

TERM SHEET  
Convention Center Headquarters Hotel

December \_\_\_\_, 2011

Representatives of the City of Virginia Beach (the “**City**”), the City of Virginia Beach Development Authority (the “**Authority**”), and Armada Hoffler Development Company acting as lead representative for Alliance Hospitality Virginia Beach, LLC (collectively, the “**Developer**”) desire to construct a headquarters hotel and conference center directly south of the existing Virginia Beach Convention Center on the south side of 19<sup>th</sup> Street. This Term Sheet outlines the principal terms of a public/private development arrangement for the transaction under the Virginia Public – Private Education Facilities and Infrastructure Act of 2002 (“**PPEA**”).

On December 18, 2007, the Authority, acting under the PPEA, adopted guidelines to establish procedures for development of public facilities utilizing public-private partnerships in compliance with the PPEA and made those guidelines publically available. On July 21, 2009, the Authority re-adopted guidelines for that purpose (the “**Guidelines**”), which supersede those originally adopted, and made the Guidelines publically available.

On December 21, 2006, Garfield Traub Development, LLC (“**GTD**”) submitted to the Authority an unsolicited PPEA proposal for the development of a hotel, conference center, a parking structure, and related facilities under a PPEA public-private partnership arrangement between the Authority and GTD (this proposal, and the underlying project, collectively, the “**Initial Proposal**”). GTD subsequently modified the Initial Proposal to eliminate the parking structure and certain other elements of the Initial Proposal (the Initial Proposal (including the underlying project), as so modified, collectively, the “**GTD Proposal**”). While the Authority and GTD were engaged in further discussion regarding the GTD Proposal, GTD withdrew from the PPEA process. On November 21, 2007, GTD submitted to the Authority another unsolicited PPEA proposal based on refinements to the GTD Proposal.

On April 2, 2008, in response to the public notice published by the Authority as required by the PPEA and the Guidelines, the Developer submitted to the Authority its conceptual proposal under the PPEA for the development and construction of a convention center headquarters hotel facility and conference center south of the existing Virginia Beach Convention Center on the south side of 19<sup>th</sup> Street (the “**Proposed Project**”).

On September 16, 2008, the Authority approved a resolution moving onto the detailed phase under the PPEA and the Guidelines with both the Developer and GTD. On November 2, 2010, GTD withdrew its GTD Proposal and ceased participation in the PPEA process. On April 4, 2011, the Authority and the Developer entered into an Interim Agreement under the PPEA.

After continued negotiations, the parties have developed this Term Sheet with the common objective of executing a Comprehensive Agreement for the development of the Proposed Project under the PPEA. This Term Sheet is an outline of terms. Moreover, this Term Sheet is not, nor is it intended to be, an offer, an acceptance, or a binding agreement

of any kind. To the contrary, this Term Sheet is only a summary of the basic terms of a possible transaction, which may be agreed in principle only. Although this Term Sheet identifies many of the material issues, any possible transaction is complex and issues may arise during preparation and negotiation of definitive documentation that have not been discussed in this Term Sheet. Accordingly, legal obligations among the parties will only be as specified in any definitive agreements that ultimately may be approved by City Council, the Authority's board and the Developer's principals, and executed by all of the parties. Additionally, none of the parties to this Term Sheet are under any obligation or duty to attempt to negotiate a transaction or any related documentation or, if such negotiations commence, to continue such negotiations. Nonetheless, by approving this Term Sheet, each party indicates its belief that this Term Sheet can form the basis for a transaction and the willingness to commence negotiation and preparation of definitive documentation toward that end.

1. General Description of the Proposed Project.

(a) Located on approximately 5.7 acres of City-owned property (the "**Project Land**") across 19<sup>th</sup> Street from the Virginia Beach Convention Center ("**VBCC**"), a 16-story, multi-use structure comprised of:

(i) 15 floors for a 361 room full-service Hyatt Regency headquarters hotel (the "**Hotel**");

(ii) Approximately 19,713 square feet of space on the first and second floors containing the lobby for the Hotel, the Hotel restaurant, and other Hotel amenities, including a second floor pool, spa and meeting area (the "**Hotel Services**"),

(iii) Approximately 82,648 square feet of meeting, pre-function and support space (the "**Conference Center**");

(iv) A climate-controlled connecting structure, across and above 19<sup>th</sup> Street between the VBCC and the second floor above the Conference Center (the "**Bridge**"); and

(v) Certain hereinafter described traditional infrastructure improvements typically developed along with a development project of this size and scope (the "**Traditional Infrastructure**").

