMARY			9,075,000	9,075,000	0	8.47%	33.23	27,923
17002	<u>BUILDINGS AND IMPROVEMENTS PURCHASED</u>								
.05	Buildings and Improvements			0	0	0	0.00%	0.00	0
.10	Parking			0	0	0	0.00%	0.00	0
17002	BUILDINGS & IMPROVEMENTS SUMMARY			0	0	0	0.00%	0.00	0
TOTAL LAND & PURCHASED IMPROVEMENTS				9,075,000	9,075,000	0	8.47%	33.23	27,923
<u>SOFT COSTS</u>									
17003	<u>PRE-DEVELOPMENT COSTS</u>								
.05	PDC- Professional Fees	Detailed elsewhere		201,324	137,081	64,242	0.19%	0.74	619
.10	PDC- Professional Reimbursables			0	0	0	0.00%	0.00	0
.15	PDC- Special Presentations			0	0	0	0.00%	0.00	0
.20	PDC- Public Relations			0	0	0	0.00%	0.00	0
.25	PDC- Advertising			0	0	0	0.00%	0.00	0
.30	PDC- Zoning/Regulatory/Traffic Studies			0	0	0	0.00%	0.00	0
.35	PDC- Legal Fees			0	0	0	0.00%	0.00	0
.40	PDC- Franchise Application Fee - Hotel	Included below		0	0	0	0.00%	0.00	0
.45	PDC- Franchise Application Restaurant			0	0	0	0.00%	0.00	0
.50	PDC- Technical Services			0	0	0	0.00%	0.00	0
.55	PDC- Project Personnel			0	0	0	0.00%	0.00	0
.60	PDC- Travel & Reimburseables			0	0	0	0.00%	0.00	0
.65	PDC- Settlement Costs			0	0	0	0.00%	0.00	0
.70	PDC- Market Feasibility Study			0	0	0	0.00%	0.00	0
.75	PDC- Appraisal			0	0	0	0.00%	0.00	0
.80	PDC- Miscellaneous			10,922	7,437	3,485	0.01%	0.04	34
17003	PRE-DEVELOPMENT COSTS SUMMARY			212,246	144,519	67,728	0.20%	0.78	653
17004	<u>DEVELOPMENT & TECHNICAL SERVICES</u>								
.05	Development Fee and Overhead		4.00%	3,626,942	2,469,585	1,157,357	3.38%	13.28	11,160
.10	Equity Contribution & Other			0	0	0	0.00%	0.00	0
17004	DEVELOP & TECH SERVICES SUMMARY			3,626,942	2,469,585	1,157,357	3.38%	13.28	11,160

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT	COST PER KEY
								TOTAL = 273,106	TOTAL = 325
								(GC Calc)	
17006	<u>CONSULTANTS' FEES & REIMBURSABLES</u>								
.02	Allowances			0	0	0	0.00%	0.00	0
.04	Surveys (Existing, Boundry, Foundations)	Geosurvey	Estimate	18,000	12,256	5,744	0.02%	0.07	55
.06	Geo-Tech, Soils, Testing & Environmental	Contour	Proposal	270,000	183,843	86,157	0.25%	0.99	831
.08	Environmental Consultant Fee	N/A		0	0	0	0.00%	0.00	0
.10	Environmental Consultant Reimbursables	N/A		0	0	0	0.00%	0.00	0
.12	Civil Engineer Fees	Kimley Horn	Proposal	99,000	67,409	31,591	0.09%	0.36	305
.14	Civil Engineer Reimbursables	Kimley Horn	Estimate	4,500	3,064	1,436	0.00%	0.02	14
.20	Architect Fees	Cooper Carry	Proposal	2,360,500	1,607,264	753,236	2.20%	8.64	7,263
.21	Architect Reimbursables (inc sub-markups)	Cooper Carry	Estimate	80,000	54,472	25,528	0.07%	0.29	246
.22	Architect Masterplanning	N/A		0	0	0	0.00%	0.00	0
.23	Architect Redesign/Extra Services	Cooper Carry	Estimate	25,000	17,023	7,978	0.02%	0.09	77
.24	- Structural Engineers Fees	Uzun & Case	Inc. in Arch	0	0	0	0.00%	0.00	0
.25	- Structural Engineers Reimbursables	Uzun & Case	Inc. in Arch	0	0	0	0.00%	0.00	0
.26	- MEP Design Fees	Barrett Woodyard	Inc. in Arch	0	0	0	0.00%	0.00	0
.27	- MEP Design Reimbursables	Barrett Woodyard	Inc. in Arch	0	0	0	0.00%	0.00	0
.28	- Kitchen Consultant Fees	Food Strategies	Proposal	50,000	34,045	15,955	0.05%	0.18	154
.29	- Kitchen Consultant Reimbursables	Food Strategies		0	0	0	0.00%	0.00	0
.30	- Laundry Consultant Fee	N/A		0	0	0	0.00%	0.00	0
.31	- Laundry Consultant Reimbursables	N/A		0	0	0	0.00%	0.00	0
.32	- A/V Consultant Fees	Network Technologies	Proposal	65,000	44,259	20,742	0.06%	0.24	200
.33	- A/V Consultant Reimbursables	Network Technologies		0	0	0	0.00%	0.00	0
.34	- IT & Telephone System Consultant Fees	Network Technologies	Inc. in A/V	0	0	0	0.00%	0.00	0
.35	- IT & Telephone Consultant Reimb.	Network Technologies	Inc. in A/V	0	0	0	0.00%	0.00	0
.36	- Specialty Systems/Security	N/A		0	0	0	0.00%	0.00	0
.37	- Specialty Systems/Security Reimbursable	N/A		0	0	0	0.00%	0.00	0
.38	- Roof Consultant Fees	Inc in Waterproofing		0	0	0	0.00%	0.00	0
.39	- Roof Consultant Reimbursables	Inc in Waterproofing		0	0	0	0.00%	0.00	0
.40	- Exterior Lighting Design	TBD	Estimate	22,500	15,320	7,180	0.02%	0.08	69
.41	- Exterior Lighting Reimbursables	TBD		0	0	0	0.00%	0.00	0
.42	- Waterproofing Consultant Fees	Williamson	Proposal	25,000	17,023	7,978	0.02%	0.09	77
.43	- Waterproofing Consultant Reimbursables	Williamson		0	0	0	0.00%	0.00	0
.44	- Pool Equipment Consultant Fees	N/A		0	0	0	0.00%	0.00	0
.45	- Pool Equipment Reimbursables	N/A		0	0	0	0.00%	0.00	0
.46	- Elevator Consultant Fees	Lerch Bates	Proposal	2,000	1,362	638	0.00%	0.01	6
.47	- Elevator Consultant Reimbursables	Lerch Bates		0	0	0	0.00%	0.00	0
.48	Branding Consultant and Design	Korn Design	Prelim	260,000	177,034	82,966	0.24%	0.95	800
.49	Branding Consultant Reimbursables	Korn Design		10,000	6,809	3,191	0.01%	0.04	31

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT	COST PER KEY
								TOTAL = 273,106	TOTAL = 325
								(GC Calc)	
.50	Interior Designer Fees	TBD	Estimate	500,000	340,450	159,550	0.47%	1.83	1,538
.51	Interior Designer Reimbursables	TBD	Estimate	25,000	17,023	7,978	0.02%	0.09	77
.52	Interior Designer Redesign/Extra Services	TBD	Estimate	25,000	17,023	7,978	0.02%	0.09	77
.53	- Restaurant Design		Inc. in ID	0	0	0	0.00%	0.00	0
.54	- Restaurant Consultant Reimbursables		Inc. in ID	0	0	0	0.00%	0.00	0
.55	- Lighting Consultant Fees	CD+M		95,000	64,686	30,315	0.09%	0.35	292
.56	- Lighting Consultant Reimbursables	CD+M		0	0	0	0.00%	0.00	0
.57	Graphics Designer (Interior & Exterior)	Cooper Carry	Proposal	75,000	51,068	23,933	0.07%	0.27	231
.58	Graphics Designer Reimbursables	Cooper Carry		0	0	0	0.00%	0.00	0
.60	Landscape Architect Fees	Site Solutions	Proposal	70,000	47,663	22,337	0.07%	0.26	215
.61	Landscape Architect Reimbursables	Site Solutions		0	0	0	0.00%	0.00	0
.62	Golf Course Architect	N/A		0	0	0	0.00%	0.00	0
.63	Golf Course Architect Reimbursables	N/A		0	0	0	0.00%	0.00	0
.64	Cost Consultant	Assumes None		0	0	0	0.00%	0.00	0
.65	Cost Consultant Reimbursables	Assumes None		0	0	0	0.00%	0.00	0
.66	Scheduling Consultant	Assumes None		0	0	0	0.00%	0.00	0
.67	Spa Consultant	N/A		0	0	0	0.00%	0.00	0
.68	Spa Consultant Reimbursables	N/A		0	0	0	0.00%	0.00	0
.69	Acoustics Consultant Fees	Arpeggio	Estimate	10,000	6,809	3,191	0.01%	0.04	31
.70	Acoustics Consultant Reimbursables	Arpeggio		0	0	0	0.00%	0.00	0
.71	LEED Consultant	H2 ecodesign	Proposal	40,000	27,236	12,764	0.04%	0.15	123
.72	LEED Submittal	TBD		0	0	0	0.00%	0.00	0
.73	LEED Commissioning	TBD		0	0	0	0.00%	0.00	0
.74	LEED Reimbursables	TBD		0	0	0	0.00%	0.00	0
.75	Leased Restaurant Design		N/A	0	0	0	0.00%	0.00	0
.76	Leased Restaurant Design Reimbursables		N/A	0	0	0	0.00%	0.00	0
.77	Leased Restaurant Kitchen Design		N/A	0	0	0	0.00%	0.00	0
.78	Leased Restaurant Kitchen Reimbursables		N/A	0	0	0	0.00%	0.00	0
.79	Leased Restaurant A/V & Special Systems Consultant		N/A	0	0	0	0.00%	0.00	0
.80	Leased Restaurant A/V & Special Systems Reimbursables		N/A	0	0	0	0.00%	0.00	0
.81	Leased Restaurant Interior Designer		N/A	0	0	0	0.00%	0.00	0
.82	Energy Modeling	Barrett Woodyard		25,000	17,023	7,978	0.02%	0.09	77
.90	Other Design Costs & Contingencies	Allowance	6.05%	18,158	12,364	5,794	0.02%	0.07	56
17006	MISC CONSULT FEES & REIMB SUMMARY		(Total Percent of Hard Costs)	4,174,658	2,842,524	1,332,133	3.89%	15.29	12,845
17007	<u>BUILDING PERMIT & FEES</u>								
.05	Building permits			0	0	0	0.00%	0.00	0
.10	Regulatory Fees			0	0	0	0.00%	0.00	0
.20	Sewer Fee			0	0	0	0.00%	0.00	0
.25	Water Tap Fee			0	0	0	0.00%	0.00	0
.30	Impact Fees			0	0	0	0.00%	0.00	0
.35	Other Permitting Fees	Allowance - Per NAP		446,000	303,681	142,319	0.42%	1.63	1,372
17007	BUILDING PERMITS/FEES SUMMARY			446,000	303,681	142,319	0.42%	1.63	1,372

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
								(GC Calc)	
17008	<u>PROJECT INSURANCE & BONDS</u>								
.05	Payment & Performance Bonds	Allowance	0.65%	417,171	284,052	133,119	0.39%	1.53	1,284
.10	Project Insurance	Excess to GC Coverage		25,000	17,023	7,978	0.02%	0.09	77
.15	Builder's Risk	(Inc in GC Cost)		0	0	0	0.00%	0.00	0
17008 PROJECT INSURANCE AND BONDS SUMMARY				442,171	301,074	141,097	0.41%	1.62	1,361
TOTAL SOFT COSTS				8,902,017	6,061,384	2,840,634	8.30%	32.60	27,391
<u>GENERAL CONSTRUCTION</u>									
17020	<u>GENERAL CONTRACTOR</u>								
.05	General Construction - Sitework	B&G	Conceptual	2,544,545	1,732,581	811,964	2.37%	9.32	7,829
.10	General Construction - Conference Center	B&G	Conceptual	14,354,754	9,774,152	4,580,602	13.39%	52.56	44,168
.15	General Construction - Hotel	B&G	Conceptual	38,555,336	26,252,328	12,303,008	35.97%	141.17	118,632
.20	General Construction - Shared Areas	B&G	Conceptual	2,021,333	1,376,326	645,007	1.89%	7.40	6,219
.25	Parking Deck	B&G	Conceptual	5,204,240	3,543,567	1,660,673	4.85%	19.06	16,013
.27	Other Allowances and Add Alternates (below)	B&G	Allowance	1,500,000	1,021,350	478,650	1.40%	5.49	4,615
.30	Spa Finishes upgrades	Separate Allowance		0	0	0	0.00%	0.00	0
.35	Utilities to Site	Master Developer		0	0	0	0.00%	0.00	0
.40	Other			0	0	0	0.00%	0.00	0
17020 GENERAL CONTRACTOR SUMMARY				64,180,208	43,700,304	20,479,904	59.87%	235.00	197,478
Per B&G 2/5/15 Estimate									
17021	<u>EXTERIOR SIGNAGE</u>								
.05	Exterior Building Signage	Allowance		90,000	61,281	28,719	0.08%	0.33	277
.06	Restaurant Signage			0	0	0	0.00%	0.00	0
.10	Ground Mounted / Front Entrance Signage			0	0	0	0.00%	0.00	0
.20	Traffic Signage			0	0	0	0.00%	0.00	0
.25	Exterior Graphics			0	0	0	0.00%	0.00	0
.98	Exterior Signage - Tax		8%	7,200	4,902	2,298	0.01%	0.03	22
.99	Exterior Signage - Freight	Inc. in 17021.05		0	0	0	0.00%	0.00	0
17021 EXTERIOR SIGNAGE SUMMARY				97,200	66,183	31,017	0.09%	0.36	299
17022	<u>INTERIOR SIGNAGE & GRAPHICS</u>								
.05	Interior Signage	Allowance	\$200	65,000	44,259	20,742	0.06%	0.24	200
.10	Electronic Signage	Inc in GC		0	0	0	0.00%	0.00	0
.98	Interior Signage - Tax		8%	5,200	3,541	1,659	0.00%	0.02	16
.99	Interior Signage - Freight	Inc. in 17022.05		0	0	0	0.00%	0.00	0
17022 INTERIOR SIGNAGE SUMMARY				70,200	47,799	22,401	0.07%	0.26	216

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
								(GC Calc)	
17024	PROJECT MANAGEMENT COSTS								
.05	Development Manager	Included in 17004		0	0	0	0.00%	0.00	0
.06	Development Manager Reimbursables			0	0	0	0.00%	0.00	0
.10	Project Personnel	Included above		0	0	0	0.00%	0.00	0
.15	Project Reimbursable Expenses - Other	Allowance		30,000	20,427	9,573	0.03%	0.11	92
.20	Travel Expense	Included above		0	0	0	0.00%	0.00	0
.21	Accounting & Tax Fees & Costs	Allowance		40,000	27,236	12,764	0.04%	0.15	123
.30	Audit Fees	Allowance		40,000	27,236	12,764	0.04%	0.15	123
.35	Owner Required Testing	Allowance		36,000	24,512	11,488	0.03%	0.13	111
17024	PROJECT MANAGEMENT COSTS SUMMARY			146,000	99,411	46,589	0.14%	0.53	449
17025	CONSTRUCTION CONTINGENCY & OTHER								
.05	Construction - Design Evolution			0	0	0	0.00%	0.00	0
.10	Hard Cost Contingency Reserves	(Post GMP)	5.00%	3,209,000	2,185,008	1,023,992	2.99%	11.75	9,874
17025	CONSTRUCTION CONTINGENCY SUMMARY			3,209,000	2,185,008	1,023,992	2.99%	11.75	9,874
17026	MISC. CONSTRUCTION COSTS & ALTERNATES (Pending SD Pricing)								
.05	Millwork	Inc. in GC		0	0	0	0.00%	0.00	0
.10	Leased Restaurant TI Allowance	N/A		0	0	0	0.00%	0.00	0
.15	Landscape, Hardscape, Exterior	Inc. in GC		0	0	0	0.00%	0.00	0
.20	Site Lighting/Re-lamping/bulb replacement	Inc. in GC		0	0	0	0.00%	0.00	0
.25	Public Kinetic Art / Fountain	Inc. in GC		0	0	0	0.00%	0.00	0
.30	Add Back Structural Support in Ballrooms	Allowance Inc Above		0	0	0	0.00%	0.00	0
.35	Delete front desk allowance	Allowance Inc Above		0	0	0	0.00%	0.00	0
.40	Reduce Size of Restaurant	Allowance Inc Above		0	0	0	0.00%	0.00	0
.45	Add/Expand Bar on Second Floor & Lobby	Allowance Inc Above		0	0	0	0.00%	0.00	0
.50	Outdoor Pool and Catering Deck	Allowance Inc Above		0	0	0	0.00%	0.00	0
.55	Incremental Skin Cost due to Spa Addition	Allowance Inc Above		0	0	0	0.00%	0.00	0
.60	Grand Stairway in Hotel Lobby	Allowance Inc Above		0	0	0	0.00%	0.00	0
.65	Additional Elevators in Current Plans	Allowance Inc Above		0	0	0	0.00%	0.00	0
.70	Elevator for Spa Access	Allowance Inc Above		0	0	0	0.00%	0.00	0
.75	Upgraded Guest Bath and Shower	Allowance Inc Above		0	0	0	0.00%	0.00	0
.78	Parking Contribution to Southside Deck	To be Allocated from GC	TBD	0	0	0	0.00%	0.00	0
.80	Spa Tenant Improvement Allowance	Cap Per Exhale		1,300,000	885,170	414,830	1.21%	4.76	4,000
17026	MISCELLANEOUS CONSTRUCTION COSTS			1,300,000	885,170	414,830	1.21%	4.76	4,000
TOTAL GENERAL CONSTRUCTION AND RELATED				69,002,608	46,983,876	22,018,732	64.37%	252.66	212,316

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
								(GC Calc)	
<u>FURNITURE FIXTURES & EQUIPMENT</u>		(Inc all Carpet, VWC, and artwork, among others)							
17031	Guestroom FF&E - Typical (including baths)	300	\$11,358	3,691,350	2,513,440	1,177,910	3.44%	13.52	11,358
17032	Guestroom FF&E - Suites & Concierge	25	\$15,000	479,560	326,532	153,028	0.45%	1.76	1,476
17034	Guestroom Corridors		\$788	256,230	174,467	81,763	0.24%	0.94	788
17041	Lobby & Public Restrooms FF&E			94,689	64,474	30,215	0.09%	0.35	291
17042	Restaurant/Lounge FF&E	196	\$900	176,400	120,111	56,289	0.16%	0.65	543
17043	Ballroom & Prefunction FF&E	22,500	\$43	972,000	661,835	310,165	0.91%	3.56	2,991
17044	Meeting & Boardroom FF&E	6,700	\$47	313,200	213,258	99,942	0.29%	1.15	964
17046	Gift Shop FF&E			10,000	6,809	3,191	0.01%	0.04	31
17047	Business Center FF&E			10,000	6,809	3,191	0.01%	0.04	31
17051	Administrative Offices FF&E			45,000	30,641	14,360	0.04%	0.16	138
17052	Pool, Health Club, & Spa FF&E			117,500	80,006	37,494	0.11%	0.43	362
17053	Furniture Installation	Per Key	\$720	234,000	159,331	74,669	0.22%	0.86	720
17054	Carpet Installation	Inc in GC		0	0	0	0.00%	0.00	0
Sub-Total FF&E Purchases				6,399,929	4,357,712	2,042,217	5.97%	23.43	19,692
17056	<u>FURNITURE & FIXTURES - OTHER</u>								
.05	Purchasing Agent Fee	Benjamin West	3.0%	191,998	130,731	61,267	0.18%	0.70	591
.10	Purchasing Agent Reimbursables	Benjamin West		18,000	12,256	5,744	0.02%	0.07	55
.12	Freight Management Fee	Benjamin West	1.0%	63,999	43,577	20,422	0.06%	0.23	197
.15	Interior Special Allowances	Allowance		50,000	34,045	15,955	0.05%	0.18	154
.17	Warehousing & Trash Removal Costs	Estimate	5.00%	319,996	217,886	102,111	0.30%	1.17	985
.30	FF&E Other	Escalation & Contingency	5.00%	319,996	217,886	102,111	0.30%	1.17	985
.20	FF&E Tax		8.00%	511,994	348,617	163,377	0.48%	1.87	1,575
.25	FF&E Freight (excess of fee)		7.00%	447,995	305,040	142,955	0.42%	1.64	1,378
17056 FURNITURE & FIXTURES OTHER SUMMARY				1,923,979	1,310,038	613,942	1.79%	7.04	5,920
TOTAL FURNITURE & FIXTURES				8,323,908	5,667,749	2,656,159	7.76%	30.48	25,612

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
17061	<u>F&B EQUIPMENT</u>	(Inc installation)						(GC Calc)	
.01	Deposits			0	0	0	0.00%	0.00	0
.05	F&B Kitchen Equipment	Per Food Strategies		848,250	577,573	270,677	0.79%	3.11	2,610
.10	Bar Equipment	Per Food Strategies		60,300	41,058	19,242	0.06%	0.22	186
.20	Suites Equipment	Inc in FF&E		0	0	0	0.00%	0.00	0
.25	Ice Makers - Typical Floors	Per Food Strategies		32,400	22,061	10,339	0.03%	0.12	100
.30	Starbucks/Coffee Shop F&B Equipment			0	0	0	0.00%	0.00	0
.98	F&B Equipment - Tax		8.00%	75,276	51,255	24,021	0.07%	0.28	232
.99	F&B Equipment - Freight		0.00%	0	0	0	0.00%	0.00	0
17061	F&B EQUIPMENT SUMMARY			1,016,226	691,948	324,278	0.95%	3.72	3,127
17062	<u>LAUNDRY EQUIPMENT</u>								
.01	Guest Laundry			7,000	4,766	2,234	0.01%	0.03	22
.05	Laundry Equipment	Assumes Outsourced		0	0	0	0.00%	0.00	0
.98	Laundry Equipment - Tax		8.00%	560	381	179	0.00%	0.00	2
.99	Laundry Equipment - Freight		0.00%	0	0	0	0.00%	0.00	0
17062	LAUNDRY EQUIPMENT SUMMARY			7,560	5,148	2,412	0.01%	0.03	23
17063	<u>SYSTEMS & EQUIPMENT (Development)</u>								
.01	Allowance			0	0	0	0.00%	0.00	0
.05	Background Music & Amplification Public Areas		Inc in GC	0	0	0	0.00%	0.00	0
.10	Distributed Antennae System (DAS)		Inc in GC	0	0	0	0.00%	0.00	0
.15	TV System & Equipment	Allowance		200,000	136,180	63,820	0.19%	0.73	615
.18	Telephone System & Equipment	Allowance		100,000	68,090	31,910	0.09%	0.37	308
.20	Audio-Visual Systems - All Other		Inc in GC	0	0	0	0.00%	0.00	0
.22	Gigabit High-Speed Fiber Systems Upgrades		Inc in GC	0	0	0	0.00%	0.00	0
.25	Cable Installation & Antennas - All Systems		Inc in GC	0	0	0	0.00%	0.00	0
.30	Security System, Inc Cabling		Inc in GC	0	0	0	0.00%	0.00	0
.45	Shelving, Window Washing & Miscellaneous			2,000	1,362	638	0.00%	0.01	6
.98	Systems & Equipment - Tax		8.00%	24,160	16,451	7,709	0.02%	0.09	74
.99	Systems & Equipment - Freight	Included in budgets	0.00%	0	0	0	0.00%	0.00	0
17063	DEVELOP SYSTEMS & EQUIPMENT SUMM			326,160	222,082	104,078	0.30%	1.19	1,004
TOTAL EQUIPMENT				1,349,946	919,178	430,768	1.26%	4.94	4,154
TOTAL FURNISHINGS, FIXTURES, & EQUIPMENT				9,673,854	6,586,927	3,086,927	9.02%	35.42	29,766
SUB-TOTAL LAND, SOFT COSTS, CONSTRUCTION, & FF&E				96,653,480	68,707,187	27,946,293	90.16%	353.90	297,395

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
OPERATIONS COSTS								(GC Calc)	
17070 OPERATING SUPPLIES & EQUIPMENT									
.01	OS&E Allowance			0	0	0	0.00%	0.00	0
.06	Hotel Operations - Rooms	325	\$1,200	1,048,125	713,668	334,457	0.98%	3.84	3,225
.11	Hotel Operations - Concierge & Suites			0	0	0	0.00%	0.00	0
.16	Hotel Operations - Uniforms			100,000	68,090	31,910	0.09%	0.37	308
.21	Hotel Operations - Vehicles			35,000	23,832	11,169	0.03%	0.13	108
.26	Hotel Operations - Radios			0	0	0	0.00%	0.00	0
.31	Hotel Operations - Engineering (inc compactors)			100,000	68,090	31,910	0.09%	0.37	308
.36	Hotel Operations - Computer Systems			715,000	486,844	228,157	0.67%	2.62	2,200
.41	F&B Restaurants & Lounges			75,000	51,068	23,933	0.07%	0.27	231
.46	F&B Catering & Meetings & Exhibit OS&E	33,000	\$48	1,600,000	1,089,440	510,560	1.49%	5.86	4,923
.51	F&B Uniforms			50,000	34,045	15,955	0.05%	0.18	154
.56	F&B Catering Props			100,000	68,090	31,910	0.09%	0.37	308
.70	Spa OS&E	N/A	Exhale!	0	0	0	0.00%	0.00	0
.91	OS&E Purchasing Agent Fees		5.0%	191,156	130,158	60,998	0.18%	0.70	588
.80	OS&E Purchasing Agent Reimbursibles			0	0	0	0.00%	0.00	0
.93	OS&E - Warehousing	Assume none needed		0	0	0	0.00%	0.00	0
.94	OS&E Tax		8.0%	305,850	208,253	97,597	0.29%	1.12	941
.95	OS&E Freight		5.0%	191,156	130,158	60,998	0.18%	0.70	588
17070	OS&E SUMMARY	Operator		4,511,288	3,071,736	1,439,552	4.21%	16.52	13,881
17071 WORKING CAPITAL									
.05	Operator's Working Capital		\$923	300,000	300,000	0	0.28%	1.10	923
.10	Owner's Working Capital (Cash in bank)			5,000	5,000	0	0.00%	0.02	15
17071	WORKING CAPITAL SUMMARY			305,000	305,000	0	0.28%	1.12	938
17075 HOTEL/C-CENTER OPERATOR COSTS									
.05	Technical Services Fee	HEI Contract		305,000	207,675	97,326	0.28%	1.12	938
.10	Technical Services Reimbursables	Allowance		10,000	6,809	3,191	0.01%	0.04	31
.15	Hotel & Conference Ctr Pre-Opening Costs	HEI Estimate		1,597,357	1,087,640	509,717	1.49%	5.85	4,915
.20	Operations Costs Other			10,000	6,809	3,191	0.01%	0.04	31
17075	OPERATOR COSTS SUMMARY			1,922,357	1,308,933	613,424	1.79%	7.04	5,915
SUB-TOTAL OPERATIONS COSTS				6,738,645	4,685,669	2,052,976	6.29%	24.67	20,734

Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
LEGAL, FINANCING, & CLOSING COSTS								(GC Calc)	
		Any loan fees and costs in excess of budgeted allowances will be funded from additional loan proceeds							
17090	BROKERAGE FEES								
.05	Construction Loan Brokerage Fee	Hodges Ward Elliott		400,000	400,000	0	0.37%	1.46	1,231
.10	Mezzanine Debt Brokerage Fee	N/A		0	0	0	0.00%	0.00	0
.20	Equity Brokerage Fee	Hodges Ward Elliott		400,000	400,000	0	0.37%	1.46	1,231
.25	Restaurant Leasing Fee	N/A		0	0	0	0.00%	0.00	0
.30	Permanent Loan Brokerage Fee	N/A		0	0	0	0.00%	0.00	0
17090	BROKERAGE FEES SUMMARY			800,000	800,000	0	0.75%	2.93	2,462
17091	LOAN FEES & COSTS								
.05	Construction Lender Fee	Allowance	0.50%	263,500	263,500	0	0.25%	0.96	811
.10	Loan Syndication Fee	N/A		0	0	0	0.00%	0.00	0
.15	Permanent Lender Fee	N/A		0	0	0	0.00%	0.00	0
.20	Mezz Loan Fee	N/A		0	0	0	0.00%	0.00	0
.25	Bond Issuance Costs	City - Elsewhere		0	0	0	0.00%	0.00	0
.30	Forward Committee Fee	N/A		0	0	0	0.00%	0.00	0
.32	Interest Rate Cap	N/A		0	0	0	0.00%	0.00	0
.40	Lender Appraisal & Underwriting Costs	Allowance		40,000	40,000	0	0.04%	0.15	123
.45	Letter of Credit Fee	N/A		0	0	0	0.00%	0.00	0
.48	Equity Investor Fees & Costs	Allowance		25,000	25,000	0	0.02%	0.09	77
.55	Lender's Inspector	Allowance		25,000	25,000	0	0.02%	0.09	77
.60	Lender Legal Fees	Allowance		75,000	75,000	0	0.07%	0.27	231
.65	Equity Investor Legal Fees	Allowance		100,000	100,000	0	0.09%	0.37	308
17091	LOAN FEES & COSTS SUMMARY			528,500	528,500	0	0.49%	1.94	1,626
17092	INTEREST RESERVES & RELATED COSTS								
.05	Capitalized Interest	Allowance		1,700,000	1,700,000	0	1.59%	6.22	5,231
.06	Capitalized Interest-Mezzanine/Pref Eq	N/A		0	0	0	0.00%	0.00	0
.08	Post-opening Shortfall Reserves	Use MI Key Money		0	0	0	0.00%	0.00	0
17092	INTEREST RESERVES & RELATED COSTS SUMMARY			1,700,000	1,700,000	0	1.59%	6.22	5,231

