

Attachment A

Hotel Development Incentive Agreement

HOTEL DEVELOPMENT INCENTIVE AGREEMENT

by and among the

CITY OF LOS ANGELES,
a municipal corporation

and

GREENLAND LA METROPOLIS HOTEL DEVELOPMENT LLC,
a Delaware limited liability company

Dated as of December __, 2014

(Metropolis Hotel Project)

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HOTEL DEVELOPMENT INCENTIVE AGREEMENT

THIS HOTEL DEVELOPMENT INCENTIVE AGREEMENT ("Agreement") dated as of December ___, 2014, is entered into by and between the City of Los Angeles, a municipal corporation ("City") and Greenland LA Metropolis Hotel Development LLC, a Delaware limited liability company ("Developer"), with reference to the following facts, purposes, and understandings.

RECITALS

- A. The Developer has proposed the construction of a 350 room hotel (as further described in Article 1, the "Hotel") on a 1.05 acre site ("Hotel Site") as more particularly described in the legal description attached hereto as Exhibit A, which is incorporated herein.
- B. The Hotel is part of a mixed-use project, commonly known as the Metropolis project. The first phase of the Metropolis project includes a hotel, residential, parking, open space, retail and other uses, as approved by the City of Los Angeles and the former Community Redevelopment Agency of Los Angeles. The Metropolis project is generally bounded by the 110 freeway, Francisco Street, 8th Street and James M. Wood Boulevard/9th Street. The Hotel will be located at the corner of Francisco Street and 9th Street.
- C. The Metropolis project is currently going through the subdivision process and upon completion, the Hotel Site will comprise of the legal parcel as described on Exhibit A.
- D. The Hotel will include food and beverage outlets, meeting space and indoor/outdoor pre-function space, approximately 1,692 square feet of retail space, a pool and spa, fitness center, business center and 144 on-site parking spaces (which is referred to herein either as the "Hotel" or the "Hotel Project").
- E. On or about July 1, 2014, the Los Angeles City Council, under Council File No. 14-0029, authorized the City to execute a Memorandum of Understanding ("MOU") and other agreements necessary to provide a revenue participation agreement to support the Hotel Project.
- F. The City engaged Keyser Marston Associates ("KMA") to provide an independent financial analysis of the proposed Hotel Project in accordance with the terms of the MOU. The analysis concluded that the Hotel Project is not financially feasible without significant public assistance. Further, the analysis indicates that the returns on investment, without financial assistance are below industry standards for a project of this level of complexity and risk. The City's financial analysis, as well as other analyses concerning the demand for hotel capacity in the City and the historically low rate of hotel development in the City compared to national development rates, has demonstrated that the Hotel Project would serve unmet and new market demands and that public assistance is necessary for the Hotel Project's successful completion.

- G. The City has determined that funding the public assistance as an annual conditional obligation, in accordance with the terms and conditions set forth herein and as contemplated by this Agreement, is of public benefit and contributes to the general welfare of its citizens because the development of the Hotel Project will create both temporary construction as well as permanent operational jobs and would redevelop a previously underutilized site thereby further serving as an economic catalyst to the City by expanding the lodging options and amenities which support tourism, the Los Angeles Convention Center and the community as a whole.

NOW, THEREFORE, in reference to the foregoing Recitals in consideration of the promises, covenants and agreements set forth in this Agreement and other good and valuable consideration, receipt of which is hereby acknowledged, the City and the Developer hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized words shall have the following meanings:

"Actual Hotel Project Cost" shall mean the aggregate amount of all costs determined pursuant to Section 3.3 as actually incurred by the Developer in connection with the planning, design, development, entitlement and construction of the Hotel Project, including, without limitation, land costs, hard costs and soft costs, direct and indirect costs, and construction financing costs (including, without limitation, fees, costs, and interest), and equity procurement costs (including without limitation fees and costs).

"Affiliate" shall mean any corporation, partnership, limited liability company or other organization or entity which is controlled by, controlling or under common control with (directly or indirectly) Developer.

"Agreement" shall mean this Hotel Development Incentive Agreement.

"Business Day" shall mean a calendar day which is not a weekend day or a Federal or State holiday and on which the City is open for business.

"CEQA" shall mean the California Environmental Quality Act.

"City" shall mean the City of Los Angeles, a municipal corporation, existing and organized as a charter city pursuant to the California Constitution and the laws of the State of California, operating through its governing body, the City Council, and its various departments. Unless otherwise indicated, the City Administrative Officer shall be the City's representative in providing any City approvals pursuant to this Agreement.

"City Council" shall mean the Council of the City.

“City Deposit” shall mean a deposit by the City into the Special Fund from its general revenues on a not less than yearly basis in an amount calculated in accordance with Article 3 of this Agreement, the amounts of which, as of the Effective Date, are projected in the Schedule of Projected Hotel Incentive Payments set forth on Exhibit H attached hereto.

“City Event of Default” shall mean any default by the City as set forth in Section 7.3, subject to any applicable notice and cure rights set forth therein.

“Community Benefits Program” shall mean that community benefit program attached hereto as Exhibit B, which sets forth the community benefits which the Developer has agreed to provide during the development and operation of the Hotel Project.

“Completion Date” shall mean that date on which the City first issues certificate(s) of occupancy or temporary certificate(s) of occupancy for completed Improvements for the Hotel Project pursuant to Section 12.26 of the Los Angeles Municipal Code, which permits the entire Hotel Project to operate.

“Contract Provisions for Contracts” shall mean those contract provisions set forth in Exhibit C-1 and Exhibit C-2 attached hereto, which the Developer shall insert into every contract with each contractor, subcontractor or good and/or service provider into which the Developer enters into a contract for the development of any portion of the Improvements.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or person, whether through the ability to exercise voting power, by contract or otherwise, which power may be subject to approval of customary major decisions by one or more other parties.

“Developer” shall mean, Greenland LA Metropolis Hotel Development LLC, a Delaware limited liability company, which is comprised of Greenland US Commercial Holding, Inc., a Delaware corporation and Developer’s permitted successors and assigns.

“Developer Event of Default” shall mean any default by the Developer as set forth in Section 7.4, subject to any applicable notice and cure rights set forth therein.

“Effective Date” shall mean the date upon which the Los Angeles City Clerk date stamps this Agreement subsequent to execution by the Developer, the City and the date of final City Council approval.

“Government Code Disclosure Requirements” shall mean those disclosure requirements set forth in California Government Code Section 53083, as may be amended from time to time.

“Hotel” shall mean the 18-story, 350-room hotel developed in the City of Los Angeles. The Hotel will include food and beverage outlets, meeting and pre-function

space, a business center, fitness center, pool, spa and sundry shops. The hotel will also include 144 on-site parking spaces. Overall, the Hotel shall be operated, furnished, serviced, maintained and refurbished to at least the standard of a Three Star Hotel (as hereinafter defined). The Hotel will satisfy the requirements of the Downtown Design Guide as confirmed by the City's Department of City Planning prior to issuance of building permits.

"Hotel Brand" shall mean the hotel management company selected by the Developer and/or its Affiliate from time to time to operate the Hotel and satisfying the requirements of Section 4.5 concerning initial Hotel Brand selection and Section 5.9 concerning Change in Hotel Brand as described below.

"Hotel Incentive" shall mean the Hotel Incentive Payments to be made by the City pursuant to this Agreement, up to the Maximum Aggregate Hotel Incentive Amount.