(b) The Developer shall hire Armada Hoffler Construction Company pursuant to a guaranteed maximum price construction contract to build the Hotel Services, the Conference Center, the Bridge and the Traditional Infrastructure in a single construction contract ("the Construction Contract"). The Construction Contract shall require Armada Hoffler Construction Company to comply with existing City policy as to the use of women, minority or small business sub-contractors utilized under the construction contract as required by the City's standard instructions to bidders as found in the Front End Document for Construction Bidding, last revised May 25, 2011. The Developer shall submit for the Authority's inspection the Construction Contract prior to execution and shall submit all G702 Applications for Payment received by the Developer from the contractor during construction.

The Developer shall hire Armada Hoffer Construction Company pursuant to a separate construction contract to build the Hotel.

(c) On the date of closing of the Developer's construction loan (the "**Real Estate Closing Date**"), the Authority will convey fee simple title to the Project Land to the Developer. The Developer, as declarant, will submit the Proposed Project, excluding the Bridge, to a condominium regime under the Virginia Condominium Act. On the Real Estate Closing Date, the Authority will execute and deliver the Comprehensive Agreement with the Developer along with certain ancillary exhibits thereto, which shall include, but not be limited to, a condominium purchase agreement, an Hotel Services lease, a Conference Center management agreement and a mezzanine loan agreement (further discussed herein). The Condominium is expected to have at least a Hotel Unit, a Conference Center Unit and a Hotel Services Unit. (See the attached sketch on Schedule A for the general footprint of these Units.)

(d) The Bridge will not be part of the Condominium, but will be transferred to the City on the date of substantial completion of the Proposed Project (the "**Financial Closing Date**") in connection with the closing of the various acquisition transactions, loan and lease contemplated under this Term Sheet.

2. Purchase of the Conference Center Unit, the Hotel Services Unit, the Traditional Infrastructure and the Bridge.

(a) Purchase Obligation. The Authority will purchase the Conference Center Unit, the Hotel Services Unit, the Traditional Infrastructure, and the City will acquire the Bridge, all on the Financial Closing Date. In the condominium purchase agreement the Developer will guarantee that the aggregate purchase price for the Conference Center, the Hotel Services and the Traditional Infrastructure will not exceed \$42,689,034. The actual amount of the aggregate purchase price will be fixed at the Financial Closing Date and shall include (i) agreed upon hard construction costs; (ii) agreed upon soft construction costs; (iii) an allowance for an allocation of construction loan interest; and (iv) the initial cost for furniture, fixtures and equipment necessary to open the Conference Center for business. \$5,300,000 of the aggregate purchase price determined on the Financial Closing Date shall be allocated to the purchase price of the Hotel Services Unit and the balance shall be allocated to the purchase price of the Conference Center Unit and the Traditional Infrastructure. The acquisition cost for the Bridge will be the sum of the following components: (i) agreed upon hard construction costs; (ii) agreed upon soft construction costs; (iii) an allowance for an allocation of construction loan interest; and (iv) the initial cost for fixtures and equipment necessary to open the Bridge. The total acquisition cost for the Bridge shall not exceed the lesser of \$5,300,000, or the actual cost of the price components.

(b) Management Agreement and Lease. Use and operation of the Conference Center Unit and the Hotel Services Unit will be governed by a management agreement and a lease, respectively, which are each described below. The lease will, among other things, address the right of patrons of the VBCC to use the pool and spa contained within the Hotel Services Unit.

(c) Traditional Infrastructure. The Traditional Infrastructure shall include 148 on-site parking spaces, streets, streetscapes, traffic signals, utilities, stormwater improvements, etc.