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106	COST PER KEY TOTAL = 325
								(GC Calc)	
17093	<u>CLOSING COSTS & OTHER</u>								
.05	Legal Fees - Owner / JV / PPP			300,000	300,000	0	0.28%	1.10	923
.06	Bond For Title Issuance/Legal Fees	City Legal in Bond Closing		0	0	0	0.00%	0.00	0
.07	Other Consultants	N/A		0	0	0	0.00%	0.00	0
.10	Transaction Fee	N/A	0.0%	0	0	0	0.00%	0.00	0
.15	Recording Costs & Escrow Fees			1,000	1,000	0	0.00%	0.00	3
20	Real Estate Taxes During Construction	Frozen until completion	Assumed	45,000	45,000	0	0.04%	0.16	138
21	Land Lease Payments During Construction	N/A		0	0	0	0.00%	0.00	0
.55	Mortgage or Deed Transfer Tax	Assume None		0	0	0	0.00%	0.00	0
.28	Title Insurance	Allowance		75,000	75,000	0	0.07%	0.27	231
.29	Franchise Application Fee	Marriott		60,000	60,000	0	0.06%	0.22	185
.30	Miscellaneous Closing Costs			10,000	10,000	0	0.01%	0.04	31
17093 CLOSING COSTS & OTHER SUMMARY				491,000	491,000	0	0.46%	1.80	1,511
17095	<u>UNALLOCATED COSTS & DEVELOPER PROFIT</u>								
.05	Unallocated Costs and Contingencies			288,376	288,376	0	0.27%	1.06	887
.07	Conference Center Costs Capped at:	\$24,900,000		0	5,099,269	-5,099,269	0.00%	0.00	0
.10	Developer Profit	Not Included!		0	0	0	0.00%	0.00	0
17095 UNALLOCATED COSTS SUMMARY				288,376	5,387,645	-5,099,269	0.27%	1.06	887
SUB-TOTAL LEGAL, FINANCIAL, & CLOSING COSTS				3,807,876	8,907,145	-5,099,269	3.55%	13.94	11,717
TOTAL DEVELOPMENT COSTS				107,200,000	82,300,000	24,900,000	100.00%	392.52	329,846
Percent of Total:				100.0%					

**Alpharetta Conference Center and Hotel Avalon, Alpharetta, GA
EXHIBIT B - Master Project Budget**

COST CODE	DESCRIPTION	CONSULTANT/ CONTRACTOR/ COMMENT	BENCHMARK DRIVER	CONCEPTUAL BUDGET 7/14/2015	Private Allocation	Public/City Allocation	% OF TOTAL	COST PER SQUARE FT TOTAL = 273,106 (GC Calc)	COST PER KEY TOTAL = 325
<u>Calculation of Percentage Allocations for Shared Costs</u>									
	Total Budget			\$107,200,000	\$82,300,000	\$24,900,000			
	- Less Land Costs - Funded 100% by Hotel			(\$9,075,000)	(\$9,075,000)	\$0			
	- Less Working Capital / Cash in Bank - Funded 100% by Hotel			(\$305,000)	(\$305,000)	\$0			
	- Less Legal, Financing, and Closing Costs (hotel pays its own)			(\$3,807,876)	(\$3,807,876)	\$0			
	- Reverse Funding Cap Adjustment (to calculate percentages before cap)			\$0	(\$5,099,269)	\$5,099,269			
	Allocated Costs For Percentage Sharing up to City Cap			\$94,012,124	\$64,012,855	\$29,999,269			
	PERCENTAGE FOR SHARED COSTS	Up to City Cap!		100.00%	68.09%	31.91%			

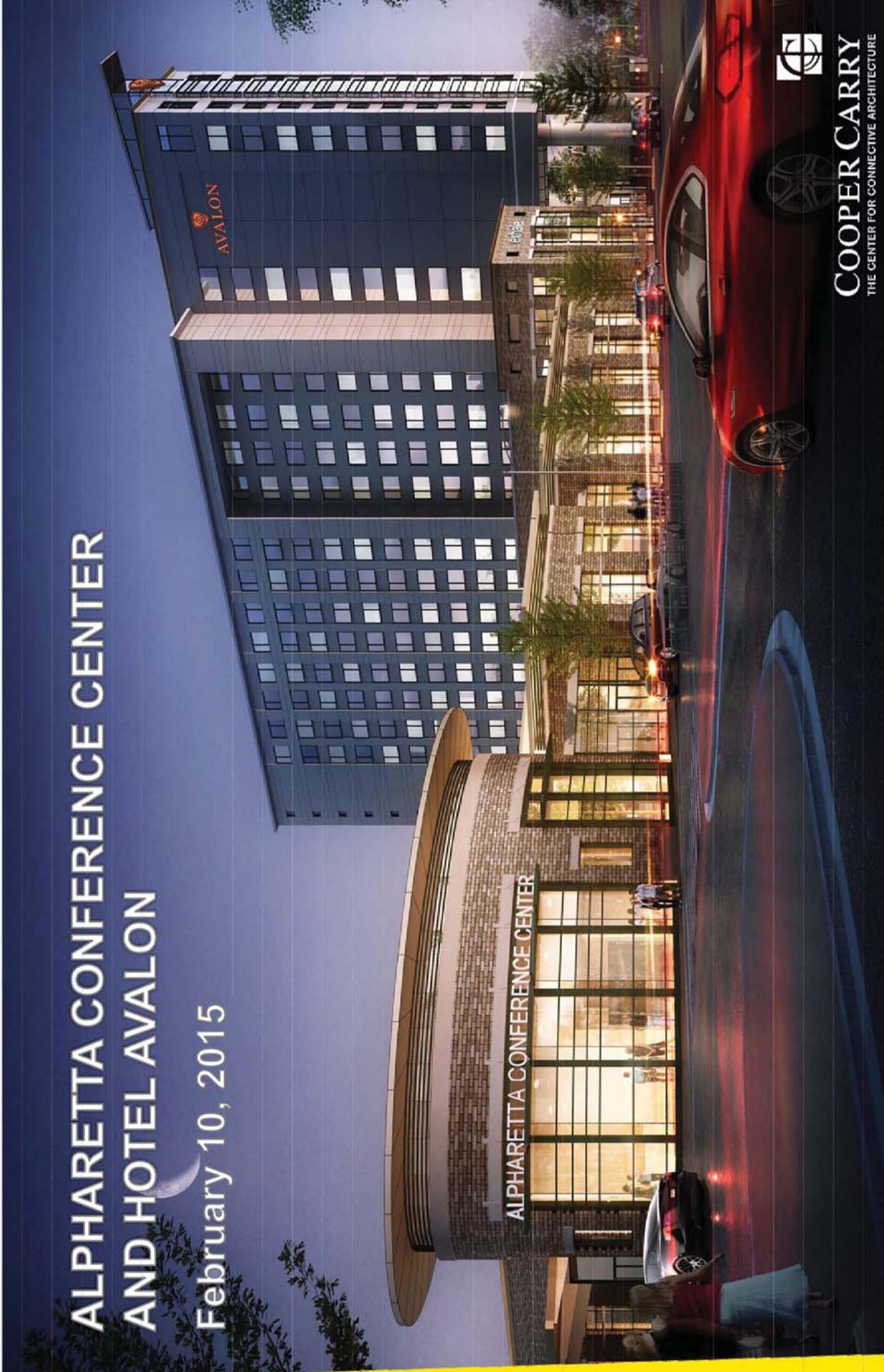
EXHIBIT C

Initial Conceptual Design Drawings

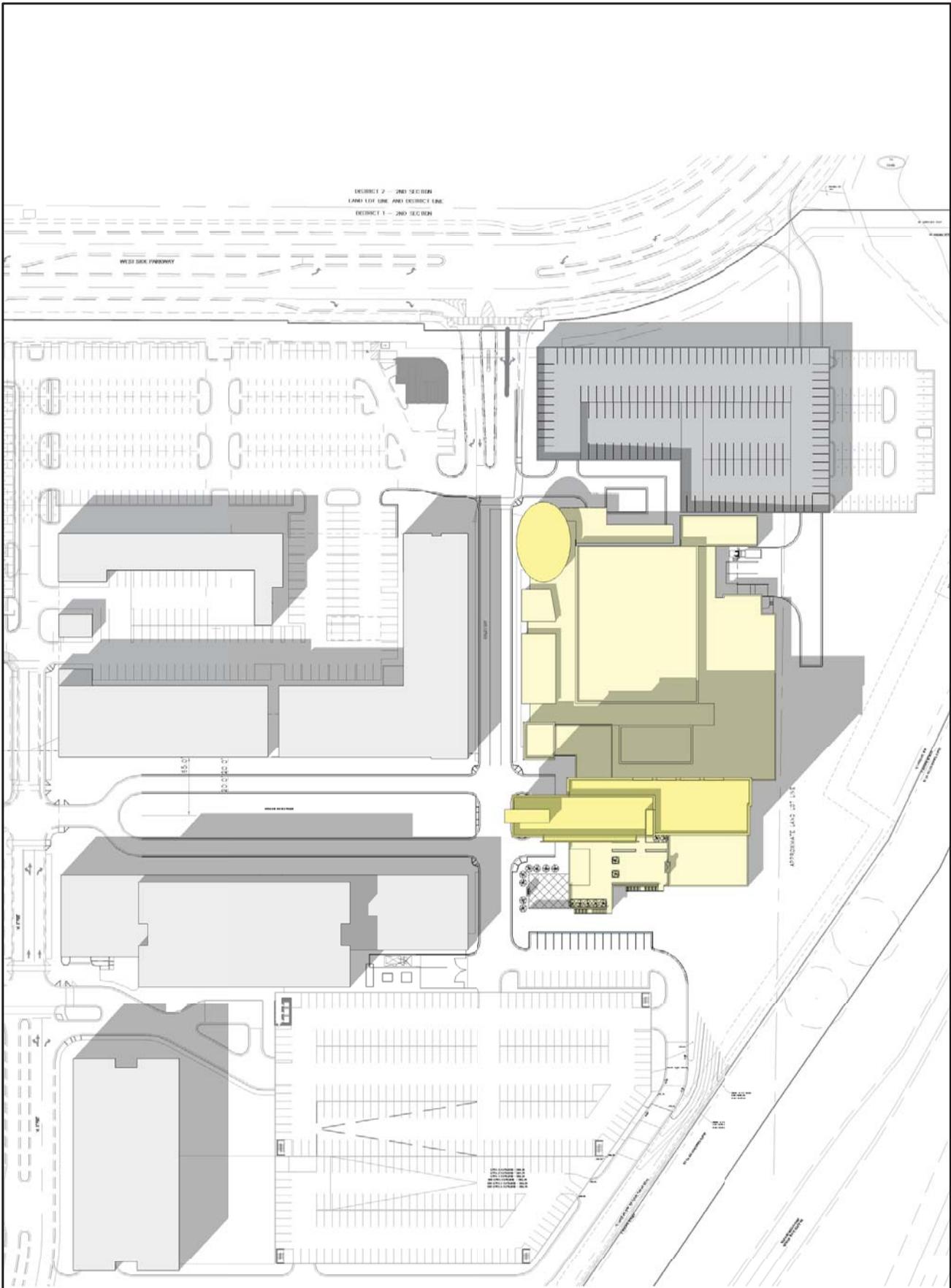
[Attached hereto]

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON

February 10, 2015



COOPER CARRY
THE CENTER FOR CONNECTIVE ARCHITECTURE



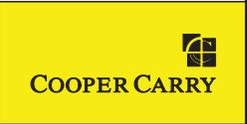
PROJECT N° 20130026

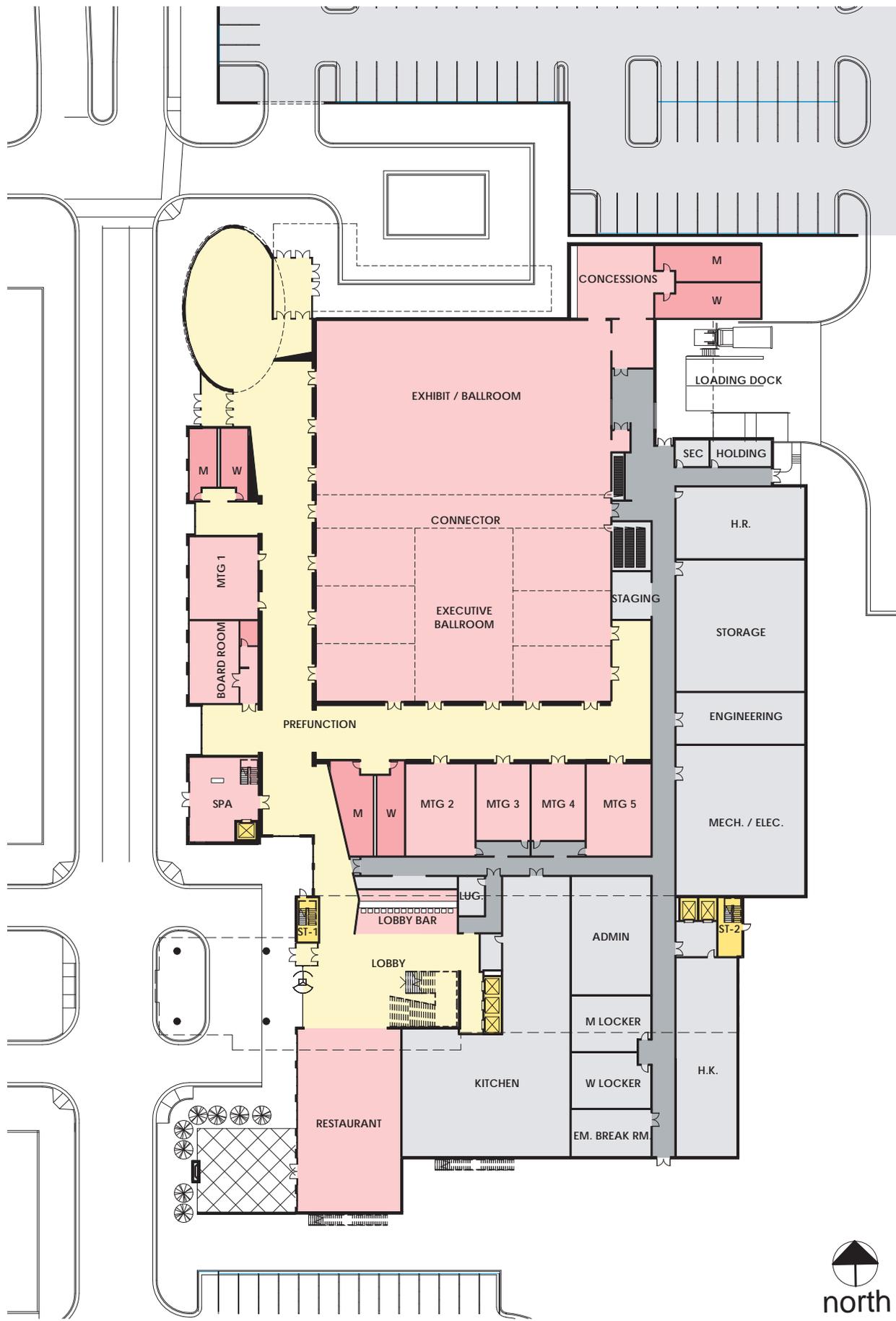
SCALE: 1" = 100'-0"

2015.02.10

SITE PLAN

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON





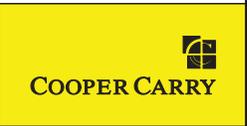
PROJECT N° 20130026

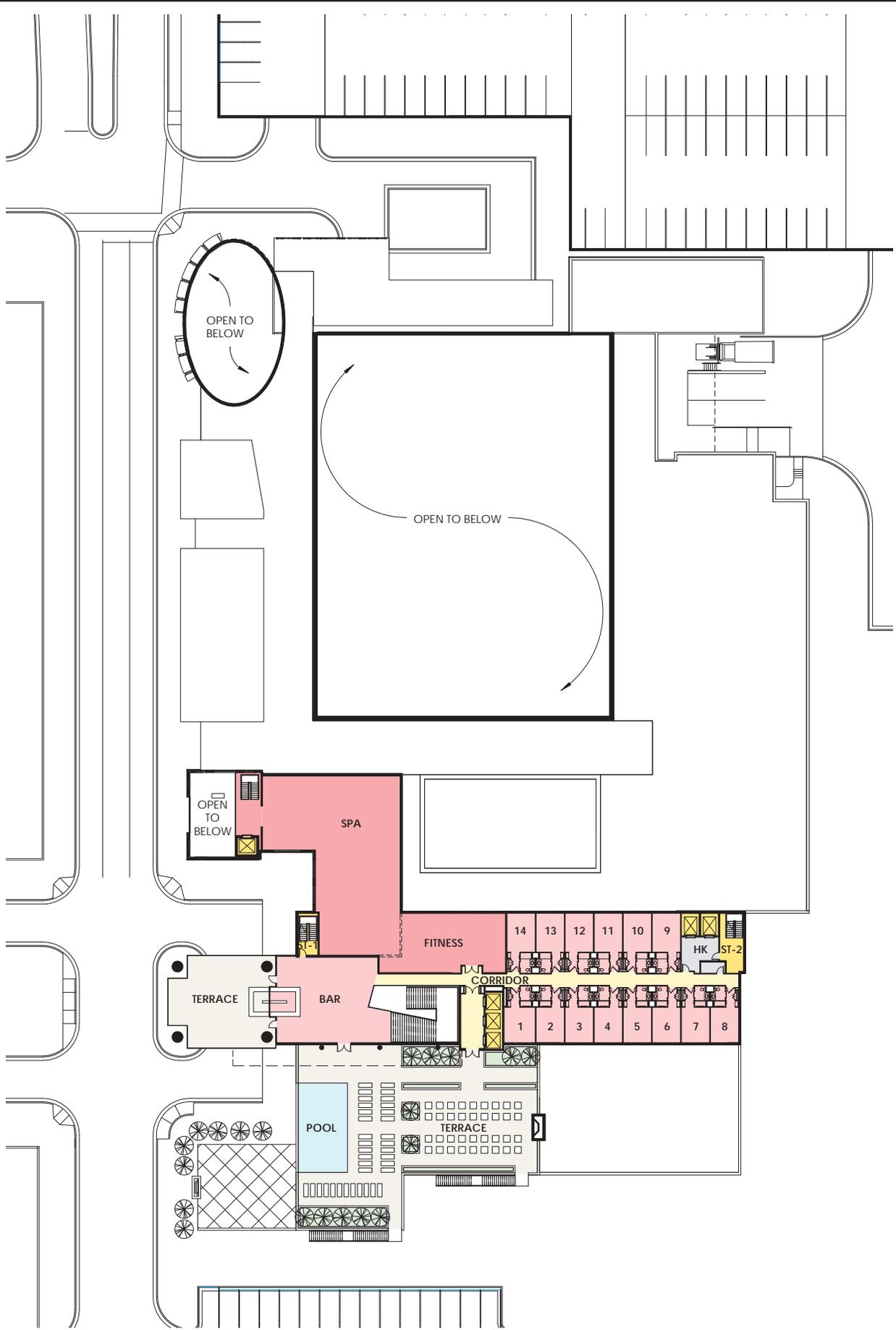
SCALE: 1" = 40'-0"

2015.02.10

GROUND LEVEL

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON





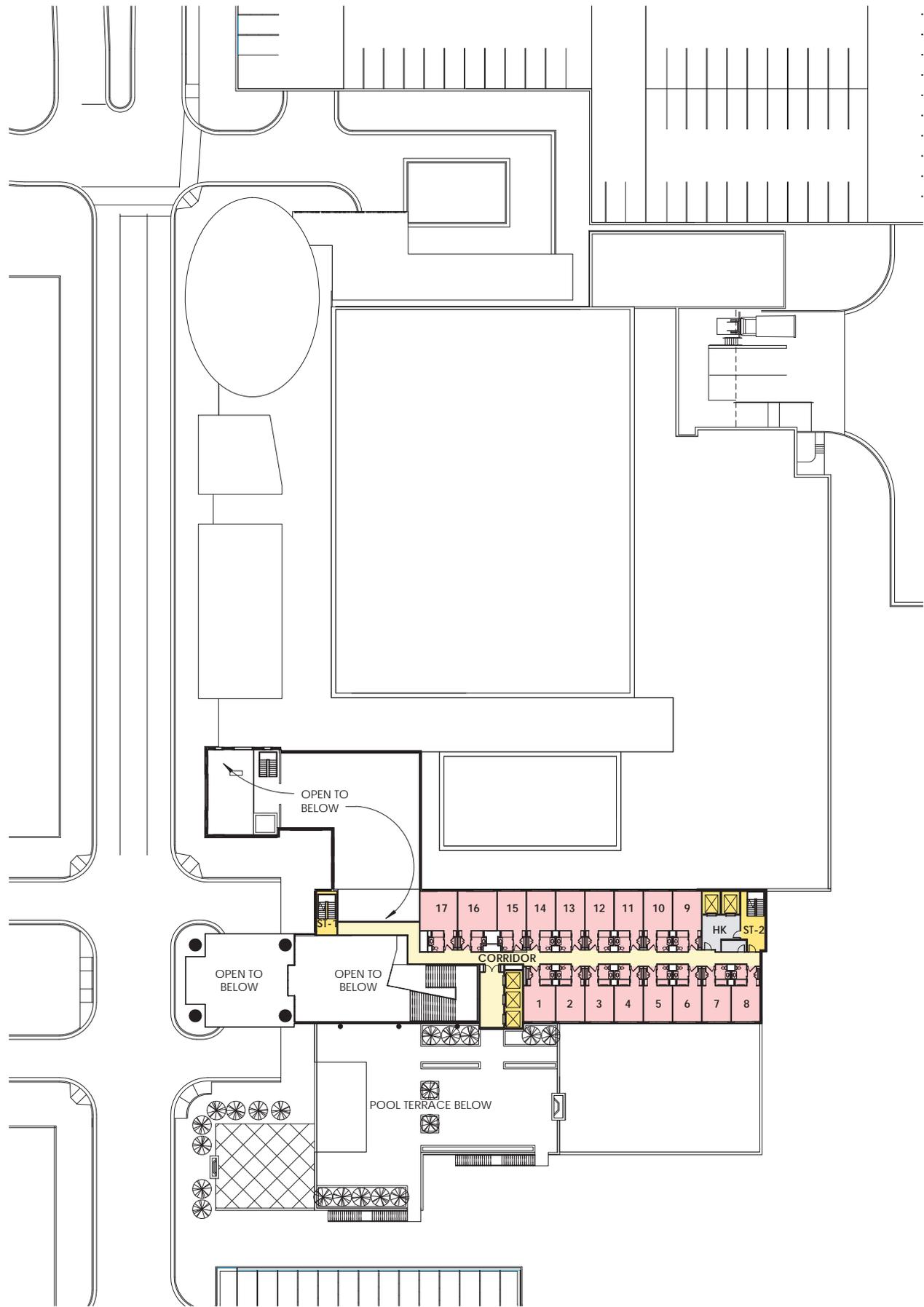
PROJECT N° 20130026

SCALE: 1" = 40'-0"

2015.02.10

SECOND LEVEL

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON



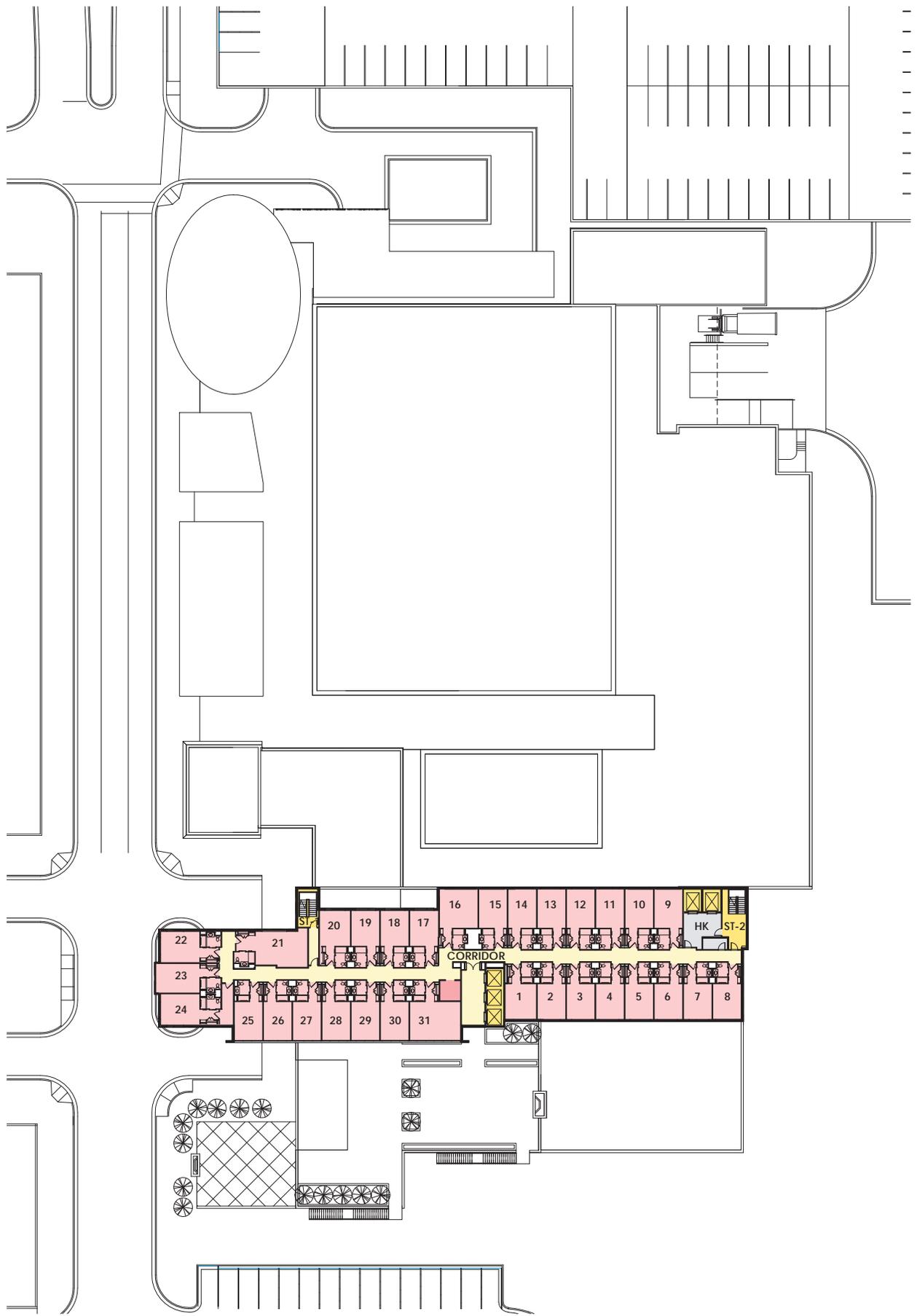
PROJECT N° 20130026

SCALE: 1" = 40'-0"

2015.02.10

THIRD LEVEL

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON



PROJECT N° 20130026

SCALE: 1" = 40'-0"

2015.02.10

TYPICAL GUESTROOM LEVEL

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON



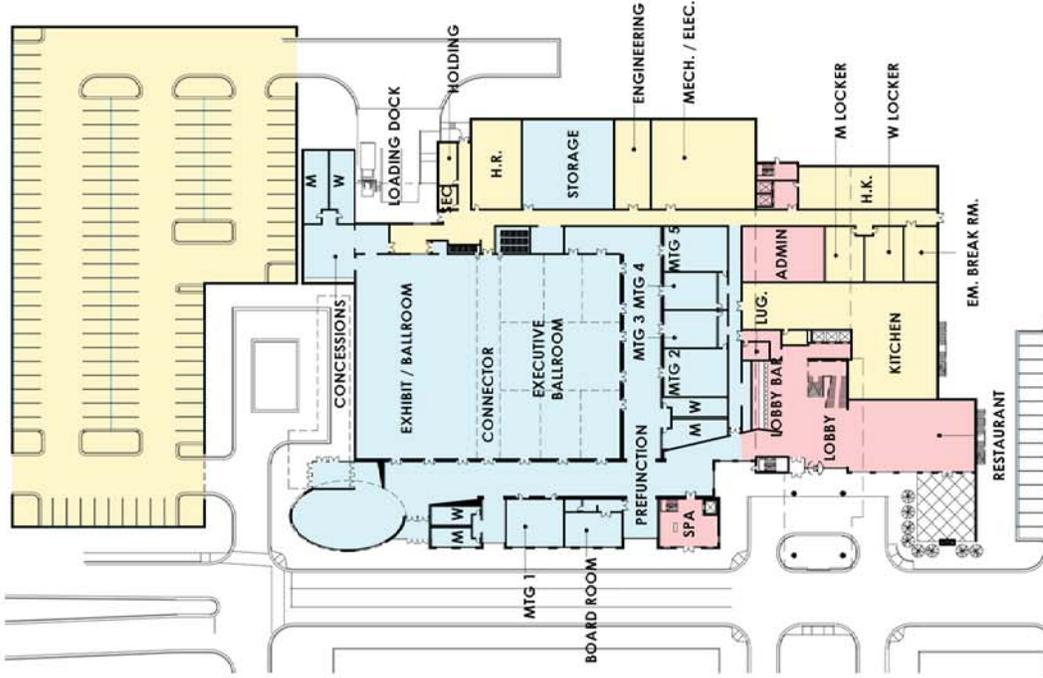
DEMARCATION CONCEPT FOR INITIAL CONTRACTOR PRICING

CONFERENCE CENTER

HOTEL (FLOORS 2-13 IN THE GUEST ROOM TOWER, IN THEIR ENTIRETY, ARE INCLUDED IN HOTEL)

SHARED SPACES (EXCLUDING PARKING DECK AND SURFACE PARKING, LAND, SITE WORK, LANDSCAPING AND DRIVEWAYS)

NOTE: REFER TO FACILITIES PROGRAM FOR ADDITIONAL AREA INFORMATION



PROJECT N° 20130026 | 2015.02.10

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON





PROJECT N° 20130026

2015.02.10

AERIAL PERSPECTIVE VIEW

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON



COOPER CARRY

© 2015 COOPER CARRY, Inc., 191 Peachtree Street NE, Suite 2400, Atlanta, Georgia 30303 Tel. 404-237-2000 Fax 404-237-0276



GROUND LEVEL PERSPECTIVE VIEW

ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON

PROJECT N° 20130026

2015.02.10

© 2015 COOPER CARRY, Inc., 191 Peachtree Street NE, Suite 2400, Atlanta, Georgia 30303 Tel. 404-237-2000 Fax. 404-237-0276



EXHIBIT D

Initial Development Schedule

[Attached hereto]

EXHIBIT D - Master Development Agreement

**Avalon Full Service Hotel and Alpharetta Conference Center
Alpharetta, Georgia
Development Milestone Summary**

Preliminary Projection Updated: 7/14/2015

	<u>Targeted Work Effort Start</u>	<u>Duration in Days</u>	<u>Approximate Cumulative Months From Design</u>	<u>Targeted Completion</u>
Preferred Developer and Site Selection by City			Complete	09/03/13
Execution of MOU RE: Predevelopment Activities			Complete	12/16/14
Final PPP Structure and City Council Vote on Term Sheet			Complete	05/04/15
City Council Action on primary LEGAL DOCUMENTS			Target -->	07/27/15
Full Project Release (Definitive City Agreement)	07/10/15		0	07/10/15
Loan and Bond Sale Closing, including all related docs			8	03/09/16
Construction Duration and Certificate of Occupancy	05/20/16	550	29	11/21/17
Operations Final Preparation & Training	11/21/17	21	30	12/12/17
Hotel and Conference Center Open For Business	Conting:	21	30	January 2, 2018

SUMMARY CONCLUSION: We intend for the hotel to open for business approximately 30 months after full project approval and commencement of all design activities, and approximately 20 months after breaking ground.