"Hotel Incentive Payments" shall mean those payments to be made by the City on a semi-annual basis to the Developer to fund the Hotel Incentive.

"Hotel Operating Agreement" shall mean that certain Hotel Operating Agreement to be entered into by and between Developer and/or its Affiliate and the Hotel Brand, for the operation of the Hotel.

"Hotel Operating Covenant" shall mean that certain Hotel Operating Covenant substantially in the form attached hereto as Exhibit D executed by Developer and/or its Affiliate, which shall be recorded against the Hotel Site, and shall require that the Hotel Site be used for operation of a Hotel, for a period of not less than twenty-five (25) years as further set forth in Section 4.6.

"Hotel Project" shall have the meaning given to it in "Hotel" above.

"Hotel Project Construction Cost" shall mean One Hundred Eighty Three Million Seven Hundred Ten Thousand Dollars (\$183,710,000), which is based on the categories of costs shown on Exhibit G attached hereto.

"Hotel Site" shall mean that certain proposed legal parcel described in the legal description attached as Exhibit A upon which the Hotel shall be constructed.

"Improvements" shall mean and include all demolition, site preparation and grading, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, rehabilitation, alterations and improvements of whatsoever character to be constructed or performed by Developer on, around, under or over the Hotel Site in connection with the Hotel Project pursuant to this Agreement.

"Maximum Aggregate Hotel Incentive Amount" shall mean the aggregate amount of the Hotel Incentive Payments, which when discounted to present value as of the Completion Date using a discount rate of ten percent (10%) per year equals Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), as such amount may be

reduced in accordance with the Hotel Project Construction Cost Reconciliation procedure set forth in Section 3.3.

"Memorandum of Agreement" shall mean that memorandum of agreement substantially in the form attached hereto as Exhibit E, which will be recorded against the Site.

"Mortgage" shall mean any mortgage, deed of trust, pledge (including a pledge of equity interests in Developer), hypothecation, charge, encumbrance or other security interest granted to a lender, made in good faith and for fair value, encumbering all or any part of Developer's interest in (i) this Agreement, (ii) the Hotel Site, (iii) the Improvements, or (iv) any equity interest in Developer; provided, however, that it shall not include any mortgage, deed of trust, pledge, encumbrance or other security interest granted to a lender (x) in which Developer or an Affiliate of Developer has an interest of 20% or more, or (y) which has an interest of 20% or more in Developer or an Affiliate of Developer.

"Mortgagee" shall mean any mortgagee, beneficiary under any deed of trust, trustee of any bonds, holder of a pledge of an equity interest in Developer, or, if the Property is the subject of a sale-leaseback transaction, the person acquiring fee title to the Property.

"Parties" shall mean the City and Developer and the Developer's permitted successors and assigns.

"Pre-Approved Hotel Brands" shall mean the list of hotel brands attached as Exhibit F for which no further City approval is required.

"Schedule of Projected Hotel Incentive Payments" shall mean the Schedule of Projected Hotel Incentive Payments attached to this Agreement as Exhibit H, setting out the amounts of projected payments to be made by the City to the Developer during the Term. The Schedule of Projected Hotel Incentive Payments is a projection of the amounts of payments anticipated to be made by the City to the Developer as of the Effective Date. Actual payments will be subject to reconciliation in accordance with Section 3.3 and annual redetermination in accordance with Section 3.1(a) of this Agreement.

"Special Fund" shall mean a special fund to be established by the City into which the City will make the City Deposit and from which the City will make the Hotel Incentive Payments for the duration of the Term.

"Term" shall mean the period commencing on the Completion Date and ending on the first to occur of (i) the twenty-fifth (25th) anniversary of the Completion Date, (ii) the date on which Developer has received the Maximum Aggregate Hotel Incentive Amount (as adjusted, if applicable), or (iii) any other termination of this Agreement for any reason pursuant to the terms of this Agreement.

“Three Star Hotel” shall mean a hotel meeting the overall standards of a three-star lodging establishment, as defined by the Forbes Travel Guide, or of a three diamond hotel, as defined by the AAA Diamond Ratings, or if those rating services are not in use, at an equivalent level used by an alternative nationally recognized hotel rating service.

“Transient Occupancy Tax” or **“TOT”** shall mean the transient occupancy taxes imposed pursuant to Article 1.7 of Chapter 2 of the Los Angeles Municipal Code.

“Transfer” shall mean a transfer defined in Section 5.1 of this Agreement.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated into this Agreement:

Exhibit A	Legal Description for the Hotel Site
Exhibit B	Community Benefits Program
Exhibit C-1	Form of Contract Provisions for Major Contracts
Exhibit C-2	Form of Contract Provisions for Other Contracts
Exhibit D	Form of Hotel Operating Covenant
Exhibit E	Form of Memorandum of Agreement
Exhibit F	Pre-approved Hotel Brands
Exhibit G	Hotel Project Construction Cost Reconciliation Methodology
Exhibit H	Schedule of Projected Hotel Incentive Payments
Exhibit I	Form of Tax Confidentiality Waiver

ARTICLE 2

POLICIES AND PURPOSES

Section 2.1 Recitals. The Recitals are true and correct and are hereby incorporated by this reference.

Section 2.2 Public Benefit/Public Purposes. The City Council has determined that encouraging economic development, including private investment that involves creation of new jobs and income in the City, or the retention of existing jobs and income that would otherwise be lost or be unavailable to the residents of the City, is a valid exercise of its powers and provides an important public benefit and serves an important public purpose. By authorizing the City to enter into this Agreement, the City Council has determined that the benefits accruing as a result of the transactions contemplated by this Agreement, including, without limitation, (i) direct benefits such as the increase in high quality Three Star Hotel rooms near the Los Angeles Convention Center and their role in increasing tourism and the number of conventions in the City; (ii) increased revenues from property, sales, parking, business license, utility and Transient Occupancy Taxes (TOT), (iii) enhanced economic opportunities generated by the development of a new hotel serving downtown Los Angeles, and (iv) the acceleration of quality jobs and infrastructure to the City of Los Angeles, together with the Developer's obligations under the Community Benefits Plan attached to this Agreement represent fair consideration for all of the obligations to be undertaken by the City as contemplated by this Agreement.

Section 2.3 Economic Revitalization. The first phase of the Metropolis Project is projected to provide a significant positive impact to the City and the Los Angeles County regional economy and is projected to generate approximately \$156,700,000 in total new City tax revenues over 25 years, which amount has a net present value of \$52.5 million. The Hotel component of the larger first phase of the project is estimated to generate \$135.6 million in total new City tax revenues over 25 years, with a net present value of \$44.6 million. Construction of the Hotel Project is expected to generate substantial numbers of construction jobs and part-time and full-time jobs during the operation of the Hotel, as projected by KMA.

ARTICLE 3

FINANCIAL ASSISTANCE BY CITY

Section 3.1 Establishment and Payments to the Special Fund by City.

(a) Subject to the terms and conditions of this Agreement, the City shall establish the Special Fund and, on a not less than yearly basis, shall make the City Deposit from the City's general fund into the Special Fund. The amount of the City Deposit will be determined as part of the City's budget process. The amount allocated

to the Special Fund each year will be based upon the Schedule of Projected Hotel Incentive Payments attached hereto as Exhibit H. If the amount of the City Deposit for any fiscal year exceeds the amount of the Hotel Incentive paid by the City to the Developer during such fiscal year, the excess amount shall remain in the Special Fund and will be carried over and used to make payments of the Hotel Incentive in the next fiscal year. The City shall make an additional City Deposit if needed to ensure full payment of the Hotel Incentive Payments pursuant to Section 3.2.