(d) Conditions. Rights and obligations of the parties as to the design, development, construction, and operation of the Proposed Project, as well as the various purchase, financing, and repayment obligations contemplated for the transaction, will be addressed in detail in the definitive agreements (including particularly, the Comprehensive Agreement and the ancillary documents made exhibits thereto). Generally, however, the Authority's obligation to purchase these Units and to cause the City to acquire the Bridge will be conditioned upon substantial completion of construction of the Proposed Project in compliance with approved plans, and compliance with applicable laws, including zoning. The Authority also will receive in connection with its purchases usual and customary representations, warranties, closing deliveries and similar assurances from the Developer. In addition, the purchase and acquisition obligations will be subject to the following contingencies:

(i) The Hotel shall be substantially complete in accordance with its approved plans and open to the public for business in accordance with an executed franchise agreement between Developer and the Hotel Franchisor, hereinafter defined;

(ii) The Conference Center Unit and the Hotel Services Unit shall be substantially complete in accordance with their approved plans and open to the public for business in accordance with an executed franchise agreement between Developer and the Hotel Franchisor;

(iii) All the Traditional Infrastructure, addressed below, shall be substantially complete in accordance with its approved plans; and

(iv) The Bridge shall be substantially complete in accordance with its approved plans.

### 3. Conference Center Management Agreement.

The use and management of the Conference Center will be governed by a management agreement (the "**Conference Center Management Agreement**") wherein the Developer or an affiliate of the Developer will have the right to use and will agree to manage the Conference Center. The Conference Center Management Agreement will be separate and distinct from the Hotel Management Agreement. Among other things, the Conference Center Management Agreement will contain the following terms and conditions:

(a) Assignment/Manager. The Conference Center Management Agreement will contain appropriate assignment and delegation rights subject to Authority, lender, and the Hotel Franchisor controls;

(b) Term. The Conference Center Management Agreement will have a term (the "**Franchise Time**") equal to the term of Developer's Franchise Agreement with the Hotel Franchisor. The term "**Hotel Franchisor**" shall mean the franchisor of a full

service headquarters Hyatt Regency hotel or, after the Hotel has opened for business, a franchisor, reasonably acceptable to the Authority, of a national full-service hotel similar in quality to Hyatt Regency hotels at this time (or better) in the U.S.;

(c) Use/Operation. The Conference Center Management Agreement will require that the operation, repair, maintenance and replacement of the Conference Center and its components comply with commercially reasonable standards, and the condominium documents, as well as the Hotel Franchisor's requirements. The Conference Center Management Agreement will also provide for the performance and/or management of all sales, marketing, booking, preparation, service, accounting and any other services necessary for the operation of the Conference Center. The Conference Center Management Agreement will allow for a sub-agreement or delegation to the Hotel operation for the management of the Conference Center, provided such manager is acceptable to the Developer's lender and the Hotel Franchisor;

(d) Authority/City Use. The Authority and the City shall have access to and use of the Conference Center at mutually agreed upon times pursuant to a policy to be agreed upon, including, but not limited to, the use of the Conference Center without the payment of a room reservation fee (though the Authority and City will pay food, beverage and other charges associated with their use of the Conference Center);

(e) FF&E Reserve and Management Overhead. A FF&E Reserve and Management Overhead payment of \$450,000 per year will be payable under the Conference Center Management Agreement by the Authority to the Developer, or a Developer affiliate. This amount shall be used for the management of the Conference Center and to fund an FF&E reserve account. Payments of this fee (which will be subject to appropriation of this amount by the City Council) by the Authority shall commence on the Financial Closing Date and shall continue annually thereafter for the duration of the Conference Center Management Agreement;

(f) Revenue Sharing. Revenue sharing by Authority related to the operation of the Conference Center also will be included;

(g) Audit. The Authority shall have the right to audit the books and records for the Conference Center and Hotel to verify operating revenue and expenses for the Conference Center and Hotel and payment of all applicable taxes. Provided such information will be reasonably accessible to the Authority, the accounting as to Conference Center operations may be consolidated with that of the Hotel, though the Conference Center shall be indentified as a separate cost center; in addition, the Authority shall be provided documentation on all taxes paid by the Hotel; and

(h) Protective Provisions. Except as expressly provided in the Conference Center Management Agreement, the Conference Center Management Agreement will not terminate during the Franchise Time. The Authority will have the right to terminate the Conference Center Management Agreement if there is a default under the Franchise Agreement that results in a termination of the franchise. The Developer and its successors and assigns will cause the Hotel Franchisor to give notice to the Authority of any failure or default under the Franchise Agreement, which, if uncured, could result in the

termination of the Franchise Agreement, and the right to cure such default within a reasonable period of time. The Authority also will have the right to terminate the Conference Center Management Agreement if there is a default under the Loan described in Section 5 below or a default under the Hotel Services Lease described in Section 4 below. Among the controls under this agreement will be the limitation as to assignment, which will be limited to transfers in connection with sale of the Hotel and pledges of collateral for first lien permanent financing. This agreement will also provide to the first lien permanent lender reasonable notice and cure rights.