EXHIBIT E

Initial Sources and Uses of Funds

[Attached hereto]

Exhibit E - Master Development Agreement

Sources of Funds Summary

July 14, 2015

Targeted Capital Structure Summary

(In \$000)	<u>Hotel</u>	<u>Conference Center</u>	<u>Total</u>	<u>Percent of Total</u>
Senior Debt	\$56,300,000	\$0	\$56,300,000	52.5%
Private Equity	\$26,000,000	\$0	\$26,000,000	24.3%
City Development Authority	\$0	<u>\$24,900,000</u>	<u>\$24,900,000</u>	<u>23.2%</u>
Total Capital	<u>\$82,300,000</u>	<u>\$24,900,000</u>	<u>\$107,200,000</u>	<u>100.0%</u>

(*) Capital structure excludes City's legal and bond underwriting costs and reserves necessary to sell Authority bonds

EXHIBIT F

Initial Estimated Monthly Cost Expenditures

[Attached hereto]

**Hotel Avalon
Alpharetta Conference Center
Estimate of Monthly Costs**

July 14, 2015

Exhibit F - Master Development Agreement

Assumes Master Development Agreement Fully Executed and Design Commences in July, 2015

		Estimated Monthly Cost Allocations			
		Total Project Costs		(Allocated on percentage basis)	
Month	Estimated Month	Dollars	Percent	Hotel	Conference
				68.09%	31.91%
Pre-Development Costs		\$212,246	0.2%	\$152,246	\$60,000
Design Development / Pre-Closing Costs					
1	August, 2015	\$93,931	0.1%	\$63,958	\$29,973
2	September, 2015	\$441,383	0.4%	\$300,538	\$140,845
3	October, 2015	\$460,378	0.4%	\$313,471	\$146,907
4	November, 2015	\$321,028	0.3%	\$218,588	\$102,440
5	December, 2015	\$321,028	0.3%	\$218,588	\$102,440
6	January, 2016	\$337,033	0.3%	\$229,486	\$107,547
7	February, 2016	\$471,550	0.4%	\$321,078	\$150,472
8	March, 2016	<u>\$471,550</u>	0.4%	<u>\$252,174</u>	<u>\$219,376</u>
	Sub-total Before Closing	<u>\$3,130,127</u>	<u>2.9%</u>	<u>\$2,070,127</u>	<u>\$1,060,000</u>
CLOSING					
Post-Closing Costs					
9	April, 2016 (inc Closing Costs)	\$14,512,064	13.5%	\$13,350,292	\$1,161,772
10	May, 2016	\$2,757,469	2.6%	\$1,882,917	\$874,551
11	June, 2016	\$3,084,559	2.9%	\$2,105,633	\$978,926
12	July, 2016	\$2,837,734	2.6%	\$1,937,570	\$900,164
13	August, 2016	\$3,439,090	3.2%	\$2,347,033	\$1,092,057
14	September, 2016	\$4,040,447	3.8%	\$2,756,497	\$1,283,950
15	October, 2016	\$4,652,803	4.3%	\$3,176,961	\$1,475,843
16	November, 2016	\$5,277,860	4.9%	\$3,606,933	\$1,670,927
17	December, 2016	\$5,899,617	5.5%	\$4,035,202	\$1,864,415
18	January, 2017	\$6,522,973	6.1%	\$4,465,070	\$2,057,903
19	February, 2017	\$5,942,217	5.5%	\$4,074,611	\$1,867,606
20	March, 2017	\$9,426,991	8.8%	\$6,455,467	\$2,971,524
21	April, 2017	\$4,806,292	4.5%	\$3,313,254	\$1,493,039
22	May, 2017	\$4,221,036	3.9%	\$2,918,294	\$1,302,741
23	June, 2017	\$5,410,241	5.0%	\$3,732,779	\$1,677,462
24	July, 2017	\$4,827,284	4.5%	\$3,660,163	\$1,167,121
25	August, 2017	\$6,191,597	5.8%	\$6,191,597	\$0
26	September, 2017	\$5,610,840	5.2%	\$5,610,840	\$0
27	October, 2017	\$3,011,925	2.8%	\$3,011,925	\$0
28	November, 2017	\$469,398	0.4%	\$469,398	\$0
29	Post Opening / Final Costs	<u>\$1,127,438</u>	<u>1.1%</u>	<u>\$1,127,438</u>	<u>\$0</u>
Total Project Costs		<u>\$107,200,000</u>	<u>100.0%</u>	<u>\$82,300,000</u>	<u>\$24,900,000</u>

Note: While not perfect, this schedule represents the best estimate of monthly costs based on available information.

EXHIBIT G

Conference Center Lease

CONFERENCE CENTER LEASE AGREEMENT
ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON

Between

CITY OF ALPHARETTA

As Lessor

and

AVALON HOTEL ASSOCIATES, LLC

As Lessee

_____, 201__

TABLE OF CONTENTS

Page

1.	Definitions.....	1
2.	Lease of Leased Premises; Term of Lease; Purchase Option; Quiet Enjoyment.....	13
2.1	Lease	13
2.2	Term.....	14
2.3	Purchase Option	14
2.3.1	Exercise of Option	14
2.3.2	Option Purchase Price.....	14
2.3.3	Closing	16
2.4	Quiet Enjoyment	16
3.	Rent	17
3.1	Amount of Base Rent.....	17
3.2	Payment of Base Rent.....	17
3.3	Contingent Rent	17
3.3.1	Contingent Rent – Net Operating Cash Flow	17
3.3.2	Contingent Rent – Net Sales Proceeds.....	18
3.4	Payment of Contingent Rent.....	18
3.4.1	Operating Contingent Rent	18
3.4.2	Sale Contingent Rent	18
3.4.3	Audit Rights	19
3.5	Net Lease	19
3.6	Limitations on Rent.....	19
4.	Impositions.....	19
4.1	Payment.....	19
4.2	Contests.....	20
4.3	Assessed Valuation	20
4.4	Joinder by Lessor	20
5.	Improvements.....	21
5.1	Approval of Plans and Specifications	21
5.2	Development and Construction of Project.....	21
5.3	Title to Leased Premises	21
5.4	As-Is	21
6.	Maintenance and Repair, Use and Alteration.....	22
6.1	Maintenance and Repair	22
6.2	Use	22
6.2.1	Required Use.....	22
6.2.2	Use Restrictions	22
6.3	Waste.....	22

6.4	Compliance with Laws and Condominium Documents	23
6.5	Alterations.....	23
6.5.1	Permitted Activities	24
6.5.2	Prohibited Activities	25
6.5.3	Initial Construction	25
6.6	Environmental Matters.....	25
6.7	Replacement Reserve Fund.....	27
7.	Insurance	27
7.1	Coverage	27
7.1.1	All Risk Insurance.....	28
7.1.2	Liability Insurance	28
7.1.3	Use and Occupancy Insurance.....	28
7.1.4	Workers' Compensation and Automobile Insurance.....	28
7.1.4	Other Insurance.....	28
7.2	Policies.....	28
7.2.1	General Requirements.....	28
7.2.2	Insureds.....	29
7.2.3	Payment of Loss.....	29
7.2.4	Renewal and Cancellation.....	29
7.3	Insurance Proceeds.....	30
8.	Damage or Destruction.....	30
8.1	Damage or Destruction	30
8.2	Insurance Proceeds.....	30
8.2.1	Receipt and Disbursement	30
8.2.2	Payment of Proceeds.....	31
8.2.3	Deficits.....	32
8.3	Non-Abatement of Rent.....	32
9.	Condemnation	32
9.1	Complete or Partial Taking.....	32
9.2	Temporary Taking	33
9.3	Condemnation Proceedings	34
9.4	Notice of Condemnation	34
10.	Assignments, Subleases and Mortgages.....	34
10.1	Assignments.....	34
10.2	Subleases.....	35
10.3	Leasehold Mortgages.....	35
10.3.1	Proceeds and Awards.....	35
10.3.2	Foreclosure.....	35
10.3.3	Non-Disturbance	35
10.3.4	Reassignment	36
10.4	Registration of Leasehold Mortgage.....	36
10.5	Performance by Leasehold Mortgagee of Lessee's Obligations.....	36
10.5.1	Monetary Defaults	36

10.5.2	Non-Monetary Defaults	36
10.6	Leasehold Mortgage Remedies	36
10.7	New Lease.....	37
10.8	Succession to Lessee’s Rights	38
10.9	No Surrender or Modification without Notice.....	38
10.10	Successors and Assigns.....	38
10.11	Modification.....	39
11.	Defaults	39
11.1	Events of Default	39
11.1.1	Failure in Payment	39
11.1.2	Failure in Performance.....	39
11.1.3	Voluntary Debtor Relief Proceedings.....	39
11.1.4	Involuntary Debtor Relief Proceedings	40
11.1.5	Insolvency.....	40
11.1.6	Failure to Carry Insurance	40
11.1.7	Cessation of Business	40
11.1.8	Levy	40
11.1.9	Development Agreement	40
11.2	Force Majeure	41
11.3	Remedies.....	41
11.3.1	Termination.....	41
11.3.2	Dispossessory.....	41
11.3.3	Taking of Possession.....	41
11.3.4	Operation.....	41
11.3.5	Self-Help.....	42
11.3.6	Enforcement.....	42
11.3.7	Remedies Under Condominium Documents	42
11.4	Application of Funds.....	42
11.5	No Remedy Exclusive.....	43
11.6	Agreement to Pay Attorneys’ Fees and Expenses	43
11.7	Holding Over	43
11.8	Waiver of Redemption.....	43
11.9	Waiver of Appraisalment and Other Laws	44
11.10	Interest from Maturity.....	44
12.	Booking Policy.....	44
13.	Miscellaneous Provisions.....	44
13.1	Recording and Filing.....	44
13.2	Lessor’s Rights of Access.....	44
13.3	Surrender of Demised Premises.....	44
13.4	Notices	44
13.5	Fees and Commissions.....	46
13.6	Waiver.....	46
13.7	Performance of Lessee’s Obligations	46
13.8	Severability	46

13.9	Status Reports	46
13.10	Amendment.....	46
13.11	Interpretation.....	46
13.12	Including	47
13.13	Counterparts; Electronic Execution	47
13.14	Binding Agreement.....	47
13.15	No Construction Against Drafter	47
13.16	Governing Law	47
13.17	Relationship of Parties	47
13.18	Indemnity	47
13.19	Lessor’s Covenant Regarding Condominium Matters.....	48
13.20	Designation of Board Members	48
13.21	Role of Lessor	48
13.22	No Indemnification	49
13.23	No Rights in Third Parties	49
13.24	Limitation of Lessor’s Liability	49

EXHIBITS

<u>Exhibit A</u>	Legal Description of the Property for the Project
<u>Exhibit B</u>	Permitted Exceptions
<u>Exhibit C</u>	IRR Calculation
<u>Exhibit D</u>	Booking Policy

CONFERENCE CENTER LEASE AGREEMENT

(Alpharetta Conference Center and Hotel Avalon)

THIS CONFERENCE CENTER LEASE AGREEMENT (this “**Lease**”) is made and entered into as of the ___ day of _____, 201__, (the “**Commencement Date**”) by and between the **CITY OF ALPHARETTA**, a political subdivision of the State of Georgia (“**Lessor**”), and **AVALON HOTEL ASSOCIATES, LLC**, a Delaware limited liability company (“**Lessee**”).

RECITALS:

Under and pursuant to that certain Master Development Agreement dated August ___, 2015, by and between Lessor and Lessee (as the same may be amended, modified, supplemented or restated from time to time, the “**Development Agreement**”), Lessor is desirous of leasing the Leased Premises to Lessee, and Lessee is desirous of leasing the Leased Premises from Lessor, in accordance with and subject to the terms, conditions and provisions of this Lease.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration in hand paid by each Party hereto to the other at and before the sealing and delivery of these presents, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, Lessor and Lessee, intending to be legally bound, do hereby covenant and agree as follows:

1. Definitions. For purposes of this Lease, and in addition to terms defined elsewhere in this Lease, the following defined terms shall have the meanings ascribed thereto in this Article 1.

“**Affiliate**” means, with respect to any Person, any other Person which managerially controls, or is managerially controlled by, or is under common managerial control with, the Person in question.

“**Alteration**” has the meaning given in Section 6.5.

“**Appraiser**” or “**Appraisers**” has the meaning given in Section 2.3.2.1.

“**Approve**,” “**Approved**” or “**Approval**” mean, as to the subject matter thereof, an express approval contained in a written statement signed by the approving Person.

“**Association**” means the condominium unit owners’ association for the Condominium, initially intended to be identified as Alpharetta Conference Center and Hotel Avalon Condominium Association, Inc., a Georgia not-for-profit corporation, subject to modification of such name based on the final names chosen for the Hotel and Conference Center by the Parties.

“**Base Rent**” has the meaning given in Section 3.1.

“Building Equipment” means any and all immovable fixtures located in, on or affixed to the Conference Center Unit and owned by Lessor and specifically including, without limitation, duct work and heating, ventilating and air-conditioning equipment and machinery, and elevators and elevator machinery and equipment.

“Common Elements” means the “Common Elements” of the Condominium as defined and described in the Declaration, being those parts of the Project that serve both the Hotel Unit and the Conference Center Unit. The on-site parking deck serving the Project is a Common Element of the Project.

“Condominium” means the condominium initially intended to be identified as Alpharetta Conference Center and Hotel Avalon, a Condominium, subject to modification of such name based on the final names chosen for the Hotel and Conference Center by the Parties, created and operated by and through (i) the Georgia Condominium Act, O.C.G.A. Section 44-3-70, *et seq.*, and (ii) the Condominium Documents.

“Condominium Documents” means, collectively, the Declaration, the condominium plat and plans for the Condominium, and the Bylaws and Articles of Incorporation for the Association.

“Conference Center” means a destination conference center meeting space complex to be developed within the Conference Center Unit and containing approximately 74,000 square feet (inclusive of appurtenant interior Common Elements, but not the Parking Deck), including approximately 41,800 square feet of conference center facilities with exhibition space, ballroom space, meeting rooms and pre-function space, and containing appurtenant facilities and amenities normally associated with a conference center consistent with the Project Standard. Provisionally, the initial name of the Conference Center has been selected as “Alpharetta Conference Center”; however, Lessee shall have the right to change the name of the Conference Center and any room therein from time to time pursuant to the provisions of the Development Agreement.

“Conference Center Unit” means the Condominium unit described as such in the Declaration, as the same shall be adjusted pursuant to the terms of the Development Agreement, together with all rights, easements and appurtenances thereto as set forth in the Declaration, and being more particularly described as follows:

ALL THAT TRACT or parcel of land lying and being in Land Lot(s) ___ of the ___th District, Fulton County, Georgia, being the “Conference Center Unit” of Alpharetta Conference Center and Hotel Avalon, a Condominium, as such was defined by, formed and constituted by that certain Declaration of Condominium of Alpharetta Conference Center and Hotel Avalon, a Condominium, by Avalon Hotel Associates, LLC, a Delaware limited liability company, dated _____, 201__, recorded in Deed Book _____, Page ___, et, seq., Fulton County, Georgia Records, and Plans for Alpharetta Conference Center and Hotel Avalon, a Condominium, dated _____, 201__, recorded in Condominium Floor Plan Book ___, Page ___, et, seq., aforesaid Records, and Condominium Plat for Alpharetta Conference Center and Hotel Avalon, a Condominium, recorded in Condominium Plat Book ___, Page ___, aforesaid Records,

together with its appurtenant interest in the Common Elements as set out in the aforesaid Declaration, Plans and Plat.

“Contingent Rent” has the meaning given in Section 3.3.

“CPI” shall mean the Consumer Price Index for United States City Averages for All Urban Consumers, All Items, published from time to time by the United States Bureau of Labor Statistics (1982-84 = 100). If the CPI is discontinued or is unavailable or is substantially revised, a comparable index agreeable to Lessor and Lessee reflecting the changes in the cost of living or the purchasing power of the consumer dollar, published by any governmental agency or recognized authority shall be used in place thereof. Unless otherwise provided, any CPI adjustment shall reflect the cumulative CPI changes from the end of the CPI reporting period next preceding the date of this Lease to the end of the CPI reporting period next preceding the effective date of any such adjustment.

“Cure Notice” means a written notice sent by Lessee or a Leasehold Mortgagee to Lessor indicating such party’s intent to cure a default or Event of Default by Lessee hereunder, and which notice generally sets forth the steps that such party intends to take to effect the cure and includes an estimate of the amount of time it will take such party to effect the cure.

“Declaration” means that certain Declaration of Condominium of Alpharetta Conference Center and Hotel Avalon, a Condominium, dated as of _____ __, 201__, by Lessee as “declarant” therein, recorded in Deed Book _____, Page _____, et, seq., Fulton County, Georgia Records.

“Developer” means Lessee; provided Lessor acknowledges that Lessee will subcontract the development and project management services to be performed by it to its Affiliates, Avalon Hotel Developers, LLC and/or SHG (and a portion of such services may be further subcontracted to NAP).

“Development Agreement” has the meaning set forth in the Recitals.

“Development Authority” means the Development Authority of Fulton County, a political subdivision of the State of Georgia (or an alternative development authority with similar powers and bonding ability).

“Development Authority Lease” means that certain Lease Agreement, dated as of _____ __, 201__, by and between the Development Authority, as “lessor” therein, and Lessee, as “lessee” therein, a memorandum of which will be recorded in the Office of the Clerk of Superior Court of Fulton County, Georgia, pursuant to which the Development Authority will (i) lease the Hotel Unit and all rights, easements and appurtenances thereto to Lessee, and (ii) and sublease the Conference Center Unit and all rights, easements and appurtenances thereto to Lessee.

“Environmental Laws” means any and all present and future Requirements, including any permits, approvals, licenses, registrations, filings and authorizations, in each case as now or

hereafter in effect, relating to (i) the pollution, protection or cleanup of the environment, (ii) the impact of Hazardous Substances on property, health or safety, (iii) the use or Release of Hazardous Substances, (iv) occupational safety and health, industrial hygiene or the protection of human, plant or animal health or welfare or (v) the liability for or costs of other actual or threatened danger to health or the environment. The term “**Environmental Laws**” includes, but is not limited to, the following statutes, as amended, any successors thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including Subtitle I relating to underground storage tanks); the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act.

“**Event of Default**” means any of those events, occurrences and circumstances so designated in Section 11.1.

“**Expire**”, “**Expired**” or “**Expiration**” mean the expiration of the Term of this Lease by reason of lapse of time, and not by reason of any Event of Default.

“**Fair Market Value**” has the meaning given in Section 2.3.2.

“**FF&E**” shall mean all furniture, furnishings, wall coverings, fixtures and equipment and systems located at, or used in connection with the Conference Center, together with all replacements therefor and additions thereto, including, without limitation, (i) furniture, furnishings, wall coverings and fixtures, (ii) all equipment and systems required for the operation of kitchens, bars, laundry and dry cleaning facilities, (iii) office equipment, (iv) dining room wagons, material handling equipment, cleaning and engineering equipment, (v) telephone and computerized accounting systems, and (vi) vehicles. FF&E does not include Inventories and Fixed Asset Supplies.

“**First Leasehold Mortgage**” means a Leasehold Mortgage constituting a first, paramount and preferred lien upon the leasehold estate (or any portion thereof) created by this Lease.

“**First Leasehold Mortgagee**” means a mortgagee holding a First Leasehold Mortgage.

“**Fiscal Year**” means any given calendar year. A partial Fiscal Year between the Commencement Date and the beginning of the first full Fiscal Year, and between the end of the last full Fiscal Year and any Termination of this Lease shall, for purposes of this Lease, constitute separate Fiscal Years. If Operator’s fiscal year is changed in the future to other than a calendar year basis, then the Fiscal Year under this Lease shall be changed in the same manner, and Operator and Lessee shall make appropriate modifications in the reporting and accounting procedures contained in this Lease in contemplation of such change in the Fiscal Year.

“Fixed Asset Supplies” shall mean supply items which constitute “Fixed Assets” under the Uniform System, including china, glassware, silverware, miscellaneous serving equipment, linen, towels, uniforms and similar items.

“Franchise Agreement” means that certain Autograph Collection Hotel Franchise Agreement by and between Hotel Franchisor, as “franchisor” or “licensor” therein, and Lessee, as “franchisee” or “licensee” therein, dated as of _____ __, 201__, together with any amendments, modifications, supplements, and restatements thereof or thereto, and any replacement or successor franchise or license agreements pertaining to the Hotel having Lessee, its successor and assigns, or the then current owner or the Operator of the Hotel, as the Franchisee therein.

“Future Operating Contingent Rent Value” has the meaning given in Section 2.3.2.

“Generally Accepted Accounting Principles” means shall mean U.S. generally accepted accounting principles as promulgated by the Financial Accounting Standards Board and any successor thereto, consistently applied.

“Gross Revenues” means, as determined whenever applicable in accordance with Generally Accepted Accounting Principles and the Uniform System, all revenues and receipts of every kind from the operation of the Project and all departments and parts thereof, including, without limitation, income (from both cash and credit transactions, net of discounts actually given for prompt or cash payment and refunds) from the rental of Hotel rooms and other facilities at the Hotel (including Subrents); rental of meeting, conference, exhibition, banquet and ball rooms and other facilities at the Conference Center; income from spa, fitness, wellness and health club services operated directly by Lessee or Operator (but excluding the revenues and receipts of any third-party, non-Affiliated lessee or operator of such services); telephone charges; license, lease and concession fees and rentals; food and beverage sales; wholesale and retail sales of merchandise; service charges paid to Lessee or Operator as part of the bill for the services provided by Lessee or Operator, to the extent such service charges are not distributed directly to Lessee’s or Operator’s employees as gratuities; damage awards for business interruption or loss of income arising out of or in connection with the ownership or leasing of the Project; condemnation proceeds or awards for a temporary taking; proceeds, if any, from business interruption or other loss of income insurance; amounts received from the Alpharetta Convention and Visitors Bureau in connection with Lessee’s promotional activities; and any amounts withdrawn from a Reserve which are not used for a capital expenditure. Without duplication of any exclusion from Gross Revenues set forth above, expressly excluded from the definition of Gross Revenues are the following: amounts collected by Lessee or Operator as part of the bill for the services provided by such party but which are paid out by such party directly to such party’s employees as gratuities, federal, state, and local excise, sales or use taxes or any other taxes collected directly from patrons or guests of the Project or included as part of the sales price of any goods or services, to the extent actually paid to such taxing authority; proceeds from the sale of FF&E not in the ordinary course of business; insurance proceeds (other than from business interruption or other loss of income insurance, which shall be expressly included in Gross Revenues); condemnation proceeds or awards (other than for a temporary taking); any

proceeds from any sale of the Project or from the refinancing of any debt encumbering the Project (including, without limitation, Net Sales Proceeds); capital contributions to Lessee by any member or Affiliate of Lessee; or proceeds of property tax abatements or refunds, but only to the extent the original payment of such property tax amounts did not constitute an Operating Expense hereunder.

“Hazardous Substances” means any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, toxic substances, toxic pollutants, contaminants, pollutants or words of similar meaning or regulatory effect under any present or future Environmental Laws or the presence of which on, in or under the Project is prohibited or requires monitoring, investigation or remediation under any Environmental Law, including petroleum and petroleum by-products, asbestos and asbestos-containing materials, toxic mold, polychlorinated biphenyls, lead and radon, and compounds containing them (including gasoline, diesel fuel, oil and lead-based paint), pesticides and radioactive materials, flammables and explosives and compounds containing them.

“Hotel” means a full-service, convention quality hotel having approximately three hundred twenty-five (325) guestrooms and suites, appropriate support facilities such as restaurants, lounges, bars, food preparation facilities, and other amenities and features and supporting back-of-house areas characteristic of a full-service, upper upscale hotel and consistent with the Project Standard, as constructed by or on behalf of Lessee within the Hotel Unit of the Condominium pursuant to the Development Agreement. Provisionally, the initial name of the Hotel has been selected as “Hotel Avalon”; however, Lessee shall have the right to change the name of the Hotel from time to time.

“Hotel Franchisor” means Marriott International, Inc., a Delaware corporation, or such other replacement franchisor or licensor of the Hotel selected by Lessee and approved by Lessor, such approval not to be unreasonably withheld, conditioned or delayed, provided that the licensor or owner of a nationally or regionally recognized brand of hotels classified in the “upper upscale” category of hotels by Smith Travel Research shall be deemed to be an approved Hotel Franchisor hereunder. For the avoidance of doubt, if Lessee desires to operate the Hotel without a franchise or license agreement with a Hotel Franchisor, approval of Lessor shall be required, such approval not to be unreasonably withheld, conditioned or delayed.

“Hotel Unit” shall mean the Condominium unit created and defined as such in the Declaration, as the same shall be adjusted pursuant to the terms of the Development Agreement, together with all rights, easements and appurtenances thereto as set forth in the Declaration.