(b) The Developer acknowledges that the City will utilize Transient Occupancy Tax revenues from the Hotel solely to measure the amount of the City's Deposits and that no provision of this Agreement is intended to or shall be deemed to be, a designation of any Transient Occupancy Tax revenue for any purpose other than the deposit of such tax revenue into the City's general fund.

(c) Developer acknowledges that the Special Fund may only be funded through the annual City budgetary process and other periodic budgetary actions, which could result in delays in funding the Special Fund and/or the payment of the Hotel Incentive Payments to the Developer.

(d) The City's obligation to make any additional City Deposit expires at the expiration of the Term at which time the Hotel Incentive shall be deemed fully paid. The Special Fund shall also expire at the expiration of the Term.

Section 3.2 Hotel Incentive Payments.

(a) City Disbursement to Developer from Special Fund. Subject to the terms and conditions of this Agreement, commencing on the Completion Date and for the duration of the Term the City shall disburse to Developer the Hotel Incentive Payment (s) from the Special Fund on a semi-annual basis (twice each year on March 31 and September 30) until the earlier of such time as (i) the Maximum Aggregate Hotel Incentive Amount has been paid to Developer, or (ii) the Term has expired or has been otherwise terminated. The payments to Developer shall be made in arrears solely from amounts on deposit in the Special Fund and the City's liability or obligation during any fiscal year for any Hotel Incentive Payment shall not exceed the City Deposit for such fiscal year.

(b) The City shall disburse an amount equal to one hundred percent (100%) of the Transient Occupancy Tax received by the City from the Hotel in the prior six (6) months. The City reserves the right to retain the services of a trustee (which will be a trust department of a national bank with a branch in the City of Los Angeles) to make the disbursements from the Special Fund. If the City retains a trustee to make the disbursements, all references in this Agreement to the City making the payment or disbursement of the Hotel Incentive shall include the trustee making the payment or disbursement.

(c) The maximum amount of City Deposits and the cumulative Hotel Incentive Payments paid to Developer during the Term shall not exceed the Maximum Aggregate Hotel Incentive Amount.

(d) In the event that the City determines that the Developer has failed to comply with any condition subsequent, the City shall provide Developer with reasonable notice and a reasonable opportunity to comply with the conditions set forth herein before the City declares the condition subsequent to be unsatisfied. The City may withhold the Hotel Incentive Payments until the Developer has complied with its obligations. The notice and cure rights shall not apply to any provision which the City reasonably determines is not capable of being cured.

Section 3.3 Hotel Project Construction Cost Reconciliation and Hotel Incentive Adjustments.

(a) No later than one hundred eighty (180) days after the Completion Date, the Developer and the City Administrative Officer will commence to establish the final Maximum Aggregate Hotel Incentive Amount, which will be established by conducting a final review and audit of the Actual Hotel Project Cost (the "Hotel Project Construction Cost Reconciliation").

(b) The City Administrative Officer will employ an outside consultant (the "Consultant") to perform the Hotel Project Construction Cost Reconciliation. The Developer shall be responsible for the costs and payment of the Consultant's services but the City shall be the Consultant's client for purposes of the consultant's services. The Hotel Project Construction Cost Reconciliation shall be conducted in the same manner and with the same assumptions utilized by the City in the analysis of the Developer's construction cost pro forma, which is based on the categories of costs shown on Exhibit G attached hereto; provided, however that the Actual Hotel Project Cost will be determined and compared to the Hotel Project Construction Cost amount of One Hundred Eighty Three Million Seven Hundred Ten Thousand Dollars (\$183,710,000). The Hotel Incentive shall be reduced on a dollar-for-dollar basis for each dollar which the Hotel Project Construction Cost Reconciliation determines that the Actual Hotel Project Cost of the Hotel is less than the Hotel Project Construction Cost amount of One Hundred Eighty Three Million Seven Hundred Ten Thousand Dollars (\$183,710,000). If the Actual Hotel Project Cost is greater than the Hotel Project Construction Cost, the amount of the Hotel Incentive shall not be reduced or increased. As part of the Hotel Project Construction Cost Reconciliation, Developer shall submit to the City its determination of the Actual Hotel Project Cost, together with supporting documentation. The City's Consultant shall review such submission and Developer shall promptly respond to any comments or questions provided by the Consultant. Upon completion of this Hotel Project Construction Cost Reconciliation, the Maximum Aggregate Hotel Incentive Amount by the City may be reduced pursuant to this Agreement, and may not be higher than the Maximum Aggregate Hotel Incentive Amount. Upon completion of the Hotel Project Construction Cost Reconciliation, Developer and the City shall execute a certificate memorializing the Actual Hotel Project Cost.

(c) Commencement of the Hotel Incentive Payments shall not be conditioned on completion of the Hotel Project Construction Cost Reconciliation, but shall commence within ninety (90) days of completion.

(d) If the Parties determine that under all circumstances the Maximum Aggregate Hotel Incentive Amount determined pursuant to this Section 3.3 will not be reduced due to the amount of the Actual Hotel Project Cost, the Parties may mutually agree not to undertake the Hotel Project Construction Cost Reconciliation.

Section 3.4 Sales Tax Origin. Developer shall insert a contract provision in its contract with the general contractor requiring the general contractor and its major subcontractors to designate the City of Los Angeles as the place of use of any materials purchased for the development of the Hotel Project. Developer shall further comply with the provisions of this Section 3.4 to provide, to the extent possible under applicable laws and regulations, that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, machinery, equipment and supplies for the Hotel Project during the construction thereof are allocated directly to the City, subject to Regulation 1521 titled "Construction Contractors" and resolution titled "Contractors No. 260.020" under the Compliance Policy and Procedures Manual of the California State Board of Equalization. The Developer shall comply with the following:

(a) Meeting with the Office of Finance. Prior to issuance of the first building permit for the Hotel Project after the Effective Date, the Developer, and its contractors and its subcontractors then providing services or materials to the Hotel Project in excess of Ten Million Dollars (\$10,000,000) ("Major Contractors and Subcontractors") (to the extent such contractors and subcontractors have been identified and contracted with at such time) shall meet with the City's Office of Finance to review the process that the Developer's contractors and subcontractors should follow with respect to sales and use taxes. Developer agrees to advise any Major Contractors and Subcontractors that do not attend this initial meeting of the requirements of this Section, and, upon reasonable request, the City agrees to meet and review with such Major Contractors and Subcontractors the process that they should follow.

(b) Contract Provisions for Major Contracts. To the extent the Developer has not executed a construction contract with its general contractor prior to the Effective Date, the Developer shall include, and shall cause its general contractor to include, a provision in all construction contracts entered into with Major Contractors and Subcontractors substantially in the form attached as Exhibit C-1.

(c) Contract Provisions for Other Contracts. To the extent the general contractor has not executed contracts with Other Material Contractors and Subcontractors prior to the Effective Date, the Developer shall include, and shall cause its general contractor to include, a provision in all construction contracts entered into with Other Material Contractors and Subcontractors (as defined below) substantially in the form attached as Exhibit C-2. "Other Material Contractors and Subcontractors" shall mean any contractors providing services or materials to the Hotel Project in excess of

Five Hundred Thousand Dollars (\$500,000) but less than Five Million Dollars (\$5,000,000).