4. Hotel Services Lease.

(a) The use and management of the Hotel Services Unit will be governed by a lease (the “**Hotel Services Lease**”). The Hotel Services Lease will allow for the use and management of this Unit to be integrated with that of the Hotel and the Conference Center. There will be rent payable under this arrangement (the “**Rent**”) as described below. The owner of the Hotel Unit shall have the right to acquire the Hotel Services Unit for the sum of \$5,300,000, plus interest accruing at the rate of 3.2% non-compounding until paid (“the **Hotel Services Acquisition Price**”). All amounts paid to the Authority by the owner of the Hotel Unit as Rent will be credited toward the Hotel Services Acquisition Price with such amounts being first applied to interest and then to principal.

(b) The total Rent to be paid will equal the Hotel Services Acquisition Price. Rent will be payable as follows:

(i) One Dollar per year for any partial year plus the first five full calendar years of Hotel operation.

(ii) Beginning with the sixth full calendar year of Hotel operation, the annual Rent shall be \$120,000. This annual rental amount shall escalate by 3% every year thereafter. In the event of a sale of the Hotel, if the Authority is not paid in full for the Hotel Services Acquisition Price from the funds identified in Section 5, the obligation to pay the Rent shall continue.

(iii) Any amounts received by the Authority from Available Cash Flow after the Loan is paid in full (see Section 5) shall be attributable towards the payment of the Rent and shall be credited against the Hotel Services Acquisition Price.

(c) If not otherwise paid, the entire unpaid balance of the Hotel Services Acquisition Price then owing shall be due and payable in full at the end of calendar year 2046. The Authority will have the right to terminate the Hotel Services Lease under circumstances similar to the Conference Center Management Agreement, including failure to pay the Rent when due, or for a failure or a default under the terms of the Loan, defined below. There also will be reasonable notice and cure rights and other customary protections for the first lien permanent lender.

(d) Upon receipt of the Hotel Services Acquisition Price, the Authority will convey its marketable, fee simple title to the Hotel Services Unit to the owner of the Hotel Unit.

5. Additional Authority Participation.

To facilitate the construction of the Hotel, the Authority will make available the following:

(a) Construction Gap Funding. The Authority will make a mezzanine loan to the Developer (or a Developer affiliate) in the amount of \$13,800,000 (the “**Loan**”) on the Financial Closing Date on the following terms and conditions.

(i) The Loan will be made under documents the Authority deems appropriate for a mezzanine financing. Interest will accrue on the loan at the rate of 3.2% non-compounding from the Financial Closing Date until repaid. The Loan shall be secured by a security interest in all of the ownership interests of the entity that owns the Hotel Unit.

(ii) The Loan will be immediately due and payable should the Hotel cease operating as a franchise with the Hotel Franchisor. Otherwise repayment of the Loan will be as follows:

- A. Commencing on May 1, 2016, and continuing on each May 1 thereafter, 80% of **Available Cash Flow**, herein defined, shall be paid to the Authority and 20% shall be retained by the owner of the Hotel Unit. All sums received by the Authority under this provision shall be applied first to outstanding interest owed on the Loan and next to reduction of principal. Available Cash Flow means any dollar amount of net operating income earned from operation of the Hotel Unit, the Conference Center Unit and the Hotel Services Unit by the owner of the Hotel Unit during the preceding calendar year which is in excess of the dollar amount shown in the table below as NOI Target for the applicable interest rate on the first mortgage loan secured by the Hotel Unit. In the event that the actual interest rate charged on the Hotel Unit is not shown in the table below, the NOI Target shall be calculated by interpolation using the table below:

Interest Rate	NOI Target
10.00%	\$4,891,957
9.00%	\$4,628,089
8.00%	\$4,371,617
7.50%	\$4,246,398

7.00%	\$4,123,324
6.00%	\$3,884,008
5.00%	\$3,654,459

- B. If not otherwise paid, all principal and interest owed on the Loan shall be due and payable in full on May 1, 2036.
- C. The proceeds from any sale or refinance after payment of customary and reasonable closing costs (with cash taken out) of the Hotel Unit shall be applied for the following purposes and in the following order:
- (1) Satisfaction of the first mortgage loan secured by the Hotel Unit.
  - (2) Repayment of all outstanding sums owing under the Loan (including any accrued but unpaid interest).
  - (3) Return of \$12,000,000 to the owner of the Hotel Unit, plus an amount necessary to achieve a cumulative internal rate of return of 13% on \$12,000,000 after taking into consideration any of the 20% portion of Available Cash Flow retained by the owner of the Hotel Unit as set forth in §5(a)(ii)(A), above.
  - (4) Remaining proceeds shall be split 80% to the Authority and 20% to the owner of the Hotel Unit, with such amounts payable to the Authority being applied to the outstanding balance owed on the Hotel Services Acquisition Price.
  - (5) At such time as the Loan and the Hotel Services Acquisition Price have been paid in full, the owner of the Hotel Unit shall retain all remaining proceeds.
- D. The NOI Target reflected in Section 5(a)(ii)(A) and the \$12,000,000 return of equity reflected in Section 5(a)(ii)(C)(3), above, are based on the assumption of an equity contribution by the Developer (not including any contribution by the flag) of at least \$12,000,000. In the event the Developer's (non-flag) equity contribution is less

than \$12,000,000, those amounts will be adjusted accordingly.

(b) EDIP Grant. The Authority will make an award to the Developer under the Authority's economic development investment program ("**EDIP**") in the amount of \$4,800,000. This EDIP Grant will be funded in three equal installments in the amount of \$1,600,000 each on (i) the Real Estate Closing Date, (ii) the date that the Developer's architect certifies that the Proposed Project is fifty percent (50%) complete, and (iii) the Financial Closing Date.

6. Timing of Authority Payments. All amounts to be paid by the Authority, with the exception of the EDIP Grant and the FF&E Reserve and Management Overhead payment, shall be paid at the Financial Closing Date.

7. Parking. Other than the approximately 148 parking spaces to be constructed as a part of the Traditional Infrastructure (the "**Hotel and Conference Center Parking**"), no additional parking is to be constructed. The Proposed Project shall rely on the Hotel and Conference Center Parking and the existing public parking currently available for the VBCC. The Hotel and Conference Center Parking will be a limited common element of the Hotel Unit and the Conference Center Unit. The Developer shall manage and collect all revenue from the Hotel and Conference Center Parking as owner of the Hotel Unit and manager of the Conference Center Unit. The Developer will share all parking space revenue collected over \$20,000 per year equally with the Authority until such time as the Developer, or the successor to the Developer, has acquired title to the Hotel Services Unit. At that time, the Developer and Authority will share all parking space revenue equally. The Condominium documents also will provide other reasonable provisions as to the Hotel and Conference Center Parking acceptable to the Developer and the Authority. It is the intention of the Developer to charge for parking. Prior to the execution of the Comprehensive Agreement, the City and Developer will develop a comprehensive parking plan for both the Hotel and Conference Center Parking and parking at the Convention Center.

8. Room Block Agreement. The Developer and the Authority will enter into an agreement for the purpose of setting forth the rights of the Authority, and its affiliates, to reserve, in the manner and at the rates set forth in the agreement, a portion of the rooms in the Hotel and use of the Conference Center (the "**Room Block Agreement**"). While the Hotel Manager and the Authority will work closely during the term of the Room Block Agreement to ensure maximum convention business is generated by the Hotel, the Room Block Agreement will provide the following minimum rights and obligations detailed on Schedule B attached hereto.

9. General.

(a) Unless the City Attorney specifies otherwise, the Office of the City Attorney will draft all the definitive documents (including the Comprehensive Agreement and the Condominium Documents) except the Developer will generate at its cost all

necessary plats, plans, and similar documents necessary for the Condominium and any other definitive documents.