“Impositions” means all taxes, assessments (including, without limitation, those levied or assessed in connection with the Leased Premises or this Lease), use and occupancy taxes, transit taxes, water and sewer charges, rates and rents, charges for public utilities, excises, levies, license and permit fees and other charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, payable to any governmental body, which shall or may during the Term be assessed, levied, charged, confirmed or imposed upon or accrue or become due or payable out of or on account of or become a lien on the Leased

Premises, or any part thereof, the appurtenances thereto or the sidewalks, streets or vaults adjacent thereto, or the rent and income therefrom (that is, Subrents received by or for the account of Lessee from any Subtenants or for any use or occupation of the Leased Premises, or any part thereof), or the franchises, licenses and permits as may be appurtenant to the use of the Leased Premises, or any part thereof, or any documents to which Lessee is a party (which documents create or transfer any interest or estate in the Leased Premises, or any part thereof). Impositions shall not include any income taxes, capital levy, estate, succession, inheritance or transfer taxes or similar tax of Lessor, or any franchise taxes imposed upon any owner (other than Lessee) of the fee title to or any ground leasehold interest in the Leased Premises or any income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by Lessor under this Lease, by any municipality, county or state, the United States of America or any governmental body; provided, however, that if at any time during the Term, the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereon shall be discontinued and as a substitute therefor, taxes, assessments, levies, impositions or charges shall be levied, assessed and/or imposed wholly or partially as a capital levy or otherwise on the rental received from said real estate or the rents reserved herein or any part thereof, then such substitute taxes, assessments, levies, impositions or charges, to the extent so levied, assessed or imposed, shall be deemed to be included within the term “**Impositions**” to the extent that such substitute tax would be payable if the Leased Premises were the only property of Lessor subject to such tax.

“**Improvements**” means, collectively, (i) the Conference Center, and (ii) any and all buildings, structures and other permanent improvements of every nature, character and description located, erected or constructed within the Conference Center Unit or (if the context hereof so indicates) portions thereof or the Common Elements appurtenant thereto, and (iii) any and all Building Equipment but (iv) *expressly excluding* the Personal Property.

“**Insurance Proceeds**” means, in the context of any insurance required pursuant to this Lease or any other insurance the proceeds of which are paid or payable to Lessee, the gross proceeds from the insurance with respect to which such term has reference (that is, the gross proceeds arising by virtue of any insured loss in respect of the Leased Premises or any part thereof) remaining after payment of all expenses (including, but not by way of limitation, reasonable attorneys’ fees and any extraordinary expenses of the Insurance Trustee) incurred in the collection of such gross proceeds.

“**Insurance Trustee**” means the Person appointed from time to time by the Board of Directors of the Association in accordance with the Condominium Documents (which may be a Leasehold Mortgagee) for the purposes of receiving, investing and paying Insurance Proceeds in accordance with the terms and conditions of this Lease and the Condominium Documents.

“**Inventories**” means “Inventories of Merchandise” and “Inventories of Supplies” as defined in the Uniform System, such as soap, toilet paper, stationery, writing pens, food and beverage inventories, paper products, menus, expendable office and kitchen supplies, fuel, expensed supplies and similar items.

“**Lease**” means this Conference Center Lease Agreement, together with any amendments, modifications, supplements, restatements or replacements thereof.

“**Leased Premises**” means the Conference Center Unit (including the Conference Center Unit’s appurtenant interest in the Common Elements as set forth in the Condominium Documents) and all Improvements therein and thereon.

“**Leasehold Mortgage**” means any deed to secure debt, deed of trust, mortgage, security agreement or other instrument in the nature thereof at any time and from time to time conveying security title to the leasehold or subleasehold estate of Lessee (or any portion thereof) created hereby, but not upon the fee simple interest of Lessor in the Leased Premises.

“**Leasehold Mortgagee**” means the holder or, collectively, the holders of the note(s) or other obligations secured by a Leasehold Mortgage.

“**Lessee**” means Avalon Hotel Associates, LLC, a limited liability company organized and existing under the laws of the State of Delaware, as the lessee under this Lease, and the successors and permitted assigns thereof.

“**Lessee Return Threshold**” has the meaning given in Section 3.3.1.

“**Lessor**” means the City of Alpharetta, a political subdivision of the State of Georgia, as the lessor under this Lease, and the successors, successors-in-title and assigns thereof.

“**Lessor Indemnified Parties**” has the meaning given in Section 13.18.

“**Loss**” means all direct or indirect damages, demands, claims, payments, obligations, actions or causes of action, assessments, losses, liabilities, costs and expenses, including, without limitation, penalties, interest on any amount payable to a third party, and any legal or other expenses (including, without limitation, reasonable attorneys’ fees and expenses) reasonably incurred in connection with investigating or defending any claims or actions, whether or not resulting in any liability.

“**Material Alteration**” means any alteration or improvement of the Conference Center Unit or Common Elements, or any series of related or functionally interdependent alterations or improvements of the Conference Center Unit or Common Elements, that will cost in excess of Five Hundred Thousand Dollars (\$500,000) (subject to CPI adjustment every five (5) years during the Term of this Lease), but excluding alterations, improvements, repairs and replacements that do not materially change the design or construction of the initial Conference Center Improvements or Common Elements constructed pursuant to the Development Agreement.

“**Major Casualty**” has the meaning given in Section 7.3.

“**NAP**” means North American Properties-Atlanta, Ltd., a Georgia limited partnership, an Affiliate of Lessee.

“**Net Operating Cash Flow**” means, for any calculation period, Gross Revenues for such calculation period, less all Operating Expenses for such calculation period.

“**Net Rents**” has the meaning given in Section 11.4.

“**Net Sales Proceeds**” means the gross sales price payable to Lessee arising from a sale of Lessee’s interest in the Project to a non-Affiliated, third-party purchaser, less brokerage commissions, finders fees and/or sales fees paid to non-Affiliated third parties; transfer taxes and fees; recording fees; and other customary out-of-pocket closing costs incurred and paid by Lessee in connection with any such sale.

“**Non-Material Alteration**” means any alteration or improvement that is not a Material Alteration.

“**Notice**” means a written advice or notification required or permitted by this Lease, as more particularly provided in Section 13.4.

“**Operating Agreement**” means that certain Hotel and Conference Center Management Agreement, dated as of _____, 201__, by and between Lessee, as “owner” therein, and Operator, as “operator” or “manager” therein, the terms, conditions and provisions of which govern the delegation of the management and operation of the Project by Lessee to the Operator.

“**Operating Contingent Rent**” has the meaning given in Section 3.3.1.

“**Operating Expenses**” means, with respect to any calculation period, any and all expenses reasonably incurred by Lessee or Operator (but without duplication for the same expenses) in the operation and maintenance of the Project, all as determined in accordance with Generally Accepted Accounting Principles and the Uniform System (except as modified by this Lease), including without limitation, as reasonably incurred or funded:

(i) salaries and employee expenses and taxes (including salaries, wages, bonuses and other compensation of all employees of the Project and their employee benefits which shall include, but not be limited to, life, medical and disability insurance, vacation and retirement benefits, but excluding gratuities to employees of the Project not included in Gross Revenues), payable by Lessee or Operator pursuant to the Operating Agreement;

(ii) expenditures for ordinary and non-structural repairs and maintenance necessary to maintain the Project in good operating condition;

(iii) expenditures for utilities and, to the extent not included in Impositions, governmental fees and assessments;

(iv) the costs of FF&E, Inventories and Fixed Asset Supplies; license fees; and franchise fees and other fees, expenses and other charges payable by Lessee to the Hotel Franchisor or Affiliates of the Hotel Franchisor under the Franchise Agreement;

(v) expenditures for advertising, marketing and reservation systems, including, without limitation, expenditures incurred in promoting tourism, conventions and trade shows;

(vi) to the extent not included in Impositions, federal, state and municipal excise, sales and use taxes (except those collected directly from guests and patrons or as part of the sales price of any goods, services or displays, such as gross receipts, admissions, cabaret or similar or equivalent taxes and paid over to federal, state or municipal governments, which are excluded from the calculation of Gross Revenues hereunder);

(vii) amounts paid into any Reserve maintained for the Project;

(viii) fees paid by or on behalf of Lessee to Operator under the Operating Agreement;

(ix) fees and expenses paid to consultants and other professionals relating to the operation, maintenance or ownership of the Project;

(x) Base Rent paid to Lessor hereunder;

(xi) cost of sales and writeoffs for uncollectible accounts receivables;

(xii) Impositions;

(xiii) costs required to be paid by Lessee or Operator under any reciprocal easement agreements and private real covenants binding title to the Project;

(xiv) the cost of insurance procured by Lessee or Operator allocable to the Project;

(xvi) capital expenditures made by Lessee not funded from funds on deposit in any Reserve fund for the Project (such expenditures to be amortized over the useful life of the capital expenditure in accordance with Generally Accepted Accounting Principles), or to the extent in excess of amounts funded from any Reserve fund for the Project, and the costs of repairing or restoring any damage to the Project not paid for from insurance proceeds (unless insurance proceeds are unavailable because the Lessee failed to insure the Project as required hereunder) or any award in connection with a condemnation; and

(xvii) except as otherwise provided herein, any other amount that would be characterized as an “operating expense” pursuant to Generally Accepted Accounting Principles;

excluding, however, from the calculation of Operating Expenses: (a) capital expenditures made by Lessee to the extent funded by amounts on deposit in any Reserve fund for the Project which were previously deducted from Operating Expenses, (b) debt service, (c) amortization expense, (d) depreciation expense, and (e) any “Project Costs,” or other costs paid for from the “Private Funding Contribution” or the “Public Funding Contribution,” as each of such terms is defined and used in the Development Agreement.

To the extent there are differences between the application of Generally Accepted Accounting Principles and the application of the Uniform System with respect to a determination of Operating Expenses, the determination undertaken in accordance with the Generally Accepted Accounting Principles shall govern and control.

“**Operator**” means Merritt Hospitality, LLC, an affiliate of HEI Hospitality, LLC, and any successor managers or operators of the Project under an Operating Agreement, or such other replacement operator or manager of the Hotel selected by Lessee and approved by Lessor, such approval not to be unreasonably withheld, conditioned or delayed, provided that any such operator or manager which (i) is approved by the Hotel Franchisor to operate and manage the Project, and (ii) then manages or operates a minimum of ten (10) other hotels under hotel brands classified in the “upper upscale” category of hotels by Smith Travel Research and having operating standards generally consistent with the Project Standard, shall be deemed to be an approved Operator hereunder.

“**Option Exercise Notice**” has the meaning given in Section 2.3.1.

“**Option Purchase Price**” has the meaning given in Section 2.3.2.

“**Parties**” means all parties to this Lease; that is, Lessor and Lessee.

“**Party**” means any party to this Lease; that is, Lessor or Lessee.

“**Permitted Exceptions**” means those matters, other than Impositions neither delinquent nor in default, affecting title to the Leased Premises as of the date of this Lease, including, without limitation, those particularly described in Exhibit B attached hereto and by this reference made a part hereof.

“**Person**” means any person, corporation, limited liability company, partnership (general or limited), joint venture, association, joint stock company, trust or other business entity or organization.

“**Personal Property**” means, collectively, all FF&E, Fixed Asset Supplies and Inventories.

“**Private Funding Contribution**” has the meaning set forth in the Development Agreement.

“**Project**” means, collectively, the Hotel and the Conference Center, the Hotel Unit and the Conference Center Unit, and the Common Elements.

“**Project Standard**” means the quality standards of upper upscale conference hotel facilities owned, operated and/or franchised by, for example, the Hotel Franchisor, and including other similar facilities in the United States developed by SHG or its affiliates, including the similar facilities located in Sugar Land, Texas, Franklin, Tennessee, and College Park, Georgia.

“**Property**” means that certain tract of land located in Fulton County, Georgia, on which the Project will be developed and constructed pursuant to the Development Agreement, as more particularly described in **Exhibit A** attached hereto and made a part hereof.

“**Purchase Option**” has the meaning given in Section 2.3.

“**Release**” has the meaning given in Section 6.6(a).

“**Rent**” means the sums to be paid by Lessee to Lessor pursuant to the provisions of Article 3, collectively including the Base Rent and Contingent Rent.

“**Reserve**” means an account established by Lessee or Operator in a national or regional bank or trust company selected by Operator or Lessee for the purpose of effecting certain repairs, replacements, repairs, maintenance and capital improvements, as required under the Franchise Agreement, any Leasehold Mortgage and/or this Lease.

“**Requirements**” shall mean all laws, codes, rules, orders, ordinances, directions, regulations, obligations, and requirements of federal, state, county, municipal, or other public department, bureau, office or authority or of the National Board of Fire Underwriters, or other body having similar functions, or of any liability, fire or other insurance company having policies outstanding with respect to the Leased Premises, now in force or which may hereafter be in force, which shall impose any duty upon Lessee or Lessor with respect to the construction, development, condition, maintenance, use, occupation, operation or alteration of the Project, or the conduct of business therein, including, without limitation, the Americans with Disabilities Act of 1990, as amended, and all regulations promulgated thereunder, and all environmental laws and laws governing the manufacture, generation, disposal, release, or use of hazardous materials, and all applicable zoning, permitting and recycling laws and regulations.

“**Sale Contingent Rent**” has the meaning given in Section 3.3.2.

“**SHG**” means Stormont Hospitality Group, LLC, a Georgia limited liability company, an Affiliate of Lessee.

“**Sublease**” means, generally, any one of the Subleases.

“**Subleases**” means all written or oral leases, rental agreements, licenses, concessions, easements, occupancies or other agreements or arrangements for use or hire of, or in respect to, any portion of the Leased Premises, but not including bookings in the ordinary course of business for Hotel rooms and Conference Center meeting space.

“**Subrents**” means the aggregate of all rent and other charges or sums from time to time and at any time due or payable by Subtenants under Subleases.

“**Subtenant**” means any Person which is or may hereafter be the sublessee or subtenant under any Sublease.

“**Term**” means the term of this Lease described in Section 2.2.

“**Terminate**”, “**Terminated**” and “**Termination**” mean the termination of the Term of this Lease by reason of an Event of Default or any other termination of this Lease pursuant to any specific provision hereof prior to the Expiration of this Lease, and not by reason of lapse of time.

“**Third Party Sale**” has the meaning set forth in Section 3.3.1.

“**Transfer**” means any transfer, sale, conveyance, grant, assignment, encumbrance, pledge, hypothecation or other disposition.

“**Uniform System**” means the Uniform System of Accounts for Hotels (then current edition), as published by the Hotel Association of New York City, Inc., as the same may be hereafter modified, amended, supplemented or revised.

“**Work**” means such demolition, repair, Alteration, change, addition, restoration, replacement or rebuilding, including temporary repairs for the protection of other property pending the completion of any of the foregoing, as may be the subject matter of Section 6.5.1 or Section 8.1.

2. Lease of Leased Premises; Term of Lease; Purchase Option; Quiet Enjoyment.

2.1 Lease. Lessor, in consideration of the rents, covenants, agreements and conditions herein set forth, which Lessee hereby agrees shall be paid, kept and performed by Lessee, does hereby lease, let, demise and rent to Lessee, and Lessee does hereby rent and lease from Lessor, the Leased Premises. The interest in the Leased Premises created hereby shall and shall be deemed to be an estate for years under the laws of the State of Georgia.

TO HAVE AND TO HOLD the Leased Premises and all rights, privileges and appurtenances thereunto appertaining unto Lessee, for and during the Term, unless sooner Terminated in accordance with any of the provisions of this Lease, subject to the Permitted Exceptions and Impositions.

2.2 Term. This Lease is and shall remain in full force and effect from and after the date on which this Lease is fully executed and delivered by Lessor and Lessee. The Term of this Lease shall be for a period commencing on the Commencement Date and terminating at midnight on the last day of the ninety-ninth (99th) full Fiscal Year following the Commencement Date.

2.3 Purchase Option. Lessee is hereby granted and shall have the option (the “**Purchase Option**”) to purchase all right, title and interest of Lessor in the Leased Premises at any time following the earlier of (a) the date upon which the City Bond Financing (as that term is defined in the Development Agreement) is repaid, discharged, and satisfied in full, or (b) the date that is twenty-five (25) years following the date upon which the City Bond Financing is first issued, upon the following terms and conditions:

2.3.1 Exercise of Option. Lessee shall give Lessor written Notice of its exercise of the Purchase Option (the “**Option Exercise Notice**”).

2.3.2 Option Purchase Price. The purchase price for the purchase of Lessor’s right, title and interest in and to the Conference Center Unit (the “**Option Purchase Price**”) shall be the greater of (a) the then current Fair Market Value (as hereinafter defined) thereof, or (b) the then current Future Operating Contingent Rent Value (as hereinafter defined), each as determined in accordance with this Section 2.3.2, which Fair Market Value and Future Operating Contingent Rent Value shall be determined as promptly as possible following the date of Lessee’s Option Exercise Notice. For the purposes of this Section 2.3.2, “**Fair Market Value**” shall mean the price that would be agreed upon by a seller and a buyer of the Conference Center Unit (assuming the same to be unencumbered by this Lease) in an arms’ length purchase and sale transaction, each of whom is willing, but neither of whom is compelled, to enter into such a transaction, and assuming that the seller and buyer are each informed, well-advised and acting in what it considers its own best interests. Determination of such Fair Market Value shall not take into account the encumbrance of this Lease or the amount of Rent hereunder. “**Future Operating Contingent Rent Value**” shall mean the net present value of the remaining anticipated Contingent Rent over the balance of the Term of this Lease assuming the Leased Premises were never purchased pursuant to this Purchase Option, and assuming a discount rate for purposes of calculating such net present value equal to the interest rate that was payable on the City Bond Financing. The Fair Market Value and Future Operating Contingent Rent Value shall be determined in accordance with the following procedure:

2.3.2.1 Lessor and Lessee shall mutually agree upon an independent commercial real estate appraiser licensed in the State of Georgia with at least ten (10) years’ experience, immediately prior to the date in question, evaluating the fair market value and projected financial performance of conference center hotel properties. If the Parties are unable to agree on such appraiser within fifteen (15) days after the date of Lessee’s Option Exercise Notice, the Parties shall each select, within ten (10) business days thereafter, an appraiser meeting the above qualifications (the “**Appointed Appraisers**”).

2.3.2.2 If Lessor and Lessee agreed upon a single Appraiser pursuant to Subsection 2.3.2.1, the sole Appraiser shall make its final determinations of the Fair Market Value and the Future Operating Contingent Rent Value based on the foregoing criteria for the definition of Fair Market Value and the Future Operating Contingent Rent Value within thirty (30) days after he or she has been appointed. Such Appraiser's determination of Fair Market Value and the Future Operating Contingent Rent Value shall be deemed to be the "Fair Market Value" and the "Future Operating Contingent Rent Value" for all purposes of this Section 2.3.2 and shall be binding upon the Parties.

2.3.2.3 If Lessor and Lessee selected Appointed Appraisers pursuant to Subsection 2.3.2.1, each such Appointed Appraiser shall, within thirty (30) days after the Independent Appraiser (defined below) has been selected, simultaneously submit to the other its respective final determinations of the Fair Market Value and the Future Operating Contingent Rent Value based on the foregoing criteria for the definition of Fair Market Value and the Future Operating Contingent Rent Value (collectively referred to as the "**Appointed Appraiser Determinations**"). Each Appointed Appraiser shall document the assumptions such Appointed Appraiser has made in reaching the Fair Market Value and the Future Operating Contingent Rent Value in its Appointed Appraiser Determination. If the higher of such Appointed Appraiser Determinations is not more than one hundred five percent (105%) of the lower of such Appointed Appraiser Determinations, then the Fair Market Value or the Future Operating Contingent Rent Value, as applicable, shall be the average of the two Appointed Appraiser Determinations. If either or both of the Fair Market Value and the Future Operating Contingent Rent Value is not resolved by the exchange of Appointed Appraiser Determinations, then within fifteen (15) days after the exchange of Appointed Appraiser Determinations, the Appointed Appraisers shall mutually select and appoint a third appraiser meeting the above qualifications and the additional qualification that such third appraiser has not previously been employed by either Lessor or Lessee (the "**Independent Appraiser**"). If the two Appointed Appraisers cannot agree upon an Independent Appraiser within the fifteen (15)-day period, Lessor and Lessee, or either of them, shall apply to the American Arbitration Association for designation of an Independent Appraiser meeting the foregoing criteria. Once the Independent Appraiser has been selected as provided for above, then, as soon thereafter as practicable but in any case within ten (10) days, the Independent Appraiser shall make his or her determination of which of the two Appointed Appraiser Determinations most closely reflects Fair Market Value and Future Operating Contingent Rent Value and the selected Appointed Appraiser Determination with respect to Fair Market Value and Future Operating Contingent Rent Value (determined separately by the Independent Appraiser) shall be binding on the Parties.

2.3.2.4 The appraiser agreed to by Lessor and Lessee, each of the Appointed Appraisers and the Independent Appraiser, are each individually hereinafter referred to as an "**Appraiser**", and collectively, if applicable, as the "**Appraisers**".

2.3.2.5 The fees of the Appraiser mutually selected by Lessor and Lessee, if applicable, shall be shared equally by Lessor and Lessee. If Lessor and Lessee do not mutually agree upon a single Appraiser, Lessor and Lessee shall each be solely responsible for the fees of the respective Appointed Appraiser selected by it, and the fees of the Independent Appraiser shall be shared equally by Lessor and Lessee. Notwithstanding the foregoing, if Lessee rescinds its Option Exercise Notice pursuant to Section 2.3.2.6 below, Lessee shall be solely responsible for the fees of all Appraisers and any other costs or expenses (including, if applicable, reasonable attorneys' fees) incurred by Lessor in connection with the Option Exercise Notice.

2.3.2.6 Upon determination of the Option Purchase Price, Lessee shall have a period of ten (10) days in which it may, by written Notice to Lessor, elect to rescind its Option Exercise Notice and cancel its planned purchase of the Leased Premises, whereupon Lessee shall not be entitled to send another Option Exercise Notice for a period of one (1) year thereafter. If Lessee does not affirmatively elect to rescind the Option Purchase Notice and cancel the planned purchase of the Leased Premises within such ten (10)-day period, Lessee shall be deemed to have accepted the Option Purchase Price as determined hereunder, and the Parties shall proceed to closing in accordance with Section 2.3.3 below.

2.3.3 Closing. Provided Lessee does not rescind its Option Exercise Notice and cancel the planned purchase of the Conference Center Unit in accordance with Section 2.3.2.6 above, the closing of Lessee's purchase of the Conference Center Unit shall occur on a date mutually agreed by Lessor and Lessee, but in no event earlier than thirty (30) days following the determination of the Option Purchase Price, at a time and place reasonably convenient to Lessor and selected by Lessee. Lessee shall be responsible for all closing costs, other than Lessor's attorneys' fees, upon conveyance of Lessor's interest in the Conference Center Unit. Conveyance of the Leased Premises from Lessor to Lessee shall be by limited warranty deed, subject to all Permitted Exceptions and any other matters arising after the date of this Lease as a result of the actions of Lessee or with the prior written consent of Lessee. Lessor shall also convey title to any Personal Property in which Lessor has an interest pursuant to a quitclaim bill of sale. Furthermore, each Party shall execute and deliver at closing such standard documentation (such as title insurance affidavits (provided that Lessor shall not be obligated to swear to any matters in a title affidavit which are customarily given only by parties in possession of real property) tax filing forms and information, etc.) as is customarily delivered by buyers and sellers of similar real estate in Alpharetta, Georgia. Any such sale shall be on an "as-is, where-is" basis, without representation or warranty of the condition of the Leased Premises by Lessor. At such closing, the Parties shall execute and deliver such documents, and shall pay all monies as provided herein, as may be necessary or reasonably requested by either Party to consummate such sale and purchase.

2.4 Quiet Enjoyment. Lessor represents and warrants that it has full right and authority to execute and deliver this Lease and to perform its obligations hereunder, and that Lessee, while paying the Rent and other sums payable under this Lease and performing its other

covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Leased Premises for the full Term without hindrance or molestation from Lessor or any other Person claiming by, through or under Lessor, subject to the terms, conditions and provisions of this Lease. Lessor further warrants that the execution, delivery and performance of this Lease by Lessor do not conflict with, or cause a violation of, any agreement or instrument binding upon the Lessor.

3. Rent.

3.1 Amount of Base Rent. Lessee, in consideration of the leasing of the Leased Premises to Lessee by Lessor, hereby covenants and agrees to pay base rent to Lessor in the annual minimum amount of One and No/100 Dollars (\$1.00) per Fiscal Year or portion thereof (“**Base Rent**”) as, and in the manner herein provided and subject to the terms, provisions and conditions herein set forth, without Notice or other notice or demand and, except as herein specifically provided, without any offset or deduction whatever.

3.2 Payment of Base Rent. On or before the first (1st) day of the first (1st) Fiscal Year and on or before the first (1st) day of every Fiscal Year thereafter, Lessee shall pay to Lessor the annual Base Rent payable for such Fiscal Year. Rent shall be paid to Lessor, without setoff or deduction, either (i) to Lessor at the address of Lessor as hereinafter set forth or (ii) if Lessor so requests by Notice, to such other Person or place or places as Lessor may designate from time to time by such Notice to Lessee. Payment of Rent for any partial Fiscal Year shall not be prorated, but shall be payable in full for each Fiscal Year or portion thereof.

3.3 Contingent Rent. Lessee, in consideration of the leasing of the Leased Premises to Lessee by Lessor, hereby covenants and agrees to pay contingent rent to Lessor in the form of Operating Contingent Rent and/or Sale Contingent Rent (all Operating Contingent Rent, if any, and all Sale Contingent Rent, if any, due hereunder being, collectively, “**Contingent Rent**”; and the Base Rent, Contingent Rent, and any and all other amounts due from Lessee to Lessor hereunder being, collectively, the “**Rent**”), as and when applicable in the amount or amounts as hereinafter determined:

3.3.1 Contingent Rent – Net Operating Cash Flow. Lessee shall pay contingent rent to Lessor based on Net Operating Cash Flow, in an amount equal to ten percent (10%) of all Net Operating Cash Flow, if any, in any Fiscal Year in excess of the amount necessary to provide a cumulative compounded annual thirteen percent (13%) unleveraged IRR (as defined in Exhibit C attached hereto) on the aggregate Private Funding Contribution, including private equity and loan proceeds, invested in the Project by or on behalf of Lessee, computed in accordance with Exhibit C attached hereto (such return amount, the “**Lessee Return Threshold**,” and the contingent rent itself, the “**Operating Contingent Rent**”), until the first bona fide sale by Lessee of its entire interest in the Project to a third-party, non-Affiliated purchaser (a “**Third Party Sale**”). Partial Fiscal Years shall be appropriately pro-rated. For the avoidance of doubt, following the first Third Party Sale and payment of Sale Contingent Rent due upon such sale, if any, pursuant to Section 3.3.2 below, Operating Contingent Rent shall no longer accrue under this Lease and the obligation to pay Operating Contingent Rent under this

Lease, except for any Operating Contingent Rent which may have accrued prior to the date of such Third Party Sale but not yet been paid, shall be deemed terminated and of no further force or effect.

3.3.2 Contingent Rent – Net Sales Proceeds. Upon the first Third Party Sale, Lessee shall also pay contingent rent to Lessor in an amount equal to the product of (a) the Sale Contingent Rent Percentage (hereinafter defined), and (b) all Net Sales Proceeds, if any, that when combined with all Net Operating Cash Flow previously realized by Lessee under this Lease, will exceed the Lessee Return Threshold (“**Sale Contingent Rent**”). As used herein, the term “**Sale Contingent Rent Percentage**” shall mean the percentage measured as of the date of the Third Party Sale, which percentage shall be 31.910% as of the Project Opening Date and shall be reduced by 0.913% on the first day of the month that is at least one month following the Project Opening Date, and on the first day of each of the next twenty-three (23) calendar months thereafter, until such percentage reaches 10%, whereupon such percentage shall remain 10% for the remainder of the Term.

3.4 Payment of Contingent Rent.

3.4.1 Operating Contingent Rent. On or before the ninetieth (90th) day after the end of the first (1st) Fiscal Year following the Project Opening Date (defined in the Development Agreement) and on or before the ninetieth (90th) day after the end of every Fiscal Year thereafter until the first Third Party Sale, Lessee shall provide to Lessor a statement certified by the managing member or chief financial officer of Lessee setting forth for such Fiscal Year Gross Revenues, Operating Expenses and the resulting calculations of Net Operating Cash Flow and the amount, if any, of Operating Contingent Rent payable to Lessor hereunder in accordance with Section 3.3.1. Lessee shall pay the amount of any such Operating Contingent Rent shown in such certified statement together with the delivery of such statement to Lessor, either (i) to Lessor at the address of Lessor as hereinafter set forth or (ii) if Lessor so requests by Notice, to such other Person or place or places as Lessor may designate from time to time by such Notice to Lessee.