(d) Major Contractor Information. The Developer shall, when reasonably requested by the City, provide the City's Office of Finance with (unless such information requires the disclosure of confidential information, trade secrets, or information that impairs the Developer's ability to gain pricing advantages relative to materials and services):

(1) A list of the Developer's Major Contractors and Subcontractors who will or have performed construction services or who will or have furnished materials for the construction of the Hotel Project, which list shall include the following items:

- (i) Name of contractor;
- (ii) Address and telephone number of headquarters or office;
- (iii) Name and telephone number of contact person;
- (iv) Estimated value of the contract;
- (v) Estimated Completion Date; and
- (vi) Scope of Work.

(2) A complete copy of each contract with each such contractor (which may have confidential information redacted).

(e) City's Remedies. If the City determines that any Major Contractor or Subcontractor has not complied with the provisions set forth in its agreement with the Developer or Developer's contractor, as the case may be, the City's sole remedy, subject to the last sentence of this clause (e), shall be to enforce the relevant provision(s) directly against the applicable Major Contractor or Subcontractor. Upon the reasonable request of the City, the Developer shall cooperate with the City in any such enforcement action. Nothing in this Section 3.4(e) shall limit the City's remedies against the Developer; provided, however that the Developer shall have no liability for the failure of the Major Contractor or Subcontractor to comply with their respective obligations if the Developer complies with its obligations in this Section 3.4.

(f) Subject to Applicable Law. The obligations set forth in this Agreement shall in all cases be subject to applicable laws and regulations, including without limitation the California Sales and Use Tax Law, and in no event shall Developer (or any of its contractors or subcontractors) be required to do anything that is in violation of or inconsistent with such laws and regulations.

Section 3.5 Progress Reports. Until the Completion Date, the Developer shall provide the City with periodic progress reports, as reasonably requested by the City (but not more than once every calendar quarter), regarding the status of the construction of the Improvements. Such report shall consist of an executive summary of the work to date, including, but not limited to, the causes for any delays and the work that is anticipated for the following quarter, a reasonable number of construction photographs taken since the last report submitted to the City, and shall be in a form reasonably acceptable to the City. The City shall be entitled to utilize and reproduce the information and photographs contained in the progress reports for government activities and other governmental purposes as determined by the City.

Section 3.6 City Obligation. Developer acknowledges and agrees that the City's obligation to make the City Deposit into the Special Fund, or to make any Hotel Incentive Payment to the Developer is a yearly obligation which is conditioned upon the Developer's continual compliance with the terms of this Agreement, including without limitation, the following, each of which is an express condition subsequent to the City's obligations under this Agreement:

- (a) Construction, maintenance and operation of the Hotel Project in accordance with the standards set forth in this Agreement;
- (b) The construction and continued maintenance of the Hotel as a Three Star Hotel;
- (c) The Developer's continued compliance in all material respects with the Community Benefits Program;
- (d) The Hotel Brand's continued compliance in all material respects with the Hotel Operating Covenant; and
- (e) Developer cooperating with the City in making the Government Code Disclosures, which shall include obtaining any necessary confidentiality waivers reasonably necessary to either comply with the Government Code Disclosure requirements or to calculate the Hotel Incentive Payment or the City Deposit.

ARTICLE 4

OBLIGATIONS WHICH CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION

Section 4.1 Use of the Hotel Project. The Developer, and its successors and assigns, shall ensure that the Hotel will be operated, furnished, serviced, maintained and refurbished to at least the standard of quality of a Three Star Hotel during the Term.

Section 4.2 Maintenance. The Developer hereby agrees that prior to completion of construction of the Hotel, the Hotel Site shall be maintained in a neat and

orderly condition to the extent practicable and in accordance with applicable industry health and safety standards, and that the Hotel shall be well maintained as a first class development as to both external and internal appearance of the buildings, the common areas, and the parking areas. The Developer shall maintain or cause to be maintained the Hotel in good repair and working order, including the walkways, driveways, parking areas and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements. If the Developer fails to implement and continuously maintain the standard described above/then the City shall notify the Developer in writing of such condition, giving the Developer thirty (30) days from receipt of such notice to commence and thereafter diligently to proceed to cure said condition. In the event the Developer fails to cure or commence to cure the condition within thirty (30) days and such other additional time as may be required by Developer to cure the condition, the City shall notify the Developer in writing and thereafter the City shall have the right to perform all acts necessary to cure such a condition, or to take other recourse at law or equity that the City may then have. The Developer shall reimburse the City's reasonable costs, plus ten percent (10%) interest from the date of expenditure, in taking such action. The Parties hereto further mutually understand and agree that the rights conferred upon the City expressly include the right to enforce or establish a lien or other encumbrance against any of the parcels comprising the Hotel Site not complying with this Agreement. The provisions of Sections 4.1 and 4.2 shall be assumed by all successors to Developer and shall be in effect until expiration or termination of this Agreement.

Section 4.3 Employment Opportunity. During the operation of the Hotel Project, there shall be no discrimination by the Developer on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the operation of the Hotel Project.

Section 4.4 Community Benefits Program. The Developer shall provide the community benefits described in the Community Benefits Program (Exhibit B attached here) for the duration of the Term.

Section 4.5 Hotel Operating Agreement. The initial Hotel Brand shall be selected from the list of Pre-approved Hotel Brands. No later than twelve (12) months after the Effective Date, the Developer shall submit the Hotel Operating Agreement executed by the Developer and/or its Affiliate and the Hotel Brand and shall obtain the approval of the City for the Hotel Brand, if required, and the Hotel Operating Agreement pursuant to the criteria specified in this Section 4.5, which approval shall not be unreasonably withheld, conditioned or delayed. The Developer and/or its Affiliate and the Hotel Brand may redact confidential financial information provided that the information described in the following subsection (i), (ii) and (iii) is adequately disclosed. The City's review of the Hotel Operating Agreement shall be limited for the sole purposes of determining that: (i) the Hotel shall be maintained in compliance with this Agreement; (ii) the term of the Hotel Operating Agreement is at least ten (10) years following the Completion Date for the Hotel, except as otherwise provided in the Hotel Operating Agreement, which may include termination events customarily included in

hotel operating agreements for hotels similar in rating, size and location as the Hotel; and (iii) the Hotel Brand shall not have the right to transfer its interest in the Hotel Operating Agreement except for transfers customarily permitted in hotel operating agreements for hotels similar in rating, size and location as the Hotel. Any termination or transfer of the Hotel Operating Agreement prior to at least ten (10) years after the Completion Date shall require written notice thereof to the City, and if required, the City's approval of the subsequent Hotel Brand in accordance with Section 5.9. The City shall respond to such request for approval or subsequent approval of the Hotel Brand and the transfer of the Hotel Operating Agreement within thirty (30) days after receipt of such request. The City's approval of such request shall be deemed given if the City fails to respond within such thirty (30) day period.