(b) Where there has been a course of dealing among, or prior documentation utilized by, the parties for substantially similar goals or purposes, the parties will endeavor (but are not obligated) to adapt those prior methods or documents for the Proposed Project.

**AUTHORITY:**  
**CITY OF VIRGINIA BEACH DEVELOPMENT**  
**AUTHORITY**, a political subdivision of the  
Commonwealth of Virginia

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary / Assistant Secretary

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

Name: \_\_\_\_\_

Title: [Chairman] [Vice Chairman]

Date: \_\_\_\_\_

**CITY:**

**CITY OF VIRGINIA BEACH**

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

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

Date: \_\_\_\_\_

**DEVELOPER:**

**ARMADA HOFFLER DEVELOPMENT  
COMPANY**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ALLIANCE HOSPITALITY VIRGINIA  
BEACH, LLC**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

# Hyatt Virginia Beach Convention Center Hotel – Booking Policy Agreement

## Summary of Terms

### How far in advance is the city requesting rooms?

More than 36 months	24 – 36 months	12 – 24 months	0 – 12 months
<b>City's Booking Rights (City, CVB or City Contact)</b>			
<ul style="list-style-type: none"> <li>In any given month, 80 percent of the Hotel's rooms will be held for the CVB until/unless the CVB has booked 14 nights during such month, after which the Hotel may book all other rooms within that month.</li> <li>Even after the CVB has booked 14 nights during a given month, if the City books a City Wide Event (defined as an even at the Convention Center using more than 500 guest rooms per night) and the hotel has availability at the time, the Hotel must participate in City Wide by offering up to 80% of the guestrooms that it still has available as of the date of the booking request.</li> <li>In addition, the City may identify up to Five Annual Priority Events (such as the marathon) and include those events as City Wide Events. The room nights from these Five Annual Events will be in addition to the 14 night monthly parameters outlined above.</li> </ul>	<ul style="list-style-type: none"> <li>In any given month, 80 percent of the Hotel's rooms will be held for the CVB until/unless the CVB has booked 10 nights during such month, after which the Hotel may book all other rooms within that month.</li> <li>Even after the CVB has booked 10 nights during a given month, if the City books a City Wide Event and the hotel has availability at the time, the Hotel must participate in City Wide by offering up to 80% of the guestrooms that it still has available as of the date of the booking request.</li> </ul>	<ul style="list-style-type: none"> <li>If CVB books a City Wide event and the Hotel still has availability at the time, the Hotel must participate in the City Wide by offering up 80% of its guestrooms that it still has available.</li> </ul>	<ul style="list-style-type: none"> <li>Can request that Hotel Parties grant a Hotel Room block and commensurate meeting space, subject to the sole, but reasonable, discretion of the Hotel Parties.</li> </ul>
<b>Hotel Parties Booking Rights (Manager and Owner)</b>			
<ul style="list-style-type: none"> <li>Hotel parties can book 20% of the rooms at the Hotel for any purpose in a given month.</li> <li>Hotel parties can book 100% of all</li> </ul>	<ul style="list-style-type: none"> <li>Hotel parties can book 20% of the rooms at the Hotel for any purpose in a given month.</li> <li>In addition, Hotel parties can book</li> </ul>	<ul style="list-style-type: none"> <li>Hotel parties can book 100% of available rooms at the hotel for any purpose so long as no City Wide Event has already been booked for</li> </ul>	<ul style="list-style-type: none"> <li>Controls all Hotel rooms and meeting space at the Hotel.</li> </ul>