3.4.2 Sale Contingent Rent. Concurrently with the first Third Party Sale, Lessee shall pay to Lessor the amount of any Sale Contingent Rent, if any, as may be due upon such sale calculated in accordance with Section 3.3.2 above. Lessee shall provide Lessor with not less than thirty (30) days prior written notice of such Third Party Sale, together with a preliminary written estimate of the amount of Sale Contingent Rent that will be due and payable to Lessor as a result of such Third Party Sale. Following such first Third Party Sale by Lessee of its interest in the Project, and payment of any Sale Contingent Rent due upon such Third Party Sale, if any, the transferee of such Third Party Sale, as successor Lessee hereunder and any other successor Lessee hereunder, shall thereafter no longer be liable for Contingent Rent hereunder, whether Operating Contingent Rent or Sale Contingent Rent; provided, however, the original Lessee shall remain obligated to cooperate with any subsequent audit conducted pursuant Section 3.4.3 below and to pay any additional Contingent Rent as may be due and payable in connection therewith.

3.4.3 Audit Rights. Upon reasonable prior notice, Lessor and its representatives shall have the right, from time to time, to examine and/or cause a complete audit (and to make copies) of any one or more or all statements, books of account, and records of Gross Revenues, Operating Expenses, Net Operating Cash Flow, Net Sales Proceeds, Lessee Return Threshold, Operating Contingent Rent and Sale Contingent Rent and Lessee's procedures for keeping the same and Lessee shall promptly produce such books and records upon Lessee's demand. If the audit concludes that Lessee has underpaid Contingent Rent, Lessee shall promptly pay any additional Contingent Rent due Lessor as determined pursuant to any such audit, plus interest thereon from the time due until paid at the rate of thirteen percent (13%) per annum, plus, if the audit concludes that Lessee has underpaid Contingent Rent by more than five percent (5%) of the total amount of Contingent Rent ultimately determined by such audit to have been and payable, the reasonable costs of the audit. Lessor shall hold all books and records and other statements provided hereunder in strict confidence, but may disclose same to Lessor's employees, brokers, attorneys, auditors and other professional advisors or as may be required by Requirements.

3.5 Net Lease. This Lease shall be deemed and construed to be a completely net lease and Lessee shall pay, or cause to be paid, to Lessor, net throughout the Term, the Rent hereunder free of any offset, abatement or other deduction whatsoever and without notice (including, without limitation, any Notice) or demand. Under no circumstances or conditions, whether now existing or hereafter arising, or whether or not beyond the present contemplation of the Parties, shall Lessor be required to make any payment of any kind whatsoever with respect to this Lease and/or the Leased Premises or any part thereof, or be under any other obligation or liability hereunder except as herein otherwise expressly set forth.

3.6 Limitations on Rent. As determined by the Lessor in its sole and absolute discretion and notwithstanding anything contained in this Article 3, in no event shall Rent for any annual period exceed the maximum amount of rent allowable under applicable provisions of the U.S. Internal Revenue Code of 1986, as it may be amended, modified, supplemented, revised or superseded from time to time, together with any regulations and revenue procedures promulgated thereunder or issued in connection therewith, so as to preserve the tax-exempt status of the of the City Bond Financing issued by or for the account of Lessor in connection with the development and construction of the Conference Center. The maximum amount of Rent, if less than the amount specified in this Article 3, may be specified in the financing and tax documents associated with the bonds.

4. Impositions.

4.1 Payment. In addition to the Rent payable during the Term, Lessee will pay or cause to be paid all Impositions, as and when the same shall become due, except that all Impositions for the Fiscal Year or tax year in which this Lease Expires or is Terminated shall be apportioned so that Lessee shall pay the portions of the Impositions that are applicable to the period prior to Expiration or Termination of this Lease and Lessor shall pay the portion thereof applicable thereafter. Lessee shall pay all such Impositions directly to the taxing authority, and upon request of Lessor shall deliver to Lessor satisfactory evidence of such payment. The

certificate, advice, bill or statement issued or given by the appropriate officials authorized or designated by law to issue or give the same or receive payment of any of the Impositions, of the existence, non-payment or amount of such Impositions shall be prima facie evidence of the existence, payment, non-payment or amount, as applicable, of such Impositions.

4.2 Contests. Lessee, if Lessee shall so desire, may contest the validity or amount of any Impositions, in which event Lessee may defer payment thereof during the pendency of such contest provided that, prior to the date the same shall have become due, Lessee shall have deposited with the applicable governmental authority the amount required thereby, or if no such sum is required by such authority, Lessee shall have deposited with Lessor an amount sufficient to pay such contested item, together with the interest and penalties thereon, which amount shall be applied to the payment of such item when the amount thereof shall be finally fixed and determined. In lieu of such deposit with Lessor, Lessee may deliver to Lessor a surety company bond in an amount, in a company and in substance Approved by Lessor (which Approval shall not be unreasonably withheld, conditioned or delayed). Nothing herein contained, however, shall be construed to allow such items to remain unpaid for such length of time as shall permit the Leased Premises, or any part thereof, to be sold by any governmental or quasi-governmental authority or to have a lien imposed or foreclosed with respect thereto for the non-payment of the same. If at any time, in the judgment of Lessor, it shall become necessary to reasonably protect Lessor's interest, Lessor after Notice to Lessee may use the funds deposited with Lessor to pay or apply on the contested Impositions. If the amount of deposited funds shall exceed the amount of such payment, the excess shall be paid to Lessee. In case there shall be any deficiency, the amount of such deficiency shall be promptly paid on demand by Lessee to Lessor. If such deficiency is not paid by Lessee to Lessor and if Lessor pays the amount of such deficiency on the contested Impositions, Lessee shall pay to Lessor the amount of such deficiency as additional rent with interest thereon as described in Section 11.10.

4.3 Assessed Valuation. To the extent required by Requirements, Lessee shall render and return the Leased Premises for taxing to all taxing jurisdictions and may, if Lessee shall so desire, endeavor at any time or times to obtain a lowering of the assessed valuation upon the Leased Premises or any part thereof for any year for the purpose of reducing Impositions thereon. Lessee shall be authorized to collect any tax refund payable as a result of any proceeding Lessee may institute for that purpose and any such refund shall be the property of Lessee to the extent to which it may be based on a payment made by Lessee, subject, however, to any apportionment between Lessor and Lessee with respect to taxes paid or contributed by Lessor in the year in which this Lease Expires or is Terminated, after deducting from such refund the reasonable costs and expenses, including reasonable attorneys' fees and costs, incurred in connection with obtaining such refund.

4.4 Joinder by Lessor. Lessor shall not be required to join in any action or proceeding referred to in Sections 4.2 or 4.3 unless required by law or any rule or regulation in order to make such action or proceeding effective, in which event Lessor shall, subject to Section 13.21 below, cooperate with Lessee in such proceeding, but without expense to Lessor. Lessee shall hold Lessor harmless from all Losses arising by reason of, in connection with, on account of, growing out of or resulting from any such action or proceeding. Such hold harmless agreement shall expressly survive the Expiration or earlier Termination of this Lease.

5. Improvements.

5.1 Approval of Plans and Specifications. Lessor and Lessee hereby acknowledge and agree that Lessor and Lessee have reviewed and Approved the plans and specifications for the initial development and construction of the Project in accordance with the Development Agreement.

5.2 Development and Construction of Project. Promptly following the execution and delivery of this Lease, Lessee shall undertake and perform the development, construction, furnishing, equipping and opening of the Project and all components thereof, all in accordance with and as contemplated by the Development Agreement.

5.3 Title to Leased Premises. Fee simple title to the condominium interests constituting the Conference Center Unit and the Improvements therein shall be and remain in Lessor during the Term. Title to all FF&E, as it may then exist, installed in or placed upon the Conference Center Unit by or on behalf of Lessee shall also be and remain in Lessor during the Term, but title to all other Personal Property from time to time placed in the Conference Center Unit by or on behalf of Lessee shall be and remain in Lessee during the Term. Lessee acknowledges that based on title insurance policies obtained by Lessee, Lessee has determined that title to the Leased Premises is acceptable and is in satisfactory and suitable condition for the use intended by Lessee. This Lease is made subject to all Permitted Exceptions (as defined in the Development Agreement) pursuant to which the Leased Premises were conveyed to Lessor. Upon Termination or Expiration (provided Lessee has not exercised the Purchase Option), the Leased Premises shall be the sole and absolute property of Lessor as of such Termination or Expiration and shall revert to Lessor and be surrendered by Lessee to Lessor at that time, along with any Improvements and all Personal Property, as it may then exist, free and clear of all liens and other encumbrances other than the Permitted Exceptions and any other such liens and encumbrances incurred by Lessor or that Lessor otherwise Approves as a lien or encumbrance that may survive such Termination or Expiration.

5.4 As-Is. Except to the extent expressly set forth in the Development Agreement, Lessee acknowledges and agrees that Lessor has not made, does not make and specifically negates and disclaims any and all representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the value, nature, quality or condition of the Project, including, without limitation, the water, soil and geology thereof, (b) the income derived or to be derived from the Project, (c) the suitability of the Project for any and all activities and uses that Lessee may conduct thereon, (d) the compliance of or by the Project or its operation with any Laws, (e) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Project, (f) the manner or quality of the construction or materials, if any, incorporated into the Project, or (g) the manner, quality, state of repair or lack of repair of the Project, and that Lessor has not made, does not make and specifically disclaims any and all representations regarding compliance with any Environmental Laws. Lessee further acknowledges and agrees that having been given the opportunity to inspect the Project, Lessee is relying solely on Lessee's own knowledge of the Project and investigation of the Project and not on any information provided or to be provided by Lessor. Lessee

acknowledges and agrees that to the maximum extent permitted by Law, the lease of the Project as provided for herein is made on an “AS-IS” condition and basis with all faults.

6. Maintenance and Repair, Use and Alteration.

6.1 Maintenance and Repair. Lessee shall at its own cost and expense, keep, or cause to be kept, the Leased Premises and the Improvements and all components thereof (except to the extent maintenance of the same is the responsibility of the Association pursuant to the Condominium Documents) in a good and orderly condition consistent with the Project Standard, normal wear and tear, condemnation, fire and other casualty excepted, and shall perform all repairs, replacements and improvements required by the Requirements (except for repairs and replacements to be performed by the Association pursuant to the Condominium Documents).

6.2 Use.

6.2.1 Required Use. Lessee shall operate the Leased Premises as a conference center (including all related or ancillary facilities and services) for use and enjoyment by guests and patrons of the Hotel and for the general public. Any change in use shall require the prior Approval of Lessor, which may be withheld for any reason or no reason in its sole discretion.

6.2.2 Use Restrictions. Lessee shall not use or occupy, or permit the use or occupancy of, the Leased Premises, and not do or permit anything to be done in or to the Leased Premises, in whole or in part, in a manner which (i) would in any way make void or voidable any insurance then in force with respect thereto, or (ii) may make it impossible to obtain (at standard rates therefor) fire or other insurance thereon required to be furnished by Lessee hereunder or by the Association under the Condominium Documents, or (iii) would cause structural injury (subject to the provisions of Section 6.5) to the Project or any part thereof, or (iv) might constitute a public or private nuisance, or (v) is contrary to the Condominium Documents. Lessee shall not use or occupy, or permit the use of, the Conference Center Unit, in whole or in part, in a manner which violates any present or future, ordinary or extraordinary, foreseen or unforeseen Requirements now existing or hereafter created. Lessee shall, at no cost or expense to Lessor, diligently comply with all of the foregoing; provided, however, that Lessee may contest the validity of any such Requirements in accordance with the terms of Section 6.4 below. Lessee shall indemnify and hold harmless Lessor against any Losses arising in connection with any breach of this Subsection 6.2.2 by Lessee or by reason of any action or proceedings which may be brought against Lessor or against the Conference Center Unit or the Condominium, or any part thereof, by virtue of violation of any such Requirements. The within and foregoing indemnification and hold harmless agreement shall expressly survive the Expiration or earlier Termination of this Lease.

6.3 Waste. Lessee will not do or permit or suffer any waste, damages, disfigurement or injury to or upon the Leased Premises, or any part thereof. Lessee shall have the right at any time and from time to time to sell or dispose of any Building Equipment, FF&E

or Personal Property which may have become obsolete or unfit for use or which is no longer useful, necessary or profitable in the conduct of Lessee's business, provided that if such Building Equipment, FF&E or Personal Property is necessary or desirable for the operation of the Conference Center, Lessee shall then or promptly thereafter substitute for the same, other Building Equipment, FF&E or Personal Property not necessarily of the same character, but capable of performing the same function as that performed by the property so disposed of, and of high quality, comparable value and suitable for its intended purpose.

6.4 Compliance with Requirements and Condominium Documents.

Lessee shall diligently comply, at Lessee's own expense during the Term, with all Requirements and all obligations arising under the Condominium Documents, and shall protect, hold harmless and indemnify Lessor against and from all Losses arising out of any failure to comply with the Condominium Documents or any such Requirements. Lessee may, however, in good faith, and after having secured Lessor to Lessor's reasonable satisfaction by cash or by a surety company bond in an amount, in a company and in substance Approved by Lessor (which Approval shall not be unreasonably withheld, conditioned or delayed), against loss or damage, contest the validity of any Requirement and, pending the determination of such contest, may postpone compliance therewith, except that Lessee shall not so postpone compliance therewith as to subject Lessor to any fine or penalty or to prosecution for any misdemeanor, felony or other crime, or to cause the Leased Premises or the Condominium or any part thereof to be subject to the imposition or foreclosure of any lien or to be condemned or to be vacated, or to endanger or adversely affect use or occupancy of the Leased Premises or the Condominium. Lessor shall not be required to join in any action or proceeding referred to in this Sections 6.4 unless required by law or any rule or regulation in order to make such action or proceeding effective, in which event Lessor shall, subject to Section 13.21 below, cooperate with Lessee in such proceeding, but without expense to Lessor. The within and foregoing indemnification and hold harmless agreement shall expressly survive the Expiration or earlier Termination of this Lease.

6.5 Alterations. Lessee shall not demolish nor undertake any Material Alterations of the Conference Center Unit, or any part thereof, without the prior written consent of Lessor, which consent Lessor shall not unreasonably withhold, condition or delay unless Lessor determines, in its reasonable discretion, that the proposed Material Alteration would have an Adverse Effect. Lessee shall be entitled to make Non-Material Alterations to the Conference Center Unit, or any part thereof, without the prior written consent of Lessor, provided that Lessee determines in good faith that any such Non-Material Alteration will not have an Adverse Effect. As used herein, a Material Alteration or Non-Material Alteration (as applicable, an "**Alteration**") shall be considered as having an "**Adverse Effect**" if such Alteration will: (a) violate any Requirements or the Condominium Documents; (b) materially and adversely affect the structural components of the Conference Center (including, without limitation, the exterior and structural walls, floor slabs, columns, and roofs thereof), or the mechanical, electrical, plumbing and/or life safety systems of the Conference Center; (c) materially affect the exterior appearance of the Conference Center or footprint of the Conference Center at the Project; or (d) materially lessen the value of the Conference Center Unit. Notwithstanding anything herein to the contrary, approval by Lessor of any Alteration shall not constitute an assurance or representation by Lessor that such Alteration satisfies any Requirements or the Condominium Documents. No consent by Lessor to any Alteration shall be deemed to be an agreement or consent by Lessor to subject Lessor's interest in the Leased Premises or the Condominium to any mechanic's or

materialman's liens which may be filed in respect to such Alteration. Lessor may impose as a condition to its consent to any Material Alteration such requirements as Lessor may deem necessary or desirable, including, without limitation, the right to approve the plans and specifications for any work, the right to require security for the full payment of any work, and the right to approve the contractor or contractors who shall perform any Material Alteration. Lessee shall reimburse Lessor for Lessor's actual, documented third party out-of-pocket costs and expenses incurred in connection with reviewing and approving any Material Alteration.

6.5.1 Performance of Work and Alterations. Lessee shall perform any Work and Alterations at no cost or expense to Lessor, subject, however, to the conditions and covenants set forth in Sections 6.5.1.1 through 6.5.1.7.

6.5.1.1 Due Diligence. The Work shall be performed with diligence and in a first-class workmanlike manner.

6.5.1.2 Compatibility. All Alterations shall be architecturally compatible with the balance of the Project. All such Alterations shall also (i) comply with the Condominium Documents, (ii) not materially and adversely affect the structural integrity of the Project, (iii) not materially and adversely affect the existing mechanical, electrical and other systems within the Project, and (iv) when constructed, not materially and adversely affect the operation of the Project as a whole, as same is then operated.

6.5.1.3 Insurance. Lessee, Lessee's contractor or the contractor performing the Work shall provide and maintain full workers' compensation insurance in respect to such Work and all risk builder's risk insurance in compliance with the Condominium Documents covering such Work in an amount not less than the cost of such Work as well as any other insurance in respect to such Work as may then be required by law or the Condominium Documents. Certificates of all such policies shall be delivered to Lessor prior to commencement of such Work.

6.5.1.4 Consents. If under the provisions of any insurance policies required to be provided and maintained under this Lease, any consent to such Work by the insurers therein shall be required to continue and keep such policies in full force and effect, Lessee shall obtain such consents and pay any premiums or charges that may be incurred. Lessee shall likewise obtain such consents by the Association to the Work as may be required under the Condominium Documents.

6.5.1.5 Compliance with Requirements. Lessee shall, in the performance of any Alterations, comply with all Requirements and matters to which this Lease is subject as then in effect. The Conference Center Unit, when the Alterations are completed, shall comply with all Requirements and all matters to which this Lease is subject as then in effect.

6.5.1.6 Permits. Lessee shall procure all necessary permits for the Alterations and shall deliver to Lessor a temporary or final certificate of occupancy, if applicable, as a condition precedent to the use of the Conference Center Unit for their designated purpose. Upon completion of the Alterations, Lessee shall deliver to Lessor a final certificate of occupancy, if not previously delivered, and an updated set of the “as-built” plans for the Conference Center Unit.

6.5.1.7 Ability to Pay. If requested by Lessor, Lessee shall provide to Lessor satisfactory evidence of Lessee’s ability to pay for such Alterations and may require Lessee to provide reasonable security for the performance of the Alterations (which with respect to any Material Alteration may include, but not necessarily be limited to, a payment or performance bond naming Lessor as a co-obligee).

6.5.2 Prohibited Activities. Nothing herein contained shall be construed to authorize Lessee to subject Lessor’s fee title in and to the Conference Center Unit to any easements or to any liens of mechanics, artisans, laborers, materialmen, contractors or subcontractors, or to any other liens or charges whatsoever arising out of any Work or arising in any other manner; and Lessee is hereby expressly prohibited from subjecting Lessor’s fee title to any such easement, lien or charges. Lessee agrees to promptly discharge (either by payment or by filing of the necessary bond, or otherwise, but in all events within thirty (30) days after Lessee received notice thereof) any mechanics’, materialmen’s or other lien against Lessor’s fee title in and to the Conference Center Unit which may arise out of any payment due for, or purported to be due for, any Work or any other labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for Lessee, any Subtenant, or any Person claiming through Lessee or any Subtenant in, upon or about the Conference Center Unit.

6.5.3 Initial Construction. The initial construction of the Project shall be governed by the Development Agreement and shall not be subject to the terms and conditions of this Section 6.5.

6.6 Environmental Matters.

(a) Lessee represents and covenants that (i) Lessee will not cause or suffer to occur, a discharge, spillage, uncontrolled loss, seepage, filtration, release, deposit, emission, leak, leach, migration, injection, pour, escape, dump, disposal or other movement (each, a “**Release**”) of Hazardous Substances at, upon, under or within the Condominium, the Conference Center Unit or any contiguous real property (provided, however, the presence of Hazardous Substances that after Closing (1) were transported on or from the Project or are being stored for use by Lessee or the Operator or its or their tenants on the Project in connection with its or their operations on the Project or (2) are being used by Lessee or the Operator or its or their tenants in connection with its or their operations on the Project, provided that in both instances such transport, storage or use (A) does not constitute a violation or threatened violation of any Environmental Laws or require any reporting or disclosure under any Environmental Law, and (B) is consistent with customary business practice for such operations in the State of Georgia,

shall not constitute a “**Release**” for purposes of this Agreement); (ii) neither Lessee nor any other party controlled by Lessee will be involved in operations at or near the Condominium or the Conference Center Unit which could lead to the imposition on Lessee or the owner of the Conference Center Unit or the balance of the Condominium of liability or the creation of a lien on the Conference Center Unit or the balance of the Condominium, under any Environmental Laws; and (iii) Lessee will not permit any Subtenant or occupant of the Conference Center Unit to cause or suffer to occur any Release of Hazardous Substances at, upon or within the Condominium, the Conference Center Unit or any contiguous real property, or to engage in any activity that could lead to the imposition of liability on such Subtenant or occupant, Lessee, Lessor or the owner of any of the Conference Center Unit or the balance of the Condominium, or the creation of a lien on the Conference Center Unit or the balance of the Condominium, under any Environmental Laws.

(b) Lessee shall comply in all material respects with the requirements of all Environmental Laws and shall notify Lessor promptly in the event of any Release of a Hazardous Substance upon, under or within the Condominium, the Conference Center Unit or any contiguous real property of which Lessee becomes aware, and shall promptly forward to Lessor copies of all orders, notices, permits, applications or other communications and reports in connection with any such Release or any other matters relating to Environmental Laws, as they may affect the Condominium or the Conference Center Unit.

(c) Lessee shall, to the maximum extent permitted by Requirements, indemnify, defend and hold the Lessor Indemnified Parties harmless from and against all Losses suffered or incurred by the Lessor Indemnified Parties, or any of them, (i) under or on account of any Environmental Laws, including the assertion of any lien thereunder, with respect the Condominium or Conference Center Unit; (ii) with respect to any Release or Hazardous Substance affecting the Condominium or Conference Center Unit whether or not the same originates or emanates from the Conference Center Unit or any other contiguous real property; and (iii) with respect to any other matter affecting the Condominium or Conference Center Unit within the jurisdiction of the Environmental Protection Agency or any similar state, federal or local agency or any successor to any thereof; provided, however, there shall be excluded from the within and foregoing indemnification and hold harmless agreement any Losses suffered or incurred by the Lessor Indemnified Parties, or any of them, with respect to any of the foregoing, which is caused by the Lessor Indemnified Parties, or any of them, or their respective agents, employees, officers or contractors. The within and foregoing indemnification and hold harmless agreement shall expressly survive the Expiration or earlier Termination of this Lease.

(d) In the event of any Release of a Hazardous Substance affecting the Conference Center Unit, whether or not the same originates or emanates from the Conference Center Unit or any such contiguous real property, and/or if Lessee shall fail to comply with any of the requirements of Environmental Laws, Lessor may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the Conference Center Unit and/or take any and all other actions as Lessor shall deem necessary or advisable to remedy said Release or Hazardous Substance or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the rate of interest set forth in Section 11.10, shall be immediately due and payable by Lessee to Lessor; provided, however, in

the event any such spill of a hazardous substance affecting the Conference Center Unit is of the nature described in the proviso of subparagraph (c) of this Section 6.6, any and all such work or actions shall be undertaken at the sole cost and expense of Lessor.

6.7 Replacement Reserve Fund.

(a) Lessee shall maintain throughout the Term of this Lease a Reserve account or accounts as required under the Franchise Agreement and/or any Leasehold Mortgage, to be established by Lessee or Operator in a national or regional bank or trust company selected by Operator or Lessee. Following the opening of the Project, Lessee shall deposit in the Reserves once each calendar month an amount equal to (a) one percent (1%) of Gross Revenues for each month during the first twelve (12) months from and after the opening date, two percent (2%) of Gross Revenues for each month during the next twelve (12) months, three percent (3%) of Gross Revenue for each month during the next twenty-four (24) months, and thereafter four percent (4%) of Gross Revenues for each month during the remainder of the Term, or such other amounts as may be required under the Franchise Agreement and/or Leasehold Mortgage and approved by Lessor (such approval not to be unreasonably withheld, conditioned or delayed). Any such Reserve may and shall be used by Lessee in accordance with the requirements of this Lease, the Franchise Agreement and any Leasehold Mortgage, for the purpose of effecting certain repairs, replacements, repairs, maintenance and capital improvements to the Project, the Improvements, the Building Equipment and/or the FF&E in order to keep and maintain the same in good condition and repair in accordance with the requirements of this Lease, the Franchise Agreement and any Leasehold Mortgage.

(b) Every ten (10) years during the Term of this Lease, Lessee shall prepare or cause to be prepared an evaluation and estimation of (i) the reasonably anticipated capital funding requirements for the next succeeding ten (10) years for repairs, replacements, repairs, maintenance and capital improvements to the Project, the Improvements, the Building Equipment and/or the FF&E in order to keep and maintain the same in good condition and repair in accordance with the requirements of this Lease, the Franchise Agreement and any Leasehold Mortgage; (ii) the amounts then on deposit in the Reserve and the amounts reasonably anticipated to be deposited into the Reserve during the next succeeding ten (10)-year period; (iii) a reasonable funding plan for the anticipated costs of such anticipated capital funding requirements (which may include amounts in the Reserve, additional cash investments (equity) by Lessee and its members, and financing proceeds); and (iv) any proposed adjustments to the Reserve percentage as may be necessitated by Lessee's proposed funding plan. Such evaluation and estimation shall be prepared in cooperation and consultation with Lessor and/or Lessor's designated consultants, and if Lessee's evaluation indicates the Reserve alone will likely not be sufficient in to fully fund the anticipated costs of such anticipated capital funding requirements, then Lessee's proposed funding plan shall be subject to the prior written approval of Lessor, such approval not to be unreasonably withheld, conditioned or delayed.

7. Insurance.

7.1 Coverage. During the Term, Lessee, at no cost and expense to Lessor, will keep and maintain, or cause to be kept and maintained, the following types of insurance described in Subsections 7.1.1 through 7.1.4.

7.1.1 All Risk Insurance. To the extent not provided by the Association pursuant to the requirements of the Condominium Documents, insurance on the Leased Premises or any replacements or substitutions therefor against loss or damage by fire and against loss or damage by other risks now insured against by “all risk” provisions of policies generally in force on comparable improvements in the metropolitan Alpharetta, Georgia area, in amounts sufficient to provide coverage in an amount not less than one hundred percent (100%) of the estimated replacement cost of the Leased Premises (exclusive of land, excavations, foundations and other items customarily excluded from such coverage) or any replacements or substitutions therefor, the policy for which insurance shall have a replacement cost endorsement or similar provision.

7.1.2 Liability Insurance. Commercial general liability insurance (including, without limitation, liquor liability or so-called “dram shop” insurance) protecting and indemnifying Lessee and Lessor against any and all claims for damages to person or property or for loss of life or of property occurring upon, in or about the Leased Premises, such insurance to afford immediate protection to the limit of not less than Ten Million Dollars (\$10,000,000) for bodily injury or property damage for any single occurrence, with not more than a One Hundred Thousand Dollar (\$100,000) deductible.

7.1.3 Use and Occupancy Insurance. Use and occupancy insurance covering either rental income or business interruption, with coverage in an amount not less than twelve (12) months’ anticipated gross revenue from the Conference Center and the Common Elements.

7.1.4 Workers’ Compensation and Automobile Insurance. Workers’ compensation insurance in accordance with the laws of the State of Georgia with employer’s liability insurance in an amount not less than \$1,000,000. Business automobile liability insurance covering owned, hired and non-owned vehicles with limits of \$1,000,000 combined single limit per occurrence.

7.1.5 Other Insurance. Such other insurance on the Leased Premises or any replacements or substitutions therefor (including, without limitation, such insurance as may be required pursuant to Subsection 6.5.1) and in such amounts as may from time to time be reasonably required under the Condominium Documents or by Lessor against other insurable hazards which at the time are customarily insured against in the case of premises similarly situated, due regard being given to the height and type of the Conference Center and the Common Elements, the construction, location, use and occupancy thereof or any replacements or substitutions therefor.

7.2 Policies.

7.2.1 General Requirements. All of the policies of insurance provided for in this Lease shall be in form and substance and with companies that are rated at least A+/VIII by AM Best, unless Approved by Lessor which Approval shall not be unreasonably withheld, conditioned or delayed, and shall comply with the applicable requirements of the Condominium Documents. Such insurance may be carried under blanket policies that provide separate coverage for the Leased Premises or under

combined policies for the entire Property and Project. Lessee shall deliver to Lessor certificates of insurance showing all such insurance to be in full force and effect. Such policies shall bear endorsements showing the receipt by the respective companies of the premiums thereon or shall be accompanied by other evidence of payment of such premiums to the insurance companies, including evidence of current annual payment, if on an installment payment basis. Such policies must contain express waivers by the insurer thereon of any rights of subrogation against Lessor and each Leasehold Mortgagee, and shall otherwise be consistent with the requirements of the Condominium Documents.

7.2.2 Insureds. All insurance provided by Lessee and the Association shall name Lessee, Operator, Lessor, the Association and Leasehold Mortgagees as insureds and, at the option of Lessor (or as required by the Condominium Documents), any other Persons permitted by Lessor (or as required by the Condominium Documents) as insureds, all as their respective interests may appear; except that the commercial general liability insurance shall name Lessee and Operator only as insured, and the Lessor, the Association, Leasehold Mortgagees and other Persons permitted by Lessor or required by the Condominium Documents as additional insureds.