Section 4.6 Hotel Operating Covenant. Developer shall enter into a hotel operating covenant substantially in the form attached hereto as Exhibit D which shall be recorded against the Hotel Site and which shall run with the land (the "Hotel Operating Covenant"). The Hotel Operating Covenant shall (i) require that the Hotel Site be used for the Hotel for a term equal to twenty-five (25) years after the Completion Date, (ii) provide that the Developer not be in default beyond the expiration of any applicable notice and cure periods under the Hotel Operating Covenant if the Hotel is damaged or destroyed or there occurs a force majeure event as described in Section 8.4 (including, without limitation, a condemnation event) that precludes the operation of the Hotel and Developer takes commercially reasonable steps to repair and restore the Hotel (to the extent that insurance proceeds are available for such restoration) or to address the force majeure event within a reasonable period of time; provided, however, that Developer shall have no obligation to rebuild the Hotel in the event of a material loss of the Hotel, and (iii) contain such other provisions as mutually acceptable to the Parties.

Section 4.7 Compliance with Applicable Law. The Developer shall cause all work performed in connection with construction of the Improvements on the Hotel Site to be performed in compliance with: (a) all applicable laws, ordinances, rules and regulations of federal, state, or local regulatory bodies, now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq. of the California Labor Code); (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of the City; and (c) all applicable disabled access requirements. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by the City or any other governmental agency having jurisdiction, and the Developer shall be responsible for the procurement and maintenance thereof, as may be required of the Developer and all entities engaged in work on the Hotel Site.

Section 4.8 Waiver. The Developer, and its tenants and subtenants may be required by the City to execute a waiver with regard to tax information to ensure that the City may verify any data required to confirm the Hotel Incentive Payments and reporting requirements associated with Government Code Section 53083. Failure to execute the required waivers by any appropriate party may delay the Hotel Incentive Payment until such time as waivers are executed.

(a) The appropriate parties shall execute a Waiver in the form of Exhibit I attached hereto (the "Tax Confidentiality Waiver"), concerning the release of tax information related to the Transient Occupancy Tax revenues collected by the Hotel Brand and remitted to the City for purposes related to the determination of the Hotel Incentive Payments.

(b) Developer shall cause the Hotel Brand and any other appropriate tenants or sub-tenants to execute the Tax Confidentiality Waiver for the same purpose.

(c) The Developer and City shall meet within three (3) months after the Completion Date to review the Tax Confidentiality Waiver, ensure that the appropriate parties responsible for executing the Tax Confidentiality Waiver are identified and notified of their requirement to execute the waiver, and review the administrative steps required to implement the Hotel Incentive Payments.

(d) All Tax Confidentiality Waivers will be executed by a corporate officer for the registered corporate entity that is required to submit a waiver.

Section 4.9 Government Code Disclosures. Developer hereby acknowledges that Government Code Section 53083 requires the City to hold periodic public hearings and to provide certain information in written form to the public and through its internet website for each recipient of an economic development subsidy. Developer agrees that it shall, and shall cause the Hotel Brands and its tenants and subtenants, if any, at the Hotel, to provide information or a written report to the City which shall include all information which the City determines is reasonably necessary to comply with the Government Code Disclosure Requirements, including, but not limited to the following:

(a) The name and address of all corporations or any other business entities, except sole proprietorships, that are the beneficiary of the economic development subsidy provided for by this Agreement;

(b) The number of jobs filled by each business at the Hotel Site, broken down by the name of the business and the number of full-time, part-time and temporary positions filled for the past fiscal year;

(c) The amount of tax revenues paid to the City by each business at the Hotel and a valid waiver from each tenant authorizing the City to verify the tax payment data from each individual business and to aggregate and disclose such information on a Hotel wide basis without identifying individual sources of tax revenues; and

(d) Any other information or documents which the City determined in its reasonable discretion is necessary to comply with the Government Code Disclosure Requirements, including any confidentiality waivers which the City determines to be reasonably necessary to comply with the Government Code Disclosure Requirements.

ARTICLE 5

ASSIGNMENTS AND TRANSFERS

Section 5.1 Definitions. As used in this Article 5, the term "Transfer" means:

- (a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement, or of the Hotel Project, or any part thereof or any interest therein or of the Improvements constructed thereon, or any contract or agreement to do any of the same; or
- (b) Any total or partial sale, assignment or conveyance, or any transfer in any other mode or form, of or with respect to more than fifty percent (50%) ownership interest in the Developer, or any contract or agreement to do any of the same, provided that such transfer results in a change of Control.

Section 5.2 Purpose of Restrictions on Transfer. This Agreement is entered into solely for the purpose of development and operation of the Hotel Project and its subsequent use in accordance with the terms of this Agreement. It is because of the qualifications and identity of the Developer as well as the existence of a financial gap that the City is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement, in view of:

- (a) The importance of the development of the Hotel Project to the general welfare of the community;
- (b) The financial resources, reputation and experiences of the Developer in development of projects; and
- (c) The fact that a Transfer as defined in Section 5.1 above is for practical purposes a transfer or disposition of the Hotel Project.

Section 5.3 Prohibited Transfers. Except as expressly permitted in this Agreement, the Developer shall not make or create or suffer to be made or created, any Transfer, other than a Permitted Transfer (as set forth in Section 5.4), either voluntarily or by operation of law, without the prior written approval of the City which approval shall not be unreasonably withheld, conditioned or delayed. In the event of a proposed Transfer that is not a Permitted Transfer, the Developer shall submit to the City such documentation as the City determines is sufficient to evaluate the relevant experience, financial capability and reputation of the proposed transferee necessary to fulfill the obligations undertaken in this Agreement by the Developer.

Any Transfer made in contravention of this Section 5.3 shall be void and shall be deemed to be a material default under this Agreement, subject to Developer's right to cure such default in accordance with this Agreement.

Section 5.4 Permitted Transfers. Notwithstanding the provisions of Section 5.3, the Developer shall have the right to affect the following Transfers without the prior approval of the City:

- (a) Any Transfer creating a Mortgage or other security or financing for the Hotel Project.
- (b) Any Transfer directly resulting from the foreclosure of a Mortgage or other security financing interest or the granting of a deed in lieu of foreclosure of a Mortgage (including, without limitation, a conveyance in lieu of foreclosure of a pledge of equity interests) or other security financing interest and any subsequent transfer to any buyer or successor after such foreclosure of granting of a deed or conveyance in lieu of foreclosure.
- (c) The leasing of any space within the Improvements.
- (d) The leasing of the Hotel Site to an approved Hotel Brand.
- (e) The conveyance or dedication of a portion of the Hotel Site to any public entity, including a public utility, required to allow for the development or operation of the Improvements.
- (f) The granting of temporary or permanent easements, licenses, rights-of-way, or permits to facilitate development and/or operation of the Hotel Project.
- (g) A Transfer which may result from any merger, consolidation or reorganization involving Developer so long as the same shall possess all or substantially all of the business and assets of Developer immediately prior thereto.
- (h) The Transfer of a non-Controlling interest in the equity interests in the Developer.
- (i) A Transfer of the direct or indirect membership interests in Developer to its joint venture partner or from its joint venture partner to Developer pursuant to the provisions of their joint venture agreements.
- (j) A Transfer to the Hotel Brand or to a new entity consisting of an entity directly or indirectly owned or Controlled by the initial Hotel Brand.
- (k) A Transfer to an Affiliate of Developer or to an Affiliate of Developer's joint venture partners, including, without, limitation, Greenland US Holding, Inc., Greenland US Commercial Holding, Inc. or Greenland International Hotels Group.
- (l) A Transfer by Developer in connection with a lease-back of the Hotel to Developer.
- (m) A Transfer to a tenant at the Property pursuant to the terms of its lease.