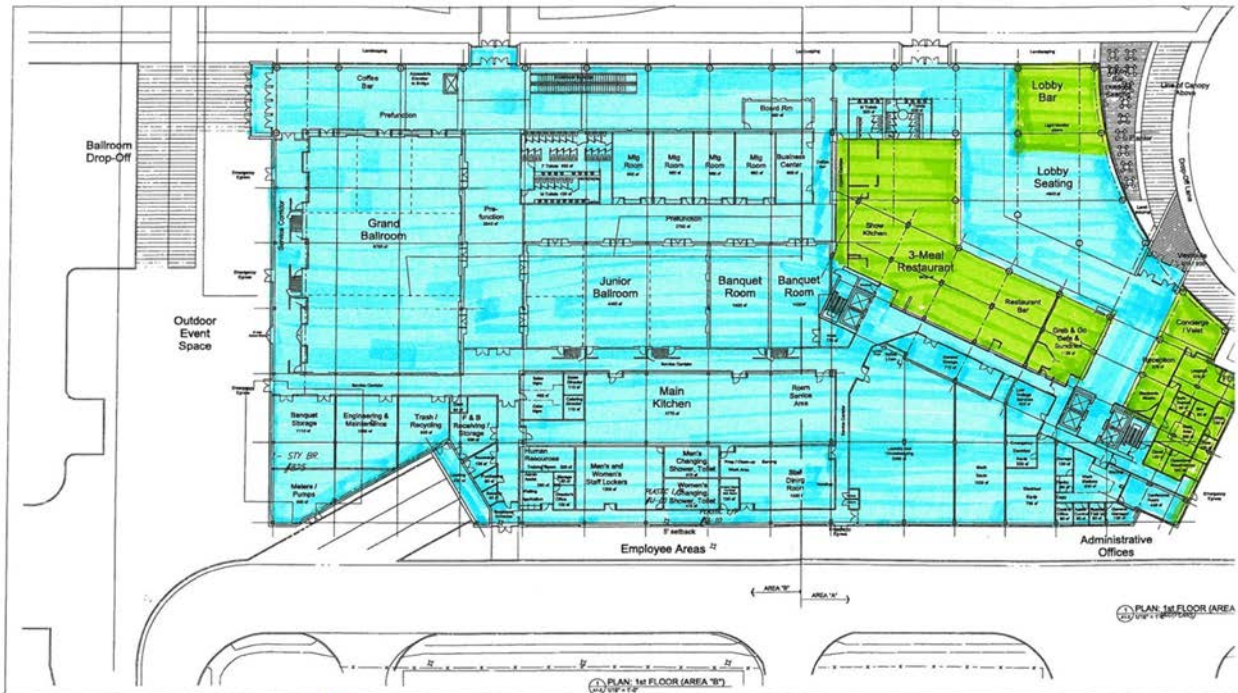
<p>remaining available rooms after City has blocked 14 nights in a given month so long as no City Wide event has already been booked for those dates.</p>	<p>100% of available rooms for up to 10 nights during any given month, so long as no City Wide Event has already been booked for those dates</p> <ul style="list-style-type: none"> <li>• Hotel parties can also book 100% of remaining available rooms after the city has block 14 Event Nights for a given month</li> </ul>	<p>those dates</p>	
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### Rates

<p>Jan, Feb, Nov, Dec 2013: <b>\$121</b></p>	<p>Mar, Apr, Sep, Oct 2013: <b>\$129</b></p>	<p>May, June, July Aug 2013: <b>\$155</b></p>
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- Rates will increase by **8%** in 2014; **6%** in 2015 (as compared to 2014); **5%** in 2016 (as compared to 2015).
- Beginning in 2017 and thereafter, rates will grow at an agreed measure of growth of the average daily rate in the local market for each of the three listed seasons.
- If given group requests a lower rate, the Manager will consider such rate proposal in good faith and will respond in writing within the allotted business days. However, the Manager is not required to accept rates lower than the above-listed rates.
- When reserving room nights pursuant to this agreement, CVB to have the right to reserve a proportionate amount of space in the Conference Center. Prior to booking space in the Conference Center at a time when the CVB would have the right to reserve rooms, Hotel Parties to confer with CVB (for example, if an entity were to make a request to the Hotel Parties to reserve space in the Conference Center 40 months prior to the date and the CVB had yet to book any events for that time, the Hotel Parties would confer with CVB prior to making such reservation).



# HQ Hotel First & Second Floor Totals



- 79,447 sf. Conference Center
- 13,611 sf. Hotel Services Unit

## 2<sup>nd</sup> Floor Hotel Services Unit and Conference Center Space



-  Conference Center 3,201 sf.
  -  Hotel Services Unit 6,102 sf
- Total 9,303 sf

PLAN: 2nd FLOOR (AREA "A")  
1/11 1/8" = 1'-0"