7.2.3 Payment of Loss. All policies of physical damage insurance required hereunder, except for the commercial general liability insurance and workers' compensation insurance, shall provide for payment of loss to the Association in accordance with the Condominium Documents, except as otherwise expressly set forth herein. Lessee hereby irrevocably appoints the Board of Directors of the Association as its agent and attorney-in-fact to adjust and settle all claims arising under insurance policies purchased by it under this Lease, except as otherwise expressly set forth herein, and Lessor hereby irrevocably approves such appointment.

7.2.4 Renewal and Cancellation. All insurance policies required hereunder shall be renewed by Lessee, and proof of such renewals delivered to Lessor and Leasehold Mortgagees, prior to their respective expiration dates. Prior to or on such expiration dates, Lessee shall deliver such renewal policies to Lessor and Leasehold Mortgagees bearing endorsement or accompanied by other evidence of the receipt by the respective insurance companies of the premiums thereon. All such policies shall provide that they may not be canceled by the insurer for nonpayment of premiums or otherwise or materially modified or not renewed until at least thirty (30) days after service of registered mail notice of the proposed cancellation, material modification or non-renewal upon Lessor and any Leasehold Mortgagee named in such policy, and in any event that such policies shall not be invalidated, as to the interests of Lessor, the Association and any Leasehold Mortgagee therein, by any act, omission or neglect of Lessee, or any occupant of the Conference Center Unit (including, without limitation, any Subtenant), which might otherwise result in a forfeiture or suspension of such insurance. Each policy shall contain a waiver of subrogation rights by the insurer as required by the Condominium Documents. In any case where the original policy of any such insurance shall be delivered to any Leasehold Mortgagee or to the Insurance Trustee, a duplicate original or certificate of such policy shall thereupon be delivered to Lessor, the Association and any Leasehold Mortgagee.

7.3 Insurance Proceeds. Any and all Insurance Proceeds received by or on account of Lessee or Lessor (including those received by the Association) with respect to any damage or destruction under policies of insurance described in Subsection 7.1.1, where the anticipated cost to restore and repair the Leased Premises and Improvements to substantially their condition prior to such damage or destruction exceeds Five Million Dollars (\$5,000,000) (a “Major Casualty”), shall be paid to the Association and shall be held in trust by an insurance trustee as described in the Condominium Documents, who shall administer and apply such proceeds in accordance with the provisions of the Condominium Documents. Any and all Insurance Proceeds received by or on account of Lessee or Lessor under the rent loss or business interruption insurance policies of the kind described in Subsection 7.1.3 shall be held in trust by the recipient thereof to be applied (i) first, to performance of all terms, covenants, conditions and obligations on the part of Lessee to be performed under this Lease excepting the covenant of Lessee to restore the building as provided in Section 8.1; (ii) any then remaining balance in payment to any Leasehold Mortgagee of any Leasehold Mortgage indebtedness in accordance with the terms of such Leasehold Mortgage; and (iii) any then remaining balance of such proceeds to Lessee.

8. Damage or Destruction.

8.1 Damage or Destruction. If, at any time during the Term, the Conference Center or the Common Elements or any part thereof shall be damaged or destroyed by fire or other casualty (including any casualty for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Lessee, subject to the provisions of Section 8.2.3 and applicable provisions of the Condominium Documents including in particular, but without limitation, the Bylaws of the Association, shall commence and thereafter proceed with reasonable diligence (subject to a reasonable time allowance for the purpose of designing the restoration Work and obtaining cost estimates for the required repair, alteration, restoration, replacement or rebuilding Work, obtaining insurance proceeds from the insurance maintained by the Association, adjusting the insurance loss, and for unavoidable delay) to perform the Work; that is, to repair, alter, restore, replace or rebuild the same as nearly as possible to its value and function immediately prior to such damage or destruction. Lessee hereby covenants and agrees that Lessee shall take no action in connection with the repair, alteration, restoration, replacement or rebuilding of the improvements within the Hotel Unit which would be inconsistent with, or otherwise impair, the obligation or ability of Lessee to perform the foregoing repair or restoration Work with respect to the Conference Center Unit. Except as otherwise provided in this Article 8, the conditions under which any Work is to be performed and the method of proceeding with and performing the same shall be governed by all of the provisions of Subsection 6.5.1.

8.2 Insurance Proceeds.

8.2.1 Receipt and Disbursement. All Insurance Proceeds on account of a Major Casualty to the Project under policies of insurance required by Sections 7.1.1 and 7.1.4 shall be paid by Lessor or Lessee to the Association for payment by the Association to the Insurance Trustee in accordance with the Condominium Documents, and the Association or Insurance Trustee, as the case may be, shall hold such proceeds in

trust in accordance with the Condominium Documents for the payment of the costs of the restoration Work. The Association or Insurance Trustee, as the case may be under the Condominium Documents, shall pay such Insurance Proceeds, together with any and all other Insurance Proceeds received by the Association under physical damage insurance policies purchased by the Association under the Condominium Documents, from time to time as such Work progresses. Until required to be disbursed pursuant hereto, the Insurance Trustee shall invest all sums received by it pursuant hereto in obligations of the United States of America. The Insurance Trustee shall make such payments or disbursements upon the written request by Lessee when accompanied by (a) a certificate dated not more than ten (10) days prior to such request, signed by Lessee or Lessee's duly authorized representative and by a qualified architect of recognized standing in charge of the Work who shall be selected by Lessee setting forth that (i) the sum then requested either has been paid by Lessee or is justly due to contractors, subcontractors, materialmen, architects or other Persons who have rendered services or furnished materials in connection with the Work, giving a brief description of the services and materials and the several amounts so paid or due and stating that no part thereof has been made the basis of any previous or then pending request or has been paid out of any Insurance Proceeds received by Lessee, and that the sum requested does not exceed the value of the services and materials described in the certificates, (ii) except for the amount stated in such certificate to be due, there is no outstanding indebtedness known to the persons signing such certificate after due inquiry which might become the basis of a vendor's, mechanic's or materialmen's or similar lien upon such Work, the Leased Premises or Lessee's leasehold interest therein, or in any part thereof, and (iii) the cost, as estimated by the persons signing such certificate, of the Work required to be done subsequent to the date of such certificate in order to complete the same, does not exceed the amount of Insurance Proceeds remaining in the hands of the Insurance Trustee after the payment of the sum so requested; (b) an application for payment from Lessee's general contractor for the Work for the construction period to which the disbursement request relates, in accordance with the requirements of the applicable construction agreement; (c) interim (or, if applicable, final) lien waivers in statutory form from the general contractor and from subcontractors, vendors and material suppliers of any tier to the extent the same are required to deliver lien waivers pursuant to the applicable construction agreement or are otherwise necessary to protect the Project from the liens of such parties or to cause the title insurer insuring Lessor's and Lessee's respective interests in the Project to continue to provide title insurance coverage against such liens. All Insurance Proceeds on account of other than a Major Casualty under policies of insurance required by Sections 7.1.1 and 7.1.4 may be adjusted directly by and shall be paid to Lessee for application directly by Lessee for payment of the restoration Work.

8.2.2 Payment of Proceeds. Upon compliance with the provisions of Subsection 8.2.1, and upon tender by Lessee to the Insurance Trustee of partial lien waivers (in form and content satisfactory to the Insurance Trustee) executed by all Persons designated (in the certificate described in Subsection 8.2.1) to receive portions of the Insurance Proceeds in connection with a Major Casualty, the Insurance Trustee shall, out of such Insurance Proceeds, pay or cause to be paid to Lessee or to the Persons named in such certificate, the respective amount stated therein to have been paid by Lessee or to be due to them, as the case may be. All sums so paid to Lessee and any other Insurance

Proceeds received or collected by or for the account of Lessee (other than by way of reimbursement to Lessee for sums theretofore paid by Lessee) shall be held by Lessee in trust for the purpose of paying the cost of such Work. Upon completion of the Work Lessee shall apply and pay or retain (as applicable), or, if respect to a Major Casualty, upon receipt by the Insurance Trustee of evidence satisfactory to the Insurance Trustee of the character required by Subsection 8.2.1, the Insurance Trustee shall pay, any remaining balance of said Insurance Proceeds (i) first to any Leasehold Mortgagee to the extent of Lessee's indebtedness to it and (ii) then to Lessee if Lessee is not in default under this Lease at that time.

8.2.3 Deficits. If the Insurance Proceeds received by Lessee or the Insurance Trustee, as applicable, together with proceeds paid with respect to insurance maintained pursuant to the requirements of the Condominium Documents, shall be insufficient to pay the entire cost of the Work for restoration of the Project as reasonably estimated by Lessee's or the Association's architect or contractor, Lessee shall pay the amount of any such deficiency and shall first apply the same to the payment of the cost of the Work before applying or disbursing the Insurance Proceeds or, as applicable, calling upon the Insurance Trustee for the disbursement of the Insurance Proceeds held by the Insurance Trustee.

8.3 Non-Abatement of Rent. In no event shall Lessee be entitled to any abatement, allowance, reduction or suspension of Rent, or any other charges payable under this Lease, for any reason, including but not limited to the partial or total destruction of the Leased Premises or any part thereof. Notwithstanding anything herein to the contrary, no such damage or destruction shall affect in any way the obligation of Lessee to pay the Rent or any other charges herein reserved or required to be paid, nor release Lessee of or from any obligation imposed upon Lessee under this Lease. Notwithstanding the foregoing, in the event Lessor is being paid Rent from the proceeds of insurance required under Section 7.1.3 of this Lease, Lessee shall not be required to pay duplicate Rent for the period for which Lessor has received such proceeds as Rent.

9. Condemnation.

9.1 General. If, at any time during the Term, the Leased Premises or any part thereof shall be condemned and taken by the United States of America, the State of Georgia or any other authority or Person having the power of eminent domain, then the provisions of this Article 9 shall apply to such condemnation proceedings and the distribution of any awards pertaining thereto.

9.2 Complete or Partial Taking. If all or substantially all of the Leased Premises or the Project or such portion thereof as would render operation of the Conference Center as a conference center impracticable (in Lessee's reasonable business judgment based on objective information and criteria), shall be permanently taken or condemned for any public purpose, then this Lease, at the option of Lessee or Lessor upon the giving of written notice to the other party within sixty (60) days from the date of such condemnation or taking, shall forthwith cease and terminate. If less than substantially all of the aforesaid improvements and

elements or any such portion thereof shall be permanently taken or condemned for any public purpose, but such condemnation or taking does not render operation of the Conference Center as a conference center impractical (in Lessee's reasonable business judgment based on objective information and criteria), then neither Lessor or Lessee shall have the option of terminating this Lease as a result of such condemnation or taking. If this Lease is terminated as provided above, this Lease shall cease and Expire as if the date of transfer of possession of the taken or condemned property, or any portion thereof, was the Expiration date of this Lease. In the event that this Lease is not terminated by either Lessor or Lessee as aforesaid, this Lease shall nevertheless cease and terminate with respect to the portion of the Conference Center or the Common Elements so taken or condemned as if the date of transfer of possession of the Conference Center or the Common Elements was the Expiration date of the term of this Lease relating to such portion of the Conference Center and the Common Elements. In the event of any such condemnation or taking and this Lease is not so terminated, Lessee shall promptly repair and restore the Conference Center or the Common Elements, as the case may be, to a condition equal to or better than the condition thereof immediately prior to the condemnation or taking so that the remaining portion of the Conference Center or the Common Elements, as the case by be, shall constitute a complete architectural unit, fit for operation as a conference center, and in connection therewith the entire amount of any award with respect to the Conference Center made for such taking, whether such award is paid by way of damages, rent or otherwise, shall be paid by Lessor or Lessee to the Association for payment by the Association to the Insurance Trustee in accordance with the Condominium Documents, and the Association or Insurance Trustee, as the case may be, shall hold such award in trust in accordance with the Condominium Documents for the payment of the costs of the restoration Work. The Association or Insurance Trustee, as the case may be under the Condominium Documents, shall pay such award from time to time as such Work progresses. Until required to be disbursed pursuant hereto, the Insurance Trustee shall invest all sums received by it pursuant hereto in obligations of the United States of America. The Insurance Trustee shall make such payments or disbursements upon the written request by Lessee meeting the requirements with respect to disbursement of Insurance Proceeds in accordance with Section 8.2.1 above.

9.3 Temporary Taking. If the whole or any part of the property described in Section 9.1 shall be taken in condemnation proceedings or by any right of eminent domain for a temporary use or occupancy, the Term shall not be reduced or affected in any way and Lessee shall continue to pay in full the Rent without reduction or abatement in the manner and at the times herein specified. Except only to the extent that Lessee is prevented from so doing pursuant to the terms of the order of the condemning authority, Lessee shall continue to perform and observe all of the other covenants, agreements, terms and provisions of this Lease as though such taking had not occurred. In the event of any such taking Lessee shall be entitled to receive the entire amount of any award with respect to the Conference Center made for such taking whether such award is paid by way of damages, rent or otherwise; provided, however, if the period of temporary use or occupancy shall extend beyond the date scheduled for the Expiration of the Term or the earlier Termination of this Lease, such award, unless Lessee has exercised the Purchase Option, after payment to Lessor therefrom of the estimated cost of restoration of the Conference Center or the Common Elements, as the case may be, to the extent that any such award is intended to compensate for damage to the Conference Center or the Common Elements, shall be apportioned by Lessor and Lessee as of such date of Expiration in the same ratio that the

part of the entire period for which such compensation is made falling before the date of Expiration or Termination and that part falling after, bear to such entire period.

9.4 Condemnation Proceedings. Lessee, Lessor, any fee mortgagee and any Leasehold Mortgagee shall each have the right, at its own expense, to appear in any condemnation proceeding and to participate in any and all hearings, trials and appeals therein.

9.5 Notice of Condemnation. In the event Lessor or Lessee shall receive notification of any proposed or pending condemnation proceeding affecting the Leased Premises described in Section 9.1, the Party receiving such notification shall promptly notify, by Notice, the other Party and all Leasehold Mortgagees which have registered their Leasehold Mortgage with Lessor in accordance with Section 10.5 below.

10. Assignments, Subleases and Mortgages.

10.1 Assignments. Lessee shall not Transfer all or any portion of its interest in this Lease or the Leased Premises without the prior Approval of Lessor, which Approval may be granted or withheld by Lessor in Lessor's sole discretion except as otherwise provided for herein. For purposes of this Section 10.1, Lessor's Approval is hereby deemed given to Lessee's assignment of this Lease to the Development Authority, and the sublease of the Leased Premises back to Lessee pursuant to the Development Authority Lease and to the Development Authority's reassignment of this Lease back to Lessee (or its successor or assign as the "lessee" or "tenant" under the Development Authority Lease) upon the expiration or earlier termination of the Development Authority Lease; provided, however, for all purposes of this Lease and the interaction of Lessor and Lessee, this Lease shall still be treated and interpreted as a direct Lease between Lessor and Lessee for the full Term of this Lease. Further for purposes of this Section 10.1, Lessor's Approval shall also be deemed given if (a) any proposed Transfer is by Lessee to an Affiliate of Lessee approved by the Hotel Franchisor under the Franchise Agreement, (b) any proposed Transfer is a collateral assignment of Lessee's interest in this Lease to a Leasehold Mortgagee or the purchase (either through foreclosure or a Transfer in lieu of foreclosure) thereof by the Leasehold Mortgagee, an Affiliate of the Leasehold Mortgagee, or a third party purchaser at a foreclosure sale, pursuant to the provisions of Section 10.4, or (c) any proposed Transfer is to the Hotel Franchisor under the Franchise Agreement pursuant to the terms of the Franchise Agreement. The foregoing notwithstanding, in no event shall Lessee Transfer less than all of its interest in this Lease or the Leased Premises and in no event shall Lessee Transfer its interest in this Lease unless it has simultaneously Transferred its interest in the Hotel and the Development Authority Lease (if then still in effect) to the same assignee. Lessor agrees not to unreasonably withhold, condition or delay its consent to any Transfer of the Lease to a bona fide third party purchaser of the Lease and the Hotel so long as the third party purchaser will operate the Hotel pursuant to the terms and conditions of the Franchise Agreement. It is the specific intention of the parties hereto that for so long as this Lease is in effect, the ownership of the Hotel and the estate of this Lease be vested in the same Person at all times, and no provision hereof shall be construed as permitting any Transfer of the Lease that is inconsistent therewith.

10.2 During the Term of this Lease, Lessor shall not sell, assign or otherwise transfer its interest in the Leased Premises or this Lease or any portion thereof, other than to Lessee or its designee pursuant to: (i) the Purchase Option or (ii) as otherwise agreed between Lessor and Lessee. Lessor acknowledges and agrees that Lessor's ownership of the Conference Center Unit and the landlord's interest in this Lease throughout the full Term, together with Lessor's investment in the development of the Conference Center, are all material inducements to Lessee to enter into this Lease and develop the Hotel, and that the within and foregoing covenant of non-transfer on the part of Lessor may be specifically enforced by Lessee.

10.3 Subleases. Lessee shall not Sublease the Leased Premises without the prior written consent of Lessor, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, without the prior written consent of, but with prior written notice to, the Lessor, Lessee shall have the right to enter into Subleases demising portions of the Leased Premises to third parties for the operation of retail concessions reasonably related to the overall operation of the Conference Center. Each Sublease shall be subject and subordinate to this Lease and to any Leasehold Mortgage not expressly subordinated by its terms to such Sublease. No Sublease shall operate to relieve Lessee of its obligations under this Lease. In the event that this Lease terminates for any reason, Lessor shall have the right, but not the obligation, to recognize any Sublease as a direct lease by and between Lessor and the sublessee, in which event such sublessee shall attorn to Lessor.

10.4 Leasehold Mortgages. Lessee shall have the right at any time and from time to time to Transfer the leasehold estate created by this Lease as security for a Leasehold Mortgage, provided that the fee or leasehold estate of Lessee in the Hotel is likewise Transferred as security to the Leasehold Mortgagee. A copy of any such Leasehold Mortgage shall be delivered to Lessor and shall contain covenants as described in Subsections 10.4.1 through 10.4.4.

10.4.1 Proceeds and Awards. The net proceeds of all insurance policies, condemnation and similar awards shall be held in trust and used for the purposes and distributed, all in accordance with the provisions of this Lease, the Condominium Documents, and the Development Authority Lease (for so long as the same is in effect).

10.4.2 Foreclosure. If action is brought to foreclose such Leasehold Mortgage, the Subrents (if any), income and profits issuing from the Leased Premises may be collected either through a receiver appointed by a court after notice of application for such appointment has been given to Lessee and Lessor by the Leasehold Mortgagee. All such money collected shall be first applied for the payment of the Rent due and owing hereunder or to become due and owing to Lessor, then for any Impositions, insurance premiums or other charges due and payable under this Lease and for all other maintenance and operating charges and disbursements incurred in connection with the operation and maintenance of the Leased Premises. The balance of such money shall be applied pursuant to the terms of the Leasehold Mortgage.

10.4.3 Non-Disturbance. In the event of foreclosure of such Leasehold Mortgage, the Leasehold Mortgagee will not disturb the possession or right to possession of any Subtenant, except for default by such Subtenant, under any Sublease.

10.4.4 Reassignment. Upon satisfaction and discharge of the Leasehold Mortgage, the Leasehold Mortgagee shall, by operation of law or as otherwise may be directed by Lessor, retransfer this Lease and, if applicable, each and every Sublease.

10.5 Registration of Leasehold Mortgage. If any Leasehold Mortgagee shall have delivered to Lessor a written notice stating the existence of a Leasehold Mortgage and setting forth the name and address of such Leasehold Mortgagee, Lessor thereafter shall give to such Leasehold Mortgagee a copy of each Notice of default for which provision is made under this Article 10 and which Lessor shall have given to Lessee, each such copy to be addressed to such Leasehold Mortgagee at the address last furnished to Lessor as provided hereinabove, and all such notices to Leasehold Mortgagee to be provided at the same time at which they are given to Lessee.

10.6 Performance by Leasehold Mortgagee of Lessee's Obligations. Lessor will accept performance by any Leasehold Mortgagee of any term, covenant or condition of Lessee's part to be performed hereunder, with the same force and effect as though timely performed by Lessee if performed within the periods described in Subsections 10.6.1 and 10.6.2.

10.6.1 Monetary Defaults. As to any payment of money, within thirty (30) days after Notice of such default to such Leasehold Mortgagee.

10.6.2 Non-Monetary Defaults. As to all other defaults, within sixty (60) days after Notice of such default to such Leasehold Mortgagee, provided, however, Lessor will accept performance by such Leasehold Mortgagee after such sixty (60)-day period if such Leasehold Mortgagee provides a Cure Notice to Lessor and thereafter commences to cure such default within thirty (30) days after such Notice and is diligently and continuously proceeding therewith; provided, however, in the event the nature of such cure requires that such Leasehold Mortgagee exercise its rights and remedies under its Leasehold Mortgage in order to effect same, the aforesaid thirty (30) day period shall be extended for such time as is reasonably necessary to afford such Leasehold Mortgagee the opportunity to commence and prosecute such cure, so long as such Leasehold Mortgagee provides a Cure Notice to Lessor and thereafter proceeds promptly and with due diligence in pursuing its rights and remedies under such Leasehold Mortgage and thereafter prosecutes said cure with all due diligence.

10.7 Leasehold Mortgage Remedies. Lessor shall not have any right to terminate this Lease by reason of an Event of Default during the time period that any Leasehold Mortgagee shall reasonably require to exercise its rights under such Leasehold Mortgage, provided that (i) such Leasehold Mortgagee proceeds promptly to provide Lessor with a Cure Notice and thereafter promptly and with due diligence pursues its remedies under such Leasehold Mortgage and thereafter prosecutes the same with all due diligence and likewise completes the same with all due diligence, and (ii) such Leasehold Mortgagee shall pay to Lessor all Rents required to be paid by Lessee hereunder which have accrued and which shall become due and payable during such period of time and performs all the other obligations of Lessee hereunder which can be performed by such Leasehold Mortgagee during such period of time. Lessor consents to the exercise by any Leasehold Mortgagee of any and all rights and remedies permitted under its Leasehold Mortgage and such other documents as may be executed by Lessee

in connection with such Leasehold Mortgage, and to the exercise of such additional legal and equitable rights and remedies as may be available to such Leasehold Mortgagee, in the event of a default or event of default under the Leasehold Mortgage, with the parties hereto acknowledging and agreeing that all such rights and remedies of the Leasehold Mortgagee are subject and subordinate to the terms, covenants and conditions of this Lease, as modified herein. Furthermore, Lessor expressly agrees that neither the execution, delivery and/or recording of a Leasehold Mortgage, nor the execution, delivery and/or recording or filing of any other instrument or agreement by Lessee or a Leasehold Mortgagee in connection with any such Leasehold Mortgage, nor any other matters to which Lessor has given its consent herein, shall be deemed to constitute a default or Event of Default under this Lease.

10.8 New Lease. Should this Lease be Terminated by Lessor for any reason, including, without limitation, for an Event of Default (subject to Section 10.7), the First Leasehold Mortgagee shall then have the option (upon written notice to Lessor within thirty (30) days after receipt by the First Leasehold Mortgagee of advice from Lessor that this Lease has been so Terminated) for the First Leasehold Mortgagee or any designee or nominee thereof to enter into a new lease with Lessor from the date of such Termination of this Lease for the remainder of the scheduled Term of this Lease, at the Rent, and otherwise upon the same terms, covenants and conditions as are set forth in this Lease, with the same relative priority as this Lease and having the benefit of and vesting in the First Leasehold Mortgagee or the designee or nominee thereof all of the rights, title (including ownership of the Personal Property during the term of such new lease), interest, powers, privileges and obligations of Lessee under this Lease. In the event the First Leasehold Mortgagee elects to obtain such new lease, the First Leasehold Mortgagee or its designee or nominee shall be obligated to (i) with respect to monetary defaults, pay to Lessor, within ten (10) days after delivery of notice of such election, all Rent due under this Lease up to and including the date of commencement of the term of such new lease; (ii) to the extent curable, cure the nonmonetary default(s) upon which such Termination was based within a reasonable period of time following delivery of possession (delivery of possession being deemed to mean the date on which such new lease is fully executed by Lessor and the First Leasehold Mortgagee or its designee or nominee) not to exceed thirty (30) days following delivery of possession; provided, however, that in the case of any such curable nonmonetary default which cannot with diligence be cured within said thirty (30)-day period, the aforesaid thirty (30)-day period shall be extended for such time as is reasonably necessary to afford the First Leasehold Mortgagee the opportunity to commence and prosecute such cure, so long as the First Leasehold Mortgagee provides a Cure Notice and thereafter proceeds diligently and continuously to complete the cure, then the time within which such default may be cured shall be extended for such period as is reasonably necessary to complete the curing of such default; and (iii) if the First Leasehold Mortgagee is not vested with legal title in and to the Hotel, exercise its remedies under the Leasehold Mortgage to obtain all of the right, title and interest of Lessee in and to the Hotel within a reasonable period of time following the delivery of possession under such new lease; (iv) pay to Lessor all expenses and reasonable attorneys' fees incurred by Lessor in connection with the preparation, execution and delivery of such new lease. Upon performance of clauses (i) (within such ten (10)-day period in said clause (i)) and (iv) in the immediately foregoing sentence by the First Leasehold Mortgagee or the designee or nominee thereof, Lessor shall thereupon execute and deliver such new lease to the First Leasehold Mortgagee, or the designee or nominee thereof, having the same relative priority as this Lease and having the benefit of all the right, title (including, to the extent permitted by Requirements, ownership of the

Personal Property during the term of such new lease), interest, powers, privileges and obligations of Lessee under this Lease, including, specifically, automatic vesting of leasehold title to the Conference Center Unit, as well as to all equipment, fixtures and machinery therein, until the Expiration of the Term of this Lease unless such new lease shall thereafter be sooner Terminated; provided, however, Lessor shall not be liable to First Leasehold Mortgagee, or the designee or nominee thereof, for claims asserted by Lessee under the Terminated Lease. The First Leasehold Mortgagee or the designee or nominee thereof shall be obligated under such new lease only for the period that the First Leasehold Mortgagee or the designee or nominee thereof shall be vested with title to all, or any estate or interest in, the leasehold estate created by such new lease.

10.9 Succession to Lessee's Rights. In the event a Leasehold Mortgagee shall ever become the owner of the rights and interests of Lessee in and to the Property and this Lease by reason of judicial foreclosure, nonjudicial trustee's sale or other proceedings brought by the Leasehold Mortgagee to enforce its rights under its Leasehold Mortgage, or through any other means or manner in connection with the loan secured by such Leasehold Mortgage, the Leasehold Mortgagee shall be deemed to be Lessee's permitted successor and assignee under this Lease and such successor shall be benefited and burdened by all of the rights, privileges and obligations of Lessee under this Lease; and Lessor shall be bound to the Leasehold Mortgagee under all of the terms, covenants and conditions of this Lease for the balance of the Term thereof remaining and any renewal or extension period thereof duly exercised as required by this Lease, all without the need to execute any further instruments on the part of Lessor, Lessee or the Leasehold Mortgagee to make such succession and assignment effective and binding upon Lessor; provided, however, that the Leasehold Mortgagee or its direct successors or assigns shall not be (a) liable for any amounts due from Lessee under this Lease (other than Rent) or (b) liable for any action or omission of Lessee (other than its express obligations hereunder to cure defaults of a continuing nature).

10.10 No Surrender or Modification without Notice. Anything elsewhere herein contained to the contrary notwithstanding, Lessor and Lessee mutually covenant and agree that so long as there exists any unpaid Leasehold Mortgage, neither this Lease nor the Condominium Documents shall be modified, amended or altered, and Lessor shall not accept a surrender of the Leased Premises or a cancellation or release of this Lease by Lessee prior to the Expiration or sooner Termination thereof, without the prior written Approval of the Leasehold Mortgagee holding such Leasehold Mortgage (such approval not to be unreasonably withheld, conditioned or delayed as to any proposed modification, amendment or alteration of this Lease, but which may be withheld in such Leasehold Mortgagee's sole discretion as to any surrender or cancellation or release of this Lease by Lessee), and any purported modification, amendment, alteration, surrender, cancellation or release made without such consent shall be ineffective and void as to such Leasehold Mortgagee.

10.11 Successors and Assigns. For purposes of this Lease, the term "**Leasehold Mortgagee**" shall include a Leasehold Mortgagee's successors, assigns, nominees and/or designees hereunder including, but not limited to, any person who acquires Lessee's interest under this Lease pursuant to a foreclosure of the Leasehold Mortgagee's Leasehold Mortgage. All references herein to Lessor and Lessee shall likewise include their respective legal representatives, heirs, executors, and permitted successors and assigns for each such party

(including, without limitation, any person, party or entity to whom either Lessor's and/or Lessee's respective rights and interests in and under this Lease may be assigned). This Lease shall accordingly be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, and permitted successors and assigns. In the event a Leasehold Mortgagee becomes the lessee under this Lease and intends to assign its interest in and to this Lease, then the Leasehold Mortgagee shall have the same Transfer rights of Lessee as set forth in Section 10.1 of this Lease.