(n) A Transfer to a person or entity which (a) has a net worth or assets under management (whether through a separate account or other investment vehicle) in excess of Fifty Million Dollars (\$50,000,000), and (b) owns, leases, operates or has under management (whether through a separate account or other investment vehicle) at least three (3) hotels meeting the standards of a Three Star Hotel.

(o) A Transfer of non-income producing, non-material portions of the Property.

Section 5.5 All Transfers other than those enumerated in Section 5.4 shall require the administrative written approval of the City, which approval shall not be unreasonably withheld, conditioned, or delayed. The City shall respond to such request for approval within ten (10) days after receipt of the request.

Section 5.6 Effectuation of Permitted Transfers. No Transfer of Developer's interest in the Hotel Project shall be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the City, expressly agrees to perform and observe, from and after the date of such transfer, all the obligations, terms and conditions of this Agreement, and if less than all of the Hotel Project is transferred, the transferee shall agree to perform the obligations, terms and conditions of this Agreement, relating to the portion of the Hotel Project that is transferred to the transferee. The assumption agreement shall be executed by Developer and the assignee or transferee, and shall name the City as an express third party beneficiary with respect to such agreement with a copy thereof delivered to the City within thirty (30) days after the effective date thereof. Upon transfer of this Agreement pursuant to an assumption agreement, the assignor's liability with respect to any such obligations relating to the Hotel Project accruing from and after the date of such assignment or transfer shall be as set forth in the assumption agreement.

Section 5.7 Transfers of Interest in Developer. Notwithstanding Section 5.3, the City shall not unreasonably withhold, condition or delay its approval of a Transfer of a controlling direct or indirect equity interest in Developer if the replacement member, partner or shareholder has, together with its affiliates, sufficient financial resources and liquidity to fulfill Developer's obligations under this Agreement.

Section 5.8 Transfers of Interests in Non-Controlling Membership Interests in Developer. The prohibition on Transfers of interests in Developer shall not restrict transfers of non-controlling interests in Developer.

Section 5.9 Change in Hotel Brand. In accordance with Section 5.4 above, a change in the identity of the Hotel Brand to a Pre-approved Hotel Brand, by way of transfer of the Hotel Operating Agreement, the Hotel Site, or otherwise, shall constitute a Permitted Transfer. During the Term of this Agreement, any change in the Hotel Brand (a "Replacement Brand") shall require the prior written approval of the City, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, the City's approval will not be required if the Replacement Brand is a Pre-

approved Hotel Brand or a Three Star Hotel. The City shall respond to such request for approval within thirty (30) days after receipt of the request and supporting documentation. The City's approval of such request shall be deemed given if the City fails to respond within such thirty (30) day period. The list of Pre-approved Hotel Brands attached hereto shall be deemed pre-approved by the City as the initial Hotel Brand and Replacement Brands and shall not require the further approval of the City. The City shall review any subsequent Hotel Operating Agreement in accordance with Section 4.5.

ARTICLE 6 MORTGAGEE PROTECTIONS

Provided that any Mortgagee provides the City with a conformed copy of each Mortgage that contains the name and address of such Mortgagee, the City hereby covenants and agrees to faithfully perform and comply with the following provisions with respect to such Mortgage:

Section 6.1 No Termination. No action by Developer or the City to cancel or surrender this Agreement or to materially modify the terms of this Agreement or the provisions of this Article 6 shall be binding upon a Mortgagee without its prior written consent, which such Mortgagee shall not unreasonably withhold, condition or delay, unless (solely with respect to cancelling or surrendering this Agreement) such the Mortgagee shall have failed to cure a default within the time frames set forth in this Article 6. The lien of any Mortgage shall at all times be senior and superior to any lien in favor of the City established pursuant to the terms of this Agreement.

Section 6.2 Notices. If the City shall give any notice of default to Developer hereunder, the City shall simultaneously give a copy of such notice of default to any Mortgagee that has filed or recorded a request for such notice, at the address theretofore designated by it. No notice of default given by the City to Developer shall be binding upon or affect said Mortgagee unless a copy of said notice of default shall be given to Mortgagee pursuant of this Article 6. In the case of an assignment of such Mortgage or change in address of such Mortgagee, said Developer or Mortgagee, by written notice to the City, may change the address to which such copies of notices of default are to be sent. The City shall not be bound to recognize any assignment of such Mortgage unless and until the City shall be given written notice thereof, a copy of the executed assignment, and the name and address of the Developer. Thereafter, such Developer shall be deemed to be the Mortgagee hereunder with respect to the Mortgage being assigned. If such Mortgage is held by more than one person, corporation or other entity, no provision of this Agreement requiring the City to give notices of default or copies thereof to said Mortgagee shall be binding upon the City unless and until all of said holders shall designate in writing one of their number to receive all such notices of default and copies thereof and shall have given to the City an original executed counterpart of such designation.

Section 6.3 Performance of Covenants. Mortgagee shall have the right (but not the obligation) to perform any term, covenant or condition and to remedy any default by Developer hereunder within the time periods specified herein, and the City shall accept such performance with the same force and effect as if furnished by Developer; provided, however, that said Mortgagee shall not thereby or hereby be subrogated to the rights of the City. Notwithstanding the foregoing, nothing herein shall be deemed to permit or authorize such Mortgagee (or its designee) to undertake or continue the construction or completion of the Improvements without first having expressly assumed Developer's obligations to the City or its designee by written agreement satisfactory to the City.

Section 6.4 Default by Developer. If a Developer Event of Default occurs, the City agrees not to terminate this Agreement (1) unless and until Developer's notice and cure periods have expired and the City thereafter provides written notice of such Developer Event of Default to any Mortgagee and such Mortgagee shall have failed to cure such Developer Event of Default within thirty (30) days of delivery of such notice, and (2) as long as:

(i) In the case of a default which cannot practicably be cured by said Mortgagee without taking possession of the Improvements, said Mortgagee shall proceed diligently to obtain possession of the Improvements as Mortgagee (including possession by receiver) and, upon obtaining such possession, shall proceed diligently to cure such default; or

(ii) In the case of a default which is not susceptible to being cured by said Mortgagee, said Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Developer's right, title and interest hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure) and upon such completion of acquisition or foreclosure such default shall be deemed to have been cured.

Mortgagee shall not be required to obtain possession or to continue in possession as Mortgagee of the Improvements pursuant to Subsection (i) above, or to continue to prosecute foreclosure proceedings pursuant to Subsection (ii) above, if and when such default shall be cured. Nothing herein shall preclude the City from exercising any of its rights or remedies with respect to any other default by Developer during any period of such forbearance, but in such event Mortgagee shall have all of its rights provided for herein. If Mortgagee, its nominee, or a purchaser in a foreclosure sale, shall acquire title to Developer's right, title and interest hereunder and shall cure all defaults which are susceptible of being cured by Mortgagee or by said purchaser, as the case may be, then prior defaults which are not susceptible to being cured by Mortgagee or by said purchaser shall no longer be deemed defaults hereunder. References herein to defaults which are "not susceptible of being cured" by a Mortgagee or purchaser (or similar language) shall not be deemed to refer to any default which Mortgagee or purchaser is not able to cure because of the cost or difficulty of curing such default, but rather shall be deemed to refer only to defaults specifically relating to the identity of Developer which by their nature can be cured only by Developer (such as Developer

bankruptcy or a change in control of Developer). Any acquisition or acceptance of title or any right or interest in or with respect to the Hotel Project or any portion thereof by a Mortgagee, pursuant to foreclosure, trustee's sale, deed or conveyance in lieu of foreclosure, or otherwise, shall be subject to all of the terms and conditions of this Agreement except that any such Mortgagee, including its Affiliate or designee, who takes title to the Property or any portion thereof shall be entitled to the benefits arising under this Agreement.

Section 6.5 No Obligation to Cure. Mortgagee shall not have any obligation or duty pursuant to the terms set forth in this Agreement to perform the obligations of Developer or other affirmative covenants of Developer hereunder, or to guarantee such performance and nothing herein contained shall require any Mortgagee to cure any default of Developer referred to above. No default by Developer or termination of this Agreement shall defeat, render invalid, diminish, or impair the lien of any Mortgage.

Section 6.6 Separate Agreement. The City shall, upon request, execute, acknowledge and deliver to each Mortgagee, an agreement prepared at the sole cost and expense of Developer, in form satisfactory to each Mortgagee, between the City, Developer and the Mortgagees, agreeing to all of the provisions hereof.

Section 6.7 Form of Notice. Any Mortgagee under a Mortgage shall be entitled to receive the notices required to be delivered to it hereunder provided that such Mortgagee shall have delivered to the City a notice substantially in the following form:

The undersigned, whose address is _____, does hereby certify that it is the Mortgagee (as such term is defined in that certain Hotel Development Incentive Agreement ("Hotel Incentive Agreement") dated as of _____, 2014 among Greenland LA Metropolis Hotel Development, LLC and the City of Los Angeles, of the parcel of land described on Exhibit A attached hereto. In the event that any notice shall be given of a default of Developer under the Hotel Incentive Agreement, a copy thereof shall be delivered to the undersigned which shall have the rights of a Mortgagee to cure the same, as specified in the Hotel Incentive Agreement. Failure to deliver a copy of such notice shall in no way affect the validity of the notice to the Developer, but no such notice shall be effective as it relates to the rights of the undersigned under the Hotel Incentive Agreement with respect to the Mortgage, including the commencement of any cure periods applicable to the undersigned, until actually received by the undersigned.

All notices to be provided by Mortgagee to the City shall be provided in accordance with Section 8.2.

Section 6.8 Further Assurances. The City and Developer agree to cooperate in including in this Agreement, by suitable amendment, any provision which may be reasonably requested by any Mortgagee or any proposed Mortgagee for the purpose of (i) more fully or particularly implementing the mortgagee protection provisions contained herein, (ii) adding mortgagee protections consistent with those contained herein and which are otherwise commercially reasonable, (iii) allowing such Mortgagee reasonable means to protect or preserve the security interest of such Mortgagee in the collateral,

including its lien on the Property and the collateral assignment of this Agreement, and/or (iv) clarifying terms or restructuring elements of the transactions contemplated hereby; provided, however, in no event shall the City be obligated to materially and adversely modify any of Developer's obligations or the City's rights under this Agreement in any manner not already contemplated in this Article 6.

ARTICLE 7

DEFAULT AND REMEDIES

Section 7.1 Application of Remedies. The provisions of this Article 7 shall govern the Parties' remedies for breach of this Agreement.

Section 7.2 No Default of Parties.

(a) Basis for Termination. The lack of performance by either Party shall not be deemed a default where performance is prevented due to a court order or final judgment is rendered in a lawsuit and all applicable appeal periods have expired, successfully challenging the Final Environmental Impact Report, any governmental approval for the Hotel Project, this Agreement, or the Developer's or City's authority to perform their respective obligations hereunder.

(b) No Liability. Upon the effective date of the notice of termination, no Party shall have any rights against or liability to the other, except further that the provisions of this Agreement that are specified to survive such termination shall remain in full force and effect and those liabilities occurring or arising prior to the date of such termination shall remain effective.

Section 7.3 Default of City.

(a) Event of Default. Following notice and cure as set forth in subsection (b) below, a City breach of any material provision of this Agreement constitutes a "City Event of Default" and a basis for the Developer to take legal action against the City.

(b) Notice and Cure Procedure; Remedies. Upon the occurrence of the above-described event, the Developer shall first notify the City in writing of its purported breach or failure, giving the City thirty (30) days from receipt of such notice to cure such breach or failure. In the event the City does not then cure the default within such thirty (30) day period (or, if the default is not reasonably susceptible of cure within such thirty-day period, the City fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion, the City agreeing that its failure to fund any Hotel Incentive Payment or to appropriate funds from its general fund revenues to fund such Hotel Incentive Payment is deemed to be curable within the thirty (30) day period), then the Developer shall be entitled to any rights afforded it in law or in equity by pursuing any or all of the following remedies: (1) terminating this Agreement

by written notice to the City; (2) prosecuting an action for damages up to the amount of the unfunded Hotel Incentive Payment (excluding punitive, exemplary and consequential damages); (3) exercising the offset rights set forth in Section 7.5, or (4) seeking any other remedy available at law or in equity (excluding punitive, exemplary and consequential damages). In no event shall any remedy include recovery of attorneys' fees. If the Developer elects to terminate this Agreement with respect to the portion of the Improvements to which the default relates, the provisions of this Agreement relating to the other portion of the Improvements with respect to which there is not a default and other provisions of this Agreement that are specified to survive termination shall remain in full force and effect.

Section 7.4 Default of Developer.

(a) Event of Default. Following notice and cure as set forth in subsection (b) below, each of the following events constitutes a "Developer Event of Default" and a basis for the City to take legal action against the Developer:

- (1) The Developer completes a Transfer except as permitted under Article 5.
- (2) The Developer breaches any other material provision of this Agreement.
- (3) The Developer's: (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; or (4) failure, inability or admission in writing of its inability to pay its debts as they become due.
- (4) The Developer defaults under this Agreement and has not cured such default within the applicable time period contained in such agreement.

(5) Notice and Cure Procedure; Remedies. Upon the occurrence of any of the above-described events contained in Section 7.4(a), the City shall first notify the Developer in writing of its purported breach or failure, giving the Developer thirty (30) days from receipt of such notice to cure such breach or failure. If the Developer does not cure the default within such thirty-day period (or if the default is not reasonably susceptible of being cured within such thirty-day period, the Developer fails to commence the cure within such period and thereafter to prosecute the cure diligently to completion), then the City shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (1) terminating this Agreement by written notice to the

Developer or (2) prosecuting an action for actual damages (excluding punitive, exemplary and consequential damages). In no event shall any remedy include recovery of attorneys' fees. If the City elects to terminate this Agreement, the provisions of this Agreement relating to the other portion of the Improvements with respect to which there is not a default and other provisions of this Agreement that are specified to survive such termination shall remain in full force and effect.

Section 7.5 Rights and Remedies Cumulative. Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default. If the City or any designated or authorized agency representing, or other party acting on its behalf, fails to pay any amount due hereunder or commences (or becomes the subject of) any insolvency, liquidation, receivership, or any similar action, case or proceeding, Developer shall have the right to exercise any remedies available to it at law or in equity. The remedies set forth in this Section 7.5 are cumulative in nature and election of one remedy does not preclude the right to seek or enforce any other remedy in this Section, or at law or in equity.