10.12 Modification. If, in connection with Lessee's obtaining the Private Funding Contribution, any lender or investor shall request reasonable modifications of this Lease as a condition to such investment or financing, Lessor will in good faith consider such modification of this Lease. Such consideration shall not be unreasonably withheld or delayed by Lessor, provided such modifications do not increase the financial or other obligations of Lessor or adversely affect any of the rights created by this Lease, which shall be determined in Lessor's sole discretion.

11. Defaults.

11.1 Events of Default. The occurrence of any event, act or circumstance described in Subsections 11.1.1 through 11.1.9 shall be and constitute an Event of Default under this Lease.

11.1.1 Failure in Payment. Failure by Lessee to pay in full any Rent, Impositions, insurance premium or other charge payable under this Lease on the date upon which such ought to be paid, and the continuance of such failure for ten (10) days after Lessor has given Lessee Notice of such failure.

11.1.2 Failure in Performance. Failure by Lessee to observe, perform or comply with any of the terms, covenants, agreements or conditions contained in this Lease (other than as specified in Subsections 11.1.1 and 11.1.6), and the continuance of such failure for sixty (60) days after Lessor has given Lessee Notice of such failure; provided, however, that in the case of any such nonmonetary default which cannot with diligence be cured within said sixty (60)-day period, the aforesaid sixty (60)-day period shall be extended for such time as is reasonably necessary to afford Lessee the opportunity to commence and prosecute such cure, so long as Lessee provides a Cure Notice within thirty (30) days after Lessee's receipt of the Notice of its failure and Lessee thereafter proceeds diligently and continuously to complete the cure, then the time within which such default may be cured shall be extended for such period as is reasonably necessary to complete the curing of such default.

11.1.3 Voluntary Debtor Relief Proceedings. Filing by Lessee, or by any Person of which Lessee is comprised, of a voluntary petition in bankruptcy or a voluntary petition or answer seeking reorganization, arrangement, composition, liquidation, dissolution or readjustment of the debts of Lessee or such other Person or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act law, rule or regulation, State or Federal, now or hereafter existing, or

any action by Lessee or such other Person indicating consent to, approval of or acquiescence in, any such petition or proceeding; the application by Lessee or such other Person for, or the appointment by consent or acquiescence of, a receiver, liquidator or trustee of Lessee or such other Person, or for all or a substantial part of the property of Lessee or such other Person; the making by Lessee or such other Person of any general assignment for the benefit of the creditors of Lessee or such other Person; or the inability of Lessee or such other Person, or the admission of Lessee or such other Person of the inability thereof, to pay the debts thereof as such mature.

11.1.4 Involuntary Debtor Relief Proceedings. The filing of any involuntary petition against Lessee, or any Person of which Lessee is comprised, in bankruptcy or seeking reorganization, arrangement, composition, liquidation, dissolution or readjustment of the debts of Lessee or such other Person or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act, law, rule or regulation, State or Federal, now or hereafter existing; or the involuntary appointment of a receiver, liquidator or trustee of Lessee or such other Person or for all or a substantial part of the Leased Premises, or the issuance of attachment, execution or other similar process against any substantial part of the property of Lessee or such other Person and the continuation of any such proceeding for a period of ninety (90) days undismissed, unbonded or undischarged.

11.1.5 Insolvency. The insolvency of Lessee.

11.1.6 Failure to Carry Insurance. Lessee's failure to provide Lessor with evidence that Lessee maintains the insurance policies required under this Lease within ten (10) days after Lessor's written demand therefor.

11.1.7 Cessation of Business. The cessation of business by Lessee within the Conference Center Unit for a period of sixty (60) consecutive days (except in the case of restoration, rehabilitation, remodeling, casualty or condemnation), regardless of whether or not Lessee continues to pay all stipulated Rent and other charges payable under this Lease.

11.1.8 Levy. The Leased Premises or any part thereof or Lessee's interest therein are levied upon or attached under process against Lessee on account of any action or inaction of Lessee (as opposed to Lessor) and the same is not satisfied or dissolved within thirty (30) days after Notice from Lessor to Lessee to obtain satisfaction thereof, except as permitted pursuant to Article 10 above.

11.1.9 Development Agreement. Any default beyond applicable notice and cure periods occurs under the Development Agreement.

11.1.10 Cross Default. The material default by Lessee beyond applicable notice and cure periods under the Franchise Agreement, the Operating Agreement, or any Leasehold Mortgage, such that the counterparty thereto has the right to terminate such agreement or exercise the other remedies that such party may have

under such agreement, unless (and for so long as) such counterparty has affirmatively elected in writing to forbear enforcement of such termination right or other remedies.

11.2 Force Majeure. For the purposes of any of the provisions of this Lease, except such provisions as require or concern the payment of monies, neither Lessor nor Lessee, as the case may be, shall be considered in breach of, or default in, the respective obligations thereof with respect to this Lease in the event of forced delay in the performance of such obligations due to unforeseeable causes beyond the control of the applicable Party and without the fault or negligence thereof, including, but not restricted to, acts of God, acts of the public enemy, acts of the Federal Government, acts of the other Party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather or delays due to such causes; it being the purpose and intent of this Section 11.2 that in the event of the occurrence of any such forced delay, the time or times for performance of the obligations of Lessor or Lessee, as the case may be, with respect to this Lease shall be extended for the period of the forced delay. Notwithstanding anything to the contrary contained herein, no such delay shall operate to excuse any delay by a party hereunder unless such party shall have given written notice to the other party specifying in detail the nature of such delay within ten (10) business days after the commencement of the delay (or, if the delay prevents such notice, then within five (5) business days after the cessation of the delay).

11.3 Remedies. During the continuance of any Event of Default, Lessor may, to the extent not prohibited by law, but subject to the provisions of Article 10 hereof, take any one or more of the remedial steps described in Subsections 11.3.1 through 11.3.5.

11.3.1 Termination. Lessor may Terminate this Lease, in which event the Lessee shall immediately surrender the Leased Premises to the Lessor. Lessee agrees to indemnify the Lessor for all Losses that Lessor may suffer by reason of such Termination.

11.3.2 Dispossessory. With or without Terminating this Lease, Lessor may pursue a dispossessory action against Lessee in accordance with applicable Requirements, in which event Lessee shall remain liable for all Rents and other amounts owed hereunder, including the difference between (i) the Rent and other charges payable by Lessee hereunder (including, without limitation, Impositions) and (ii) Net Rents (as defined in Section 11.4), from and after the date that a writ of possession is issued.

11.3.3 Taking of Possession. Lessor may reenter and take possession of the Leased Premises without Terminating this Lease, and may (without obligation to do so) sublease in their entirety the same for the account of Lessee, holding Lessee liable for the difference between (i) the Rent and other charges payable by Lessee hereunder (including, without limitation, Impositions) and (ii) Net Rents (as defined in Section 11.4).

11.3.4 Operation. Lessor, as Lessee's agent, without Terminating this Lease, may at Lessor's option enter upon and operate the Leased Premises (itself or through agents or contractors), and in this connection, Lessee authorizes Lessor, its agents and contractors upon such entry, to take over and assume the management,

operation and maintenance of the Leased Premises and in general to perform all actions necessary in connection therewith in the same manner and to the same extent as Lessee might so act, using Lessor's reasonable efforts to operate the Leased Premises for the account of Lessee, holding Lessee liable for all Rent and other charges payable by Lessee hereunder. Lessor shall not be liable to Lessee on account of any event or occurrence arising from Lessor's exercise of its rights hereunder.

11.3.5 Self-Help. Lessor may perform any unperformed obligation of Lessee. Any sums expended by the Lessor shall be repaid by Lessee, as additional Rent, within ten (10) business days of demand therefor by Lessee.

11.3.6 Enforcement. Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the Rent and other charges then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Lease, and in connection with either to recover any or all damages to Lessor for Lessee's violation or breach of this Lease. Nothing in this Lease shall limit the remedies available to Lessor under the Development Agreement or any other document.

11.3.7 Remedies Under Condominium Documents. Lessor may exercise any and all default remedies of the "Conference Center Owner" under the Condominium Documents.

11.4 Application of Funds. If any statute or rule of law shall validly limit the amount of any liquidated final damages described in Section 11.3 to less than the amount agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law. In the event Lessor elects to proceed under the authority of Subsections 11.3.3 or 11.3.4, Lessor shall have the sole right to determine the method of collection and the extent to which enforcement of collection of delinquent Subrents shall be prosecuted, and Lessor shall not be accountable for money other than that actually received by Lessor from the Leased Premises and Lessor shall not be liable for failure to collect Subrents. All Subrents and all other income derived from operation of the Leased Premises by Lessor, to the extent such are not paid and applied by any Subtenant and to the extent permitted by Requirements, shall be applied, first, to the payment and accrual of Impositions; second, to the cost of operating the Leased Premises; third, to the cost of administration and collection of Subrents by Lessor; and fourth, to the payment of Rent and other charges (except Impositions, which shall be paid first as aforesaid) (that is, "**Net Rents**"). Lessee shall be liable to Lessor for the deficiency, if any, between (i) Rent and other charges payable under this Lease and (ii) Net Rents. No action taken pursuant to Section 11.3 (including repossession of the Leased Premises or Termination of the Term and this Lease) shall relieve Lessee from Lessee's obligations pursuant to Article 3 and Subsection 11.3.3, all of which shall survive any such action, and Lessor may take whatever action at law or in equity as may appear necessary and desirable to collect the Rent and other charges payable under this Lease then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of Lessee under this Lease. Notwithstanding anything to the contrary contained herein, in no event shall Lessor be obligated to credit Lessee on account of Net Rents collected by Lessor in excess of the Rent and other amounts due and payable by Lessee under this Lease.

11.5 No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to Lessor in this Article 11, it shall not be necessary to give any notice, other than such Notice as is herein expressly required by this Lease or by Requirements.

11.6 Agreement to Pay Attorneys' Fees and Expenses. In the event Lessee should default under any of the provisions of this Lease, or should Lessee hold over or continue possession after the Termination or Expiration (provided Lessee has not exercised the Purchase Option) of the Term, and Lessor should employ attorneys or incur other expenses for the collection of Rent or other charges payable under this Lease or the enforcement of performance or observance of any obligation or agreement on the part of Lessee herein contained, Lessee agrees that Lessee will on demand therefor pay to Lessor the reasonable fees of such attorneys and such other expenses so incurred by Lessor.

11.7 Holding Over. Lessee hereby agrees to surrender possession of the Leased Premises to Lessor upon the Termination or Expiration (provided Lessee is not entitled to retain possession of the Leased Premises by reason of its exercise of the Purchase Option) of the Term and upon any reentry by Lessor as permitted by this Lease, and Lessor may thereupon enter upon, reenter, possess and repossess the Leased Premises, by force, summary proceedings, ejectment or otherwise, and may dispossess and remove Lessee and all other Persons from the Conference Center Unit and may have, hold and enjoy the Leased Premises and the right to receive all rental and other income therefrom, free of any right or claim of Lessee; but should Lessee, in breach of such covenant, refuse to surrender possession and instead hold over, Lessee shall be only a tenant at sufferance and not a tenant at will. Lessee shall pay Lessor, on demand, all Rent for the period of such holdover plus an additional amount equal to one hundred twenty-five percent (125%) of the then fair market rental value of the Leased Premises, as reasonably and in good faith determined by Lessor. Lessee shall also pay all expenses and costs otherwise required by be paid by Lessee hereunder, together with the amount of any actual, direct, or, notwithstanding anything to the contrary contained herein, consequential damages suffered or incurred by Lessor, including any claim made by any succeeding tenant to the Leased Premises, on account of such holdover by the Lessee. To the fullest extent permitted by Requirements, Lessee hereby waives all right to notice, summons and service of process now or hereafter provided by law in connection with dispossessory proceedings against tenants holding over.

11.8 Waiver of Redemption. Lessee, for Lessee and on behalf of any and all Persons claiming through or under Lessee, including, without limitation, creditors of all kinds, does hereby waive and surrender all right and privileges which they or any of them might have under or by reason of any present or future Requirement, to redeem the leasehold estate in the Leased Premises or, subject to Section 10.8, to have a continuance of this Lease for the balance of the Term after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the Termination or Expiration of this Lease as herein provided.

11.9 Waiver of Appraisalment and Other Laws. Lessee, for Lessee and on behalf of any and all other Persons claiming through or under Lessee, including, without limitation, creditors of all kinds, does hereby agree, to the fullest extent permitted by Requirements, that in the event of any default on the part of Lessee under this Lease (including, without limitation, any Event of Default), neither Lessee nor any such Person shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force in order to prevent or hinder the Termination or Expiration of this Lease, or the enforcement, exercise or enjoyment of any of the rights, powers, privileges and remedies of Lessor hereunder, and Lessee, for Lessee and on behalf of all such Persons, hereby waives, to the fullest extent possible, the benefit of all such Requirements.

11.10 Interest from Maturity. All amounts of money payable by Lessee to Lessor hereunder (including, without limitation, Rent) shall, if not paid when due, bear interest from the date due until paid at the rate of thirteen percent (13%) per annum but in no event to exceed the highest contractual rate of interest allowed by applicable law to be charged with reference to such amounts.

12. Booking Policy. Reference is hereby made to the booking policy attached hereto as **Exhibit D** and incorporated by reference herein (the “**Booking Policy**”). The Booking Policy shall be binding and enforceable between the parties for so long as the Conference Center Bonds remain outstanding.

13. Miscellaneous Provisions.

13.1 Recording and Filing. A memorandum of this Lease shall be filed for recordation in the Office of the Clerk of Superior Court for Fulton County, Georgia. The cost of recording shall be borne by Lessee.

13.2 Lessor’s Rights of Access. Lessee agrees that Lessor and Lessor’s duly authorized agents shall have the right at all reasonable times during normal business hours and following reasonable prior Notice (except that no Notice shall be required in the event of an emergency) to enter the Conference Center Unit and to examine and inspect the Leased Premises or to exercise Lessor’s self-help rights or other remedies under this Lease.

13.3 Surrender of Leased Premises. At the Expiration or sooner Termination of the Term (provided Lessee is not entitled to retain possession of the Leased Premises by reason of its exercise of the Purchase Option), Lessee agrees to surrender possession of the Leased Premises peaceably and promptly to Lessor, in the same condition in which Lessee is obligated to maintain the Leased Premises hereunder during the Term, ordinary wear and tear and damage by any casualty or condemnation which Lessor is not responsible for repairing hereunder excepted.

13.4 Notices. All Notices or other communications required or desired to be given with respect to this Lease shall be in writing and shall be delivered by hand or by courier service, sent by registered or certified mail, return receipt requested, bearing adequate postage, or

sent by nationally recognized overnight delivery service (such as Federal Express or UPS), and properly addressed as provided below. Each Notice given by mail shall be deemed to be given by the sender when received or refused by the Party intended to receive such Notice; each Notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the Party intended to receive such Notice or when such Party refuses to accept delivery of such Notice; and each Notice given by overnight delivery service shall be deemed to have been given and received on the next business day following deposit thereof with the overnight delivery company. Upon a change of address by either Party, such Party shall give written Notice of such change to the other Parties in accordance with the foregoing. Inability to deliver a Notice because of changed address or status of which no Notice was given, shall be deemed to be receipt of the Notice sent, effective as of the date such Notice would otherwise have been received.

To Lessor:

City of Alpharetta
2 Park Plaza
Alpharetta, Georgia 30009
Attention: Hon. David Belle Isle, Mayor

with a copy to:

Bovis, Kyle, Burch & Medlin
200 Ashford Center North
Suite 500
Atlanta, Georgia 30338
Attention: C. Sam Thomas, Esq.

To Lessee:

Avalon Hotel Associates, LLC
c/o Stormont Hospitality Group, LLC
Riverwood 100
3350 Riverwood Parkway
Suite 1590
Atlanta, GA 30339
Attention: Mr. James M. Stormont, Jr.

and:

Avalon Hotel Associates, LLC
c/o North American Properties-Atlanta, Ltd.
264 19th Street, Suite 2200
Atlanta, Georgia 30363
Attention: Mr. Mark C. Toro

with a copy to:

Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N. E.
Atlanta, GA 30326
Attention: G. Brian Butler, Esq.

13.5 Fees and Commissions. Lessor and Lessee each represent to the other that there are no claims for brokerage or other commissions or finder's or other similar fees in connection with the transactions contemplated by this Lease insofar as such claims shall be based on arrangements or agreements made by or on behalf of the Party so representing.

13.6 Waiver. No consent or waiver, express or implied, by Lessor or Lessee to or of any breach or default by the other Party in the performance by such other Party of the obligations thereof under this Lease shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such other Party under this Lease. Failure on the part of either Lessor or Lessee to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver of such Party of the rights thereof under this Lease.

13.7 Performance of Lessee's Obligations. If Lessee fails to perform any one or more of the obligations thereof under this Lease, in addition to the other rights of Lessor hereunder, Lessor shall have the right, but not the obligation, to perform such obligations. Upon receipt of a demand therefor Lessee shall reimburse Lessor for the cost of performing such obligations plus interest thereon as described in Section 11.10.

13.8 Severability. If any provision of this Lease or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to any other Person or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

13.9 Status Reports. Recognizing that Lessor and Lessee may find it necessary from time to time to establish to other Persons such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, Lessor and Lessee each agree, within fifteen (15) business days of written request of the other Party, made from time to time by Notice, to furnish promptly a written statement on the status of any reasonable and customary factual estoppel matter pertaining to this Lease to the best of the knowledge and belief of the Party making such statement.

13.10 Amendment. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge or termination is sought.

13.11 Interpretation. For the purpose of construing this Lease, unless the context indicates otherwise, words in the singular number shall be deemed to include words in

the plural number and vice versa, words in one gender shall be deemed to include words in other genders, and the word “person” shall be deemed to include a corporation, partnership or other legal entity. Headings of Articles and Sections are inserted only for convenience and are not, and shall not be deemed, a limitation on the scope of the particular Articles or Sections to which they refer.

13.12 Including. In this Lease, whenever general words or terms are followed by the word “including” (or other forms of the word “include”) and words of particular and specific meaning, the phrase “including without limitation,” and the general words shall be construed in their widest extent, and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meaning.

13.13 Counterparts; Electronic Execution. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument. Facsimile or electronic signatures of this Lease shall have the same force and effect as original signatures.

13.14 Binding Agreement. Subject to the provisions of Section 10.1 hereof, this Lease shall inure to the benefit of and be binding upon Lessor and Lessee and their respective heirs, executors, legal representatives, and permitted successors and assigns. Whenever in this Lease a reference to Lessor, Lessee or any Person is made, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, and permitted successors and assigns of Lessor, Lessee or such Person.

13.15 No Construction Against Drafter. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Lessor or Lessee by any court or other governmental or judicial authority by reason of such Party having or being deemed to have structured or dictated such provision.

13.16 Governing Law. This Lease and the obligations of Lessor and Lessee hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of Georgia.

13.17 Relationship of Parties. No express or implied term, provision or condition of this Lease shall or shall be deemed to constitute Lessor and Lessee as partners or joint venturers.

13.18 Indemnity. Lessee is and shall be in exclusive control of the Leased Premises, and Lessor shall not in any event whatsoever be liable for any injury or damage to any person or property happening on, in, about or in connection with the Leased Premises or any part thereof. Except as expressly provided to the contrary herein, Lessee shall indemnify and hold harmless Lessor and its agents, employees, officers, elected officials, council members, and legal representatives and all Persons claiming by, through or under Lessor (collectively, the “**Lessor Indemnified Parties**”), from all Losses whatsoever which may be brought or instituted on account of, growing out of, occurring from, incident to or resulting from, directly or indirectly, any and all injuries or damages (including, without limitation, death) to Persons or property arising out of: (a) the use and occupation of the Leased Premises (or any part thereof), (b) this

Lease or the performance or non-performance by Lessee of the obligations of Lessee under this Lease, and (c) the acts and omissions of Lessee, except in each case to the extent such Losses result from the negligence or willful misconduct of the Lessor Indemnified Parties. Lessee shall assume on behalf of Lessor and all Persons claiming by, through or under Lessor, and conduct with due diligence and in good faith, the defense of all such claims, suits, actions and proceedings against Lessor or any Person claiming by, through or under Lessor, which are the subject of Lessee's indemnification obligations under this Section, whether or not Lessee is joined therein, even if such claims, suits, actions or proceedings be groundless, false or fraudulent, and Lessee shall bear the costs of all judgments and settlements in connection therewith. Counsel selected by Lessee in connection with Lessee's indemnification obligations hereunder shall be reasonably approved by Lessor; provided, however, without relieving Lessee of the obligations of Lessee under this Lease, Lessor or any Person claiming by, through or under Lessor may, at its own cost and expense, defend or, if the claim is brought against both Lessee and Lessor or such other Person, participate in the defense of any or all of such claims, suits, actions or proceedings. Notwithstanding the foregoing, if in the good faith judgment of Lessor, Lessee or counsel for Lessee shall have a conflict of interest which would adversely affect Lessee's or its counsel's ability to defend such claim, suit, action or proceeding, Lessor or any Person claiming by, through or under Lessor, at the election thereof, may, at Lessee's sole cost and expense, retain the defense of such claim, suit, action or proceeding. Maintenance of the insurance referred to in this Lease shall not affect the obligations of Lessee under this Lease, and the limits of such insurance shall not constitute a limit on the liability of Lessee under this Section 13.18.

13.19 Lessor's Covenant Regarding Condominium Matters. So long as there exists no Event of Default on the part of Lessee under this Lease, Lessor will have no right to, and will not, without the prior written Approval of Lessee, which Approval may be withheld in Lessee's sole discretion, (i) amend the Condominium Documents except for the amendments expressly contemplated by the Development Agreement, (ii) terminate the Condominium, or (iii) take any other action as a "Unit Owner" (as such term is defined in such Condominium Documents) under the Condominium Documents which would violate Lessee's express rights or obligations under this Lease.

13.20 Designation of Board Members. Lessor hereby agrees that with respect to Lessor's right, pursuant to the Articles of Incorporation of the Association, as the owner of the Conference Center Unit to designate one (1) director to serve on the Board of Directors of the Association, and so long as there exists no Event of Default on the part of Lessee under this Lease or the Ground Lease, Lessor shall designate a representative selected by Lessee to serve as such director during the Term of this Lease. So long as there exists no Event of Default on the part of Lessee under this Lease, Lessor shall not remove such director during the Term of this Lease without the prior written Approval of Lessee, which Approval may be withheld in Lessee's sole discretion.

13.21 Role of Lessor. Lessee hereby acknowledges that Lessor has entered into this Lease in its role as the owner of the Conference Center Unit and not as a governing authority. Accordingly, Lessor's execution of this Lease shall neither constitute nor be deemed to be governmental approval for any actions or interests contemplated herein, including without limitation, for the construction or occupancy of the Project, or for any other governmental

approval or consent required to be obtained by Lessee. Whenever in this Lease the Lessor is required to join in, consent, give its approval, or otherwise act under this Lease, it is understood that such obligations are meant to apply to Lessor acting in its capacity as the owner of the Conference Center Unit and not in its capacity as a governing authority. Further, Lessee hereby acknowledges that any and all decisions, determinations, consents, notifications or any other actions taken or to be taken by Lessor pursuant to this Lease, whether or not specifically contemplated hereunder, may be taken by the any official or body of the City of Alpharetta, or by any consultants or representatives designated by Lessor, pursuant to any means, mechanism or process as determined by Lessor in its sole discretion, and Lessee shall have no right to question or challenge the propriety, authority or legality of any such official, body, designee or means, mechanism or process by which any such decision, determination, consent, notification, or other action is taken or to be taken hereunder by the Lessor. Nothing in this Lease shall be construed to waive any of Lessor's powers, rights or obligations as a governing authority or local governing body, whether or not affecting the Project, including, but not limited to its police power, right to grant or deny permits, approvals or licenses, right to collect taxes or other fees, or any other power, right or obligation whatsoever but Lessee has not and does not waive its right to question or challenge the propriety, authority or legality of any such action. Any Approval granted by the Lessor hereunder is for the purposes of this Lease only and does not affect or constitute any Approval required by any other department of the City of Alpharetta or pursuant to any Requirement or any other governmental approval, nor does any Approval by Lessor pursuant to this Lease constitute endorsement of the quality, structural soundness, safety of the Project, or the compliance of the Project (or Lessee's development thereof) with applicable Requirements. Neither Lessor nor any director, elected official, council member, officer, employee or agent of the Lessor will be personally responsible for any liability of the Lessor arising under or related to this Lease.

13.22 No Indemnification. Notwithstanding any other term or provision of this Lease to the contrary, Lessor shall have no obligation to explicitly or implicitly indemnify or hold harmless the Lessee or any third party or parties from any liability whatsoever.

13.23 No Rights in Third Parties. No provision of this Lease shall create in the public, or in any Person other than those signing this Lease as a party hereto, rights as a third party beneficiary hereunder, or authorize any Person not a party hereto to maintain any action for personal injury, property damage, or breach of contract pursuant to the terms of this Lease or otherwise.

13.24 Limitation of Lessor's Liability. The liability of Lessor to Lessee for any default by Lessor under the terms of this Lease shall be limited solely to the proceeds of sale on execution of the interest of Lessor in the Leased Premises, and Lessor shall not be personally liable for any deficiency. In no event shall Lessor ever be liable to Lessee for any indirect, special, punitive or consequential damages or loss of profits or the like.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease under seal, the day and year first above written.

“Lessor”:

CITY OF ALPHARETTA,
a political subdivision of the State of Georgia

By: _____
Name: _____
Title: _____

Attest: _____
Name: _____
Title: _____

“Lessee”:

AVALON HOTEL ASSOCIATES, LLC, a Delaware limited liability company

By: AVALON HOTEL DEVELOPERS, LLC, a Delaware limited liability company, its Sole Member

By: SHG AVALON INVESTORS, LLC, a Georgia limited liability company, its Managing Member

By: STORMONT HOSPITALITY GROUP, LLC, a Georgia limited liability company, its Manager

By: _____
Name: James M. Stormont, Jr.
Title: President

EXHIBIT A

Legal Description of the Property for the Project

All that tract or parcel of land lying and being in Land Lot 854 of the 1st District, 2nd Section, Fulton County, Georgia, and being more particularly described as follows:

Commencing at a PK nail set at the intersection of the northern right-of-way of Old Milton Parkway (aka Georgia State Route 120 and State Bridge Road) (variable right-of-way) with the western right-of-way of Georgia State Route 400 (variable right-of-way); Thence along said right-of-way of Georgia State Route 400 the following courses and distances: North 80 degrees 15 minutes 40 seconds East a distance of 143.58 feet to a concrete monument found; North 02 degrees 13 minutes 52 seconds West a distance of 45.43 feet to a concrete monument found; North 87 degrees 21 minutes 53 seconds East a distance of 45.04 feet to a concrete monument found; South 02 degrees 19 minutes 45 seconds East a distance of 39.92 feet to a concrete monument found; North 80 degrees 15 minutes 48 seconds East a distance of 25.39 feet to a 5/8-inch rebar set; North 64 degrees 26 minutes 50 seconds East a distance of 188.24 feet to a point; North 33 degrees 55 minutes 41 seconds East a distance of 248.16 feet to a point; North 34 degrees 20 minutes 09 seconds East a distance of 226.06 feet to a point; North 34 degrees 30 minutes 56 seconds East a distance of 78.89 feet to a point; said point being the **POINT OF BEGINNING**, Thence leaving said right-of-way Thence North 90 degrees 00 minutes 00 seconds West a distance of 424.65 feet to a point; Thence North 00 degrees 00 minutes 00 seconds East a distance of 464.15 feet to a point; Thence North 07 degrees 57 minutes 55 seconds East a distance of 54.53 feet to a point; Thence North 00 degrees 00 minutes 09 seconds East a distance of 58.33 feet to a point; Thence along a curve to the left having a radius of 102.50 feet and an arc length of 19.37 feet, being subtended by a chord bearing of North 06 degrees 00 minutes 49 seconds East for a distance of 19.34 feet to a point; Thence North 00 degrees 35 minutes 57 seconds East a distance of 54.08 feet to a point; Thence along a curve to the right having a radius of 44.63 feet and an arc length of 14.84 feet, being subtended by a chord bearing of North 09 degrees 09 minutes 57 seconds East for a distance of 14.78 feet to a point located on the southern right-of-way of Westside Parkway (variable right-of-way); Thence along said right-of-way the following courses and distances: thence South 89 degrees 54 minutes 06 seconds East a distance of 12.15 feet to a point; North 89 degrees 29 minutes 28 seconds East a distance of 10.03 feet to a point; North 00 degrees 00 minutes 00 seconds West a distance of 10.00 feet to a point; along a curve to the left having a radius of 410.00 feet and an arc length of 319.61 feet, being subtended by a chord bearing of North 66 degrees 26 minutes 48 seconds East for a distance of 311.58 feet to a point; Thence leaving said right-of-way, South 89 degrees 54 minutes 57 seconds East a distance of 33.23 feet to a point; Thence South 44 degrees 43 minutes 10 seconds East a distance of 279.56 feet to a point located on the western right-of-way of Georgia State Route 400; Thence along said right-of-way the following courses and distances: South 65 degrees 39 minutes 01 seconds East a distance of 154.77 feet to a point; South 25 degrees 08 minutes 40 seconds West a distance of 517.78 feet to a point; South 34 degrees 30 minutes 56 seconds West a distance of 82.21 feet to a point; said point being the **POINT OF BEGINNING**.