Section 7.6 Termination of Hotel Incentives. Upon termination of this Agreement under this Article 7 due to a Developer Event of Default, the Developer's right to receive the Hotel Incentive shall terminate and be of no further force and effect.

ARTICLE 8

GENERAL PROVISIONS

Section 8.1 Representations and Warranties.

(a) The Developer. The Developer represents and warrants to the City as of the Effective Date, as follows:

(1) Formation. Greenland LA Metropolis Hotel Development LLC is a limited liability company, duly formed in the State of Delaware, qualified to do business and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

(2) Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of this Agreement. Upon the Effective Date, this Agreement shall constitute an obligation of the Developer.

(3) No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and will not conflict with, or constitute a

violation or breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

(4) No Litigation. Unless otherwise disclosed in writing or otherwise known to the City prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or the Hotel Site that would, if adversely determined, materially and adversely affect the Developer or the Hotel Site or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Hotel Project.

(5) Default Under Other Agreements. There is no event, act or omission which constitute, or but for the passage of time or the giving of notice, or both, would constitute a breach, violation or default by the Developer under any agreement materially related to the development or operation of the Hotel Project, including but not limited to any partnership agreement, joint venture agreement, or loan agreement executed by the Developer that would materially and adversely affect the Developer or the Hotel Site or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Hotel Project.

Until the expiration or earlier termination of this Agreement, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 8.1 not to be true, promptly give written notice of such fact or condition to the City. The representations and warranties contained in this Section 8.1 shall be true for any transferee assuming the obligations of this Agreement as of the date of the Transfer.

(b) The City: The City represents and warrants to the Developer as of the Effective Date, as follows:

(1) Authorization. The City has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of this Agreement. Upon the Effective Date, this Agreement shall constitute an obligation of the City.

(2) No Conflict. The execution, delivery and performance of this Agreement by the City does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the charter or incorporation documents of the City, (ii) any applicable law, rule or regulation binding upon or applicable to the City, or (iii) any material agreements to which the City is a party.

(3) No Litigation. Unless otherwise disclosed in writing or otherwise known to the Developer prior to the date of this Agreement there is no existing or, to the City's actual knowledge, pending litigation, suit, action or

proceeding before any court or administrative agency affecting the City or the Hotel Site that would, if adversely determined, materially and adversely affect the City or the Hotel Site or the City's ability to perform its obligations under this Agreement.

Section 8.2 Notices Demands and Communications. Formal notices, demands, submittals and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless, delivered personally, or dispatched by certified mail, return receipt requested, or by reputable overnight delivery service with a receipt showing date of delivery, to the principal offices of the City and the Developer as follows:

City: City of Los Angeles
Office of the City Administrative Officer
200 North Main Street
Los Angeles, CA 90012
Attn: City Administrative Officer

With copies to: Office of City Attorney
200 North Main Street
Los Angeles, CA 90012
Attn: Asst. City Attorney, Public Finance

City of Los Angeles
Office of the Chief Legislative Analyst
200 North Spring Street, Suite 255
Los Angeles, CA 90012
Attn: Chief Legislative Analyst

City of Los Angeles
Office of the Mayor
200 North Spring Street, Suite 303
Los Angeles, CA 90012
Attn: Deputy Mayor for Economic Development

Developer: Greenland LA Metropolis Hotel Development LLC
c/o Greenland US Holding, Inc.
777 S. Figueroa Street, Suite 4650
Los Angeles, California 90017
Attn: Chief Executive Officer

With copies to: Paul Hastings LLP
515 South Flower Street, 25th Floor
Los Angeles, CA 90071
Attention: Mitchell B. Menzer

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 8.2. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

Section 8.3 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or on any obligation under the terms of this Agreement. No member, official, employee, officer, director or agent of Developer shall be personally liable to the City, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to the City or on any obligation under the terms of this Agreement.

Section 8.4 Enforced Delay. In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; terrorist acts; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God or other deities; acts of the public enemy; epidemics; quarantine restrictions; moratoria, or other governmental restrictions; freight embargoes; the filing of a lawsuit challenging the Final Environmental Impact Report, any governmental approval, the Hotel Incentive, this Agreement, the Development Agreement, or the Developer's or the City's authority to perform their respective obligations hereunder (which shall be deemed to be a delay of the Parties); or court order; an act or omission of the other Party; or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the Hotel Project) beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within thirty (30) days from the commencement of the cause. In no event shall the cumulative delays exceed twenty-four (24) months, unless otherwise agreed to by the Parties in writing.

Section 8.5 Estoppel Certificates. Any party to this Agreement shall, promptly upon the request of any other party, execute, acknowledge and deliver to or for the benefit of any other party, a certificate certifying: (i) that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that this Agreement is in full force and effect, as modified, and stating the modifications), (ii) whether there are then existing any defaults on the part of the party requesting the certificate known to the party delivering the certificate in the performance or observance of any agreement, covenant or condition hereof to be performed or observed and whether any notice has been given of any default which has not been cured (and, if so, specifying the same), and (iii) such other matters as may be reasonably requested.

Section 8.6 Inspection of Books and Records. Not more than once per year, the City has the right at all reasonable times during normal business hours and upon ten (10) Business Days prior written notice to inspect on a confidential basis the books, records and all other documentation of the Developer pertaining to its obligations under this Agreement. Not more than once per year, Developer also has the right at all

reasonable times during normal business hours and upon ten (10) Business Days prior written notice to inspect the books, records and all other documentation of the City pertaining to its obligations under this Agreement.

Section 8.7 Title of Parts and Sections. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

Section 8.8 Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 8.9 Severability. If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 8.10 Binding Upon Successors; Covenants to Run With Land. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Article 5. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

The terms of this Agreement shall run with the land, and shall bind all successors in title to the Hotel Site until the termination of this Agreement, except that the provisions of this Agreement that are specified to survive termination of this Agreement shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Hotel Site, or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases the Hotel Site, or the applicable portion of the Hotel Site, from the requirements of this Agreement. Upon the termination of this Agreement, the City shall execute and deliver such documents in recordable form as are reasonably necessary to release the Hotel Site from the requirements of this Agreement.

Section 8.11 Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 8.12 Entire Understanding of the Parties. This Agreement constitutes the entire understanding and agreements of the Parties with respect to the Hotel Project. There are no oral or written representations, understandings or ancillary covenants, undertakings or agreements which are not contained or expressly referred to

herein (or any such representations, understandings or ancillary covenants, undertakings or agreements are integrated in this Agreement).

Section 8.13 Discretion Retained By City. The City's approval, as called for in various sections of this Agreement, in no way limits the discretion of the City in the permit and approval process in connection with the Hotel Project.

Section 8.14 Counterparts. This Agreement may be executed in counterparts and multiple originals.

Section 8.15 Amendments. The Parties can amend this Agreement only by means of a writing signed by both Parties; provided, however, that any amendments, modifications, or supplements to this Agreement required as a matter of tax law compliance for City or Developer shall be made as a matter of ministerial duty by the parties.

Section 8.16 Recordation of Memorandum of Agreement. The Developer and the City consent to the recordation of a Memorandum of this Agreement against the Property in the Office of the Los Angeles County Recorder, in the form of Exhibit E attached hereto and incorporated herein