Said tract of land contains 9.223 acres.

EXHIBIT B

Permitted Exceptions

EXHIBIT C

IRR Calculation

The internal rate of return (“**IRR**”) shall be calculated on an unleveraged basis for the Project. The calculation of IRR shall be made as of a given time as follows:

(a) Determine the date and amount of all capital contributions (without duplication) to the Project made or deemed made by or on behalf of Lessee; and

(b) Determine the date and amount of all distributions (without duplication) from the Project received or deemed received by or on behalf of Lessee.

The IRR shall equal the discount rate which causes (i) the present value of the contributions to the Project under (a) above to equal (ii) the present value of the distributions from the Project under (b) above.

The present value of (a) and (b) shall each be determined based on an aggregation of all capital contributions to the Project and distributions from the Project made for each calendar month and deeming the net capital contributions to the Project and distributions from the Project to be made on the first day of the following calendar month, and shall be calculated by using the IRR as the discount rate and discounting such capital contributions to the Project and distributions from the Project, as the case may be, on a monthly basis.

The foregoing calculation of IRR is equivalent to the calculation of “internal rate of return” or “IRR” using the X-IRR function on Microsoft Excel 14.0 (using Microsoft Office 2010 or a subsequent edition of Microsoft Office). For purposes of calculating IRR, the formula (as utilized in Microsoft Excel Microsoft Excel 14.0 (using Microsoft Office 2010 or a subsequent edition of Microsoft Office)) for determining the internal rate of return on a monthly basis would be the following: $IRR(\text{Values}, \text{Guess})$, where “Values” is an array of values with capital contributions to the Project being treated as negative values and distributions from the Project being treated as positive values; “Guess” is an estimate of the IRR made by the user. The calculation is an iterative process and Excel uses the “Guess” as a starting point for its trial and error method of calculating IRR.

EXHIBIT D

Booking Policy

1. Purpose

The City of Alpharetta ("City"), through a bond offering, has invested a substantial sum in the construction of the Alpharetta Conference Center (the "Conference Center") and Hotel Avalon. The Conference Center has been leased to Avalon Hotel Associates, LLC ("Tenant"), by the City, pursuant to the terms set forth in the Conference Center Lease Agreement between the City and Tenant dated _____.

The City desires to enjoy certain benefits from the Conference Center, and Tenant, along with Tenant's appointed hotel and conference center manager ("Operator") desire to provide such benefits in accordance with this City Booking Policy.

2. Term and Amendment

This Booking Policy shall be effective so long as the Lease is effective. The Booking Policy may be amended from time to time by Tenant, upon prior written notice to the City.

3. Benefits to City

Use of Facilities at a Discount: Upon notice to the Operator, the staff of the City may reserve meeting room and banquet facilities within the Conference Center at discounted pricing, provided that such use of facilities is for City purposes and paid for with City funds, and not for City Council member or staff personal purposes. All reservations of space will be on a space-available basis, and are subject to the Booking Procedures and Limitations below.

Discount and Maximum Number of Persons: The discount provided for such use will be 25% from the published or standard banquet food and beverage, audio-visual, room rental pricing then in place for the event being booked.

Up to Three "Cost-Plus" Events Per Year (included in the Annual Limit): The City, at its option *at the time of booking*, may choose to have up to three events per year priced *at the lesser* of a) the 25% discount to published pricing or b) Cost Plus 20% (as described below) under the following conditions:

- 1) Room Rental shall be complimentary for Cost-Plus Events, provided that a catered meal (breakfast, lunch, dinner) is served.
- 2) "Cost Plus 20%" shall mean the following, as reasonably documented by Tenant's

operator:

- a) Direct Cost of all Food and/or Beverages Served
 - b) Direct Cost of all Banquet and Kitchen Labor
 - c) Plus 20% Markup to the sum of a) and b) above
 - d) Plus Banquet Service Charges (Staff Gratuities) based upon published pricing
 - e) Plus any Applicable Taxes due
- 3) Service Charges and Fees for any for third-party providers (i.e. audio-visual, valet, floral, decorations, balloons, etc.) will be subject to retail pricing with no mark up in cost on the retail pricing.

4. Booking Procedures and Limitations

The Operator will make good faith efforts to accommodate all requests of City staff for events for City purposes. As Tenant's primary business is the sale of hotel guest rooms, there exists a need for certain meeting spaces to be held available by Operator, as the agent of Tenant, to ensure that hotel guest rooms are in fact sold. With this in mind, the following guidelines are provided to City staff to allow for a reasonable accommodation of City staff requests for meeting and banquet space.

Events for up to 100 persons: For any discounted events of up to 100 persons, the City staff member may confirm meeting room or banquet event space with the Operator up to 90 calendar days, but not less than 5 business days in advance of the event, provided however, that Operator will confirm the availability of space only, and will not be able to commit specific meeting room facilities for such bookings. Operator is not obligated to accept more than one discounted event on any given day.

Events for greater than 100 persons: For any discounted events of greater than 100 persons, the City staff may request a tentative reservation of space up to 180 calendar days in advance of the event, understanding that Operator will not be able to confirm such availability of space until 60 calendar days in advance of the event. Operator will be able to commit specific space two weeks in advance of the event.

"Grand Ballroom" Events: The City staff may utilize the entire Grand Ballroom twice per year on a discounted basis. Additional Grand Ballroom events for the City will be considered and may be confirmed by the Operator in its discretion. The discounted use of such space may only be reserved on a Friday, for not more than six hours, unless

Operator otherwise confirms space availability for City staff Timeframes for reservation and confirmation will be the same as for "Events greater than 100 persons", as above.

Short-Term "Board Room" Events: The City staff may request the use of meeting rooms with fixed boardroom tables up to two one-time daily uses per month on complimentary room rental basis so long as food and beverage is served. Any food or beverage service, other than water service, to such rooms will be at the 25% City discount rate. If no food and beverage is served, the meeting room will be made available pursuant to a 25% discount to published rates. These Board Room bookings will not count towards the "monthly or annual maximum numbers of persons" defined above the Board Room events may be booked up to 14 days in advance, but not less than 24 hours in advance of the event, unless Operator is able to accommodate the request outside these booking parameters.

5. Billing Procedures

City staff may reserve meeting space and banquet events on a direct-bill credit basis, provided that all previously billed events booked by City staff have been paid within 30 days of receipt of invoice by City.

EXHIBIT H

ACVB Promotional Agreement

**ALPHARETTA CONFERENCE CENTER AND HOTEL AVALON
PROMOTIONAL AGREEMENT**

THIS PROMOTIONAL AGREEMENT (this “**Agreement**”) is made and entered into this ____ day of August, 2015, by and between **ALPHARETTA CONVENTION & VISITORS BUREAU, INC.**, a Georgia non-profit corporation (“**ACVB**”) and **AVALON HOTEL ASSOCIATES, LLC**, a Delaware limited liability company (“**AHA**”) (either of them individually, a “**Party**”, or collectively, the “**Parties**”).

RECITALS:

- A. ACVB’s purpose is to promote tourism, conventions and trade shows in the City of Alpharetta, Georgia.
- B. AHA is developing the Alpharetta Conference Center and Hotel Avalon (collectively, the “**Conference Center Project**”) pursuant to that certain Master Development Agreement between AHA and the City of Alpharetta, Georgia, a political subdivision of the State of Georgia (the “**City**”), dated on or about even date with this Agreement (the “**MDA**”), and has commenced preliminary design and programming for the Conference Center Project.
- C. The Conference Center Project will have an upper, upscale hotel of approximately 325 rooms (the “**Hotel Component**”) and a destination executive conference center with exhibition and meeting facilities, including appurtenant areas, of approximately 65,000 square feet (the “**Conference Center Component**”).
- D. As contemplated in the MDA, the City is increasing the hotel motel tax within the City. The ACVB intends to enter into a contract with the City (the “**City ACVB Contract**”) relating to the expenditure of hotel motel tax proceeds received by the City.
- E. As further contemplated in the MDA, the ACVB will further its corporate purposes by contracting with AHA to promote the use of the Conference Center Project as a vital component to promote tourism, conventions and trade shows in the City of Alpharetta, Georgia.
- F. As further contemplated in the MDA, AHA desires to work with ACVB in the mutual goal of promoting and increasing tourism, conventions and trade shows in the City of Alpharetta.
- G. ACVB and AHA desire to set forth in this Agreement the terms and conditions such parties shall undertake in furtherance of that mutual goal.

NOW, THEREFORE, for an inconsideration of the matters set forth in the above recitals, the mutual agreements and covenants of the Parties set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ACVB and AHA agree as follows:

1. **Recitals.** The foregoing Recitals are true and correct and are incorporated herein by this reference as if set forth in full herein.

2. **AHA Services.** Following mutual execution of the MDA by AHA and the City, AHA will continue design and planning of the Conference Center Project, and commence further design development followed by preparation of detailed plans and specifications, and then commence developing, constructing, equipping, furnishing and, ultimately, opening and operating the Conference Center Project, all in accordance with the MDA. In connection with foregoing, prior to opening of the Conference Center Project as appropriate in preparation for commencement of operations, and during the operation of the Conference Center Project, AHA agrees to use commercially reasonable efforts to promote and market the Conference Center Project to promote tourism, conventions and trade shows in the City of Alpharetta, Georgia, which promotional activities the parties agree directly benefit and augment the policy and mission statement of ACVB. The services to be performed by AHA (and/or its affiliates, its property manager for the Conference Center Project, and/or its franchisor for the Conference Center Project) in promoting tourism, conventions and trade shows in the City of Alpharetta, Georgia in connection with the Conference Center Project may include, but not necessarily be limited to, the following (the “**AHA Promotional Services**”):

- a. Engaging a sales and marketing staff;
- b. Advertising and marketing the Conference Center Project to meeting planners, travel agents, other travel professionals, groups or associations, and the general public;
- c. Promoting the Conference Center Project, the City of Alpharetta, Georgia, and the master planned, mixed use development known as “Avalon” in the City of Alpharetta;
- d. In connection with group reservations (as opposed to individual reservations), interfacing, coordinating and working with centralized reservations systems, global travel distribution and booking systems, internet travel services and aggregators, travel agencies and the like to promote the Conference Center Project and the sale of hotel room nights and the booking of conferences, meetings, conventions, exhibitions and trade shows;
- e. Engaging in joint marketing, advertising and promotional campaigns with ACVB to promote tourism, conventions and trade shows in the City of Alpharetta, Georgia in general, and to promote the Conference Center Project in particular as an integral component thereof;
- f. Engaging in joint marketing, advertising and promotional campaigns with the “Avalon” mixed-use development as an integral and complimentary component of and amenity for such tourism, conventions and trade shows.

AHA acknowledges that AHA Promotional Services relating to the Conference Center Project must include the Conference Center Component and that any AHA Promotional Services designed to exclusively promote the Hotel Component and not the Conference Center Project as

a whole shall not be eligible for reimbursement as an ACVB Reimbursement under Section 3 below.

3. ACVB Reimbursement.

a. Commencing with the opening of the Conference Center Project to the public and solely from hotel motel tax proceeds received by ACVB from the City pursuant to the City ACVB Contract, ACVB agrees to reimburse AHA up to Five Hundred Thousand Dollars (\$500,000.00) per calendar year for the demonstrated costs and expenses that AHA incurs in the provision of the AHA Promotional Services and which are allowable costs under O.C.G.A. §48-13-15(b) (the “**ACVB Reimbursement**”).

b. The ACVB Reimbursement shall be paid on a reimbursement basis; provided however, the aggregate of any ACVB Reimbursement in any calendar quarter may not exceed \$300,000 (other than the last calendar quarter in any given calendar year). Following the opening of the Conference Center Project, and thereafter not more frequently than monthly, AHA shall submit to ACVB an invoice and request for reimbursement of costs and expenses incurred by or on behalf of AHA in performing the AHA Promotional Services since the preceding invoice and request for reimbursement submitted by AHA, together with reasonable supporting and backup documentation evidencing such costs and expenses. Within fifteen (15) days after receipt of a request for payment, ACVB shall reimburse AHA for the amount requested, or, if ACVB has a good faith objection to one or more of the items of expense for which reimbursement is sought, ACVB shall notify AHA in writing of the items to which it objects and the specific basis for the objection. If ACVB in good faith objects to some but not all of the items of expense on a request for reimbursement, then within said fifteen (15)-day period ACVB will reimburse AHA for the items to which it has no objection, pending mutual agreement of ACVB and AHA on such items objected to by ACVB, or failing mutual agreement, resolution of such objected items in accordance with the dispute resolution procedures of Section 8 of this Agreement.

c. From time to time, but not more than once with respect to any calendar year and in all events within no more than two (2) years following the end of the calendar year in question, ACVB shall have the right to cause ACVB to perform an audit of the costs and expenses incurred in performing the AHA Promotional Services hereunder for promoting tourism, conventions and trade shows which expenses have been reimbursed by ACVB under this Agreement, for compliance with O.C.G.A. §48-13-15(b). The results of any such audit shall be kept confidential by ACVB, except to the extent that applicable law requires public disclosure. If such an audit reveals that ACVB has reimbursed more expenses to AHA than legally allowed under O.C.G.A. §48-13-15(b), subject to the right of AHA to dispute such audit in accordance with the dispute resolution procedures of Section 8 of this Agreement, AHA shall reimburse such overpaid amount to ACVB within fifteen (15) days after delivery of the results of such audit to AHA (or fifteen (15) days following final resolution of any dispute regarding same, as applicable). AHA acknowledges that the AHA Reimbursement is to be made solely from hotel motel tax proceeds and that the use of such proceeds may be subject to review from time to time by the Georgia Department of Community Affairs (DCA) Hotel

Motel Tax Performance Review Board (the “**DCA Performance Review Board**”). Any final findings and recommendations from the DCA Performance Review Board shall be deemed conclusive regarding whether or not any costs are deemed to be an allowable ACVB Reimbursement cost; provided, however, nothing herein shall prevent the AHA from challenging any such finding or recommendations at the sole cost and expense of AHA.

4. Term of Agreement.

a. The term of this Agreement shall commence on the date hereof and shall expire on December 31st of the twenty-fifth (25th) full calendar year after the Conference Center Project opens for business to the general public (the “**Expiration Date**”).

b. The obligation of ACVB to reimburse AHA under the terms of this Agreement for costs and expenses incurred in performing the AHA Promotional Services in accordance with this Agreement for any period prior to the Expiration Date, shall survive the expiration of this Agreement on the Expiration Date.

5. Assignment. The Parties recognize that the City of Alpharetta, Georgia has selected AHA to develop the Conference Center Project because of its unique abilities to develop the same, therefore any assignment by AHA of its rights and obligations under this Agreement shall be subject to the consent of the City, through action of the City Council; provided, however, AHA shall have the right, with the consent of the City, which shall not be unreasonably withheld or delayed, to assign its rights and obligations under this Agreement to (A) any affiliate of AHA and (i) in which the “Principals” (as defined in the MDA), or any of them, own at least fifty-one (51%) of the economic interest and voting control, or (ii) of which any of the Principals, or any of them, or an entity controlled by any of them, is the managing member or general partner; or (B) the “Hotel Lender”, as security for the “Hotel Loan Agreement” (as such terms are defined in the MDA); or (C) to the Hotel Lender (or its designee) or third party purchaser at a foreclosure sale of the Hotel Component; or (D) to any assignee or transferee to which the MDA or the “Conference Center Lease” (as defined in the MDA) is assigned or transferred in accordance with the terms thereof. ACVB shall have the right to assign its rights and obligations under this Agreement to any assignee, provided such assignee is also the assignee of the ACVB’s rights and obligations under the City ACVB Contract (or enters into a new contract with the City relating to the use of hotel motel tax proceeds) and is empowered to perform this Agreement. Except as provided in the preceding two sentences, neither Party shall assign or transfer, or permit the assignment or transfer of, this Agreement without the prior written consent of the other Party. A permitted assignment by any Party of its interests in this Agreement shall not relieve the assigning Party from its obligations under this Agreement unless the non-assigning Parties shall expressly consent in writing to any such release, such consent not to be unreasonably withheld, conditioned or delayed. Any assignee of any Party’s rights under this Agreement, as a condition of such assignment, shall execute an assumption of the assigning Party’s duties and obligations under this Agreement, such assumption to be in form reasonably acceptable to the other Parties to this Agreement.

6. Remedies. Upon any failure by ACVB failure to pay or cause to be paid when due any amount of the ACVB Reimbursement owed to AHA in accordance with and pursuant to

this Agreement, and the continuation of such failure for ten (10) days after written notice of such breach from AHA, AHA may elect to (a) bring an action for specific performance of ACVB's obligations hereunder in order to compel such payment, or an action seeking to enjoin or restrain such breach, the Parties hereby acknowledging and agreeing that remedies at law may not be adequate, or (b) seek any other remedy as may be available at law or in equity.

7. Notices. All notices or other communications required or desired to be given with respect to this Agreement shall be in writing and shall be delivered by hand or by courier service, sent by registered or certified mail, return receipt requested, bearing adequate postage, or sent by nationally recognized overnight delivery service (such as Federal Express or UPS), and properly addressed as provided below. Each notice given by mail shall be deemed to be given by the sender when received or refused by the Party intended to receive such notice; each notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the Party intended to receive such notice or when such Party refuses to accept delivery of such notice; and each notice given by overnight delivery service shall be deemed to have been given and received on the next business day following deposit thereof with the overnight delivery company. Upon a change of address by either Party, such Party shall give written notice of such change to the other Parties in accordance with the foregoing. Inability to deliver a notice because of changed address or status of which no notice was given, shall be deemed to be receipt of the notice sent, effective as of the date such notice would otherwise have been received.

To ACVB:

Alpharetta Convention and Visitors Bureau, Inc.
Park Plaza
178 South Main Street,
Suite 200
Alpharetta, Georgia 30009
Attention: Robert J. Regus, City Administrator

with a copy to:

Bovis, Kyle, Burch & Medlin
200 Ashford Center North
Suite 500
Atlanta, Georgia 30338
Attention: C. Sam Thomas, Esq.

To AHA:

Avalon Hotel Associates, LLC
c/o Stormont Hospitality Group, LLC
Riverwood 100
3350 Riverwood Parkway
Suite 1590
Atlanta, GA 30339
Attention: Mr. James M. Stormont, Jr.

and:

Avalon Hotel Associates, LLC
c/o North American Properties-Atlanta, Ltd.
264 19th Street, Suite 2200
Atlanta, Georgia 30363
Attention: Mr. Mark C. Toro

with a copy to:

Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N. E.
Atlanta, GA 30326
Attention: G. Brian Butler, Esq.

8. Dispute Resolution. Any dispute arising between or among the ACVB and AHA under this Agreement shall be settled by a two-step process. The ACVB and AHA shall submit to mediation before a mediator upon which they agree or, failing agreement, petition the Superior Court of Fulton County, GA, for appointment of a mediator. Should mediation not settle the dispute, it shall be settled by arbitration, AHA and the ACVB shall attempt to agree upon a single arbitrator who is experienced in the hotel and conference center industry. If they cannot agree on a single arbitrator within ten (10) days of the conclusion of the mediation, The ACVB and AHA shall each appoint an arbitrator within five (5) days thereafter, and within ten (10) days after the appointment of the last of the two arbitrators, arbitration proceedings shall be conducted according to the Commercial Rules of the American Arbitration Association. Subject to any rulings or findings of the DCA Performance Review Board, the decision of the arbitrator (or the decision of the arbitration panel determined by averaging each of the arbitrators' determinations) shall be binding and conclusive, and judgment upon the award or decision of the arbitrator(s) may be entered in the appropriate court of law; and the Parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the court or a judge thereof may be served outside the State of Georgia to the parties' respective addresses set forth in Section 7 above, by certified or registered mail, return receipt requested, first class, postage prepaid, or by personal service, provided a reasonable time for appearance is allowed. The costs and expenses of such arbitration hereunder and their apportionment between the Parties shall be determined by the arbitrator(s) in the award or decision.

9. **Waiver.** The failure of any Party to insist upon strict performance of any of the terms or provisions of this Agreement or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy. No waiver by any Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.

10. **Applicable Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

11. **Severability.** If any clause or provision of this Agreement is or becomes illegal, invalid, or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity, then the remaining parts of this Agreement shall not be affected, unless such invalidity would create undue hardship on a Party, or is essential to the rights of any of them, in which event such Party has the right to terminate this Agreement on written notice to the other Parties.

12. **Interpretation.** For the purpose of construing this Agreement, unless the context indicates otherwise, words in the singular number shall be deemed to include words in the plural number and vice versa, words in one gender shall be deemed to include words in other genders, and the word “person” shall be deemed to include a corporation, partnership or other legal entity. Headings of Articles and Sections are inserted only for convenience and are not, and shall not be deemed, a limitation on the scope of the particular Articles or Sections to which they refer.

13. **“Including”.** In this Agreement, whenever general words or terms are followed by the word “including” (or other forms of the word “include”) and words of particular and specific meaning, the phrase “including without limitation,” and the general words shall be construed in their widest extent, and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meaning.

14. **Relationship of the Parties.** AHA is an independent contractor of ACVB and is not an employee, agent, partner, joint venturer or otherwise of ACVB

15. **Binding Effect.** Subject to the provisions of Section 5 above, this Agreement shall be binding upon and shall inure to the benefit of the ACVB and AHA and their respective successors and assigns.

16. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the Conference Center Complex and the ACVB Reimbursement, and supersedes all prior understandings and writings, which shall be of no further force or effect upon execution of this Agreement, and this Agreement may be amended or modified only by a writing signed by the ACVB and AHA.

17. **Further Assurances.** The Parties covenant to execute such additional documents and instruments as may be reasonably necessary to facilitate the purpose and intention of this Agreement.

18. Counterparts; Electronic Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single document. Facsimile or electronic signatures of this Agreement shall have the same force and effect as original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WHITNESS WHEREOF, the Parties have executed this Agreement as of the date first above stated

“ACVB”:

**ALPHARETTA CONVENTION & VISITORS
BUREAU, INC.**, a Georgia non-profit corporation

By: _____
Name: _____
Title: _____

Attest: _____
Name: _____
Title: _____

“AHA”:

AVALON HOTEL ASSOCIATES, LLC, a Delaware limited liability company

By: AVALON HOTEL DEVELOPERS, LLC, a Delaware limited liability company, its Sole Member

By: SHG AVALON INVESTORS, LLC, a Georgia limited liability company, its Managing Member

By: STORMONT HOSPITALITY GROUP, LLC, a Georgia limited liability company, its Manager

By: _____
Name: James M. Stormont, Jr.
Title: President

EXHIBIT I

Insurance Requirements Design Professionals and Contractors

1. Design Professionals' Insurance.

(a) AHA shall require that the Design Professionals provide and maintain in force with responsible companies with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger and licensed to transact the business of insurance in the State of Georgia for the applicable line of insurance, the following minimum insurance coverage:

(i) The Project Architect shall maintain Errors and Omissions Professional Liability Insurance having minimum limits of \$3,000,000 per occurrence and \$4,000,000 in the aggregate (including excess coverage) (claims made basis), with a deductible not in excess of \$200,000 per occurrence and in the aggregate (claims made basis). For structural and MEP subconsultant engineers and architects, the minimum limits for Errors and Omissions Professional Liability Insurance will be \$2,000,000 per occurrence and \$3,000,000 in aggregate (including excess coverage) (claims made basis), with a deductible not in excess of \$100,000 per occurrence and in the aggregate (claims made basis) unless otherwise agreed in writing by AHA and the Design Professional. For all other consultants, the minimum limits for Errors and Omission Professional Liability Insurance will be \$1,000,000 per occurrence and \$2,000,000 in aggregate (including excess coverage) (claims made basis), with a deductible not in excess of \$100,000 per occurrence and in the aggregate (claims made basis) unless otherwise agreed in writing by AHA and the Design Professional;

(ii) Worker's Compensation (statutory amount);

(iii) Employer's Liability (\$1,000,000 per accident or disease);

(iv) Commercial General Liability (1993 ISO Occurrence Form or equivalent) (occurrence basis) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

<i>Coverage</i>	<i>Limit</i>
1. Premises and Operations	\$1,000,000 per Occurrence
2. Products and Completed Operations	\$1,000,000 per Occurrence
3. Personal Injury and Advertising	\$1,000,000 per Occurrence
4. Contractual	\$1,000,000 per Occurrence
5. Fire Legal	\$1,000,000 per Occurrence
6. Blasting and Explosion	\$1,000,000 per Occurrence *
7. Collapse of Structures	\$1,000,000 per Occurrence *
8. Underground Damage	\$1,000,000 per Occurrence *

9. General Aggregate \$2,000,000

* Required during the Construction Period.

(v) Commercial Automobile Liability (owned, non-owned, and hired vehicles) (occurrence basis):

combined single limit\$1,000,000;

(vi) Commercial Umbrella Excess Liability (occurrence basis):

per occurrence.....\$2,000,000;

aggregate.....\$5,000,000

(b) The Commercial General Liability and Umbrella Excess Liability policies shall cover the contractual liability assumed by a Design Professional under its respective design agreement. The Commercial General and Umbrella Excess Liability policies shall include endorsements naming the City and its officers, members, agents, and employees, as additional insureds.

(c) The Commercial General Liability Insurance, Commercial Automobile Liability Insurance, and Commercial Umbrella Excess Liability Insurance shall provide coverage for a Design Professional for acts or omissions of it and its representatives who may be engaged in performing any design services.

(d) All insurance policies of a Design Professional shall be primary and non-contributing. Each Design Professional shall provide the City with ten (10) days' prior written notice of the cancellation, expiration, or modification of any insurance policy required hereunder.

(e) The Errors and Omissions Professional Liability Insurance shall cover all liability arising out of or based upon any negligent design, engineering, professional, or architectural services performed by a Design Professional (and its respective officers, directors, employees, or agents) under the Design Professional's respective contract. Said insurance shall have a retroactive date prior to the performance of any such services to be provided under the Design Professional's respective Project contract, shall be maintained through the termination or expiration of the Design Professional's respective Project contract, and shall be maintained for five years following the termination or expiration of the Design Professional's respective Project contract.

2. Contractor's Insurance.

(a) Each Contractor shall provide and maintain in force, with responsible companies with a Best Policyholders Rating of "A-" or better and with a financial size rating of Class VIII or larger and licensed to transact the business of insurance in the State of Georgia for the applicable line of insurance, the following minimum insurance coverage:

(i) Worker's Compensation (statutory amount);

(ii) Employer's Liability (\$1,000,000 per accident or disease);

(iii) Commercial General Liability (occurrence basis) which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum the following limits:

<i>Coverage</i>	<i>Limit</i>
1. Premises and Operations	\$1,000,000 per Occurrence
2. Products and Completed Operations	\$1,000,000 per Occurrence
3. Personal Injury and Advertising	\$1,000,000 per Occurrence
4. Contractual	\$1,000,000 per Occurrence
5. Fire Legal	\$ 500,000 per Occurrence
6. Blasting and Explosion	\$1,000,000 per Occurrence *
7. Collapse of Structures	\$1,000,000 per Occurrence *
8. Underground Damage	\$1,000,000 per Occurrence *
9. General Aggregate	\$2,000,000

* Required during the Construction Period.

(iv) Commercial Business Automobile Liability (owned, non-owned, and hired vehicles) (occurrence basis):

combined single limit.....\$1,000,000;

(v) Commercial Umbrella Excess Liability (occurrence basis):

per occurrence.....\$25,000,000;

aggregate.....\$25,000,000.

(b) The Commercial General Liability and Umbrella Excess Liability policies shall include contractual liability coverage for liabilities assumed by the Contractor under the construction agreement between the Contractor and AHA, subject to standard policy stipulations. The Commercial General, Automobile, and Umbrella Excess Liability policies shall include endorsements naming the City, and its respective officers, members, agents, and employees, as additional insureds. All insurance policies of the Contractors shall be primary and non-contributing.

(c) Each Contractor shall provide the City with thirty (30) days' prior written notice of the cancellation, expiration, or modification of any insurance policy required hereunder.

(d) Each Contractor shall bear all costs of its deductibles and shall be held responsible for any and all damages as may result from the failure of such Contractor to exercise its responsibilities under its contract documents.

(e) The Commercial General Liability Insurance, Commercial Automobile Liability Insurance, and Commercial Umbrella Excess Liability Insurance shall provide coverage for the Contractor for acts or omissions of it and its respective representatives who may be engaged in performing any Work.

3. Not a Limit to Liability. It is understood that all of the foregoing provisions requiring Design Professionals and Contractors to carry insurance shall not be construed as in any manner waiving or restricting the liability of such party to the City or AHA.

EXHIBIT J

Land Survey

[Attached hereto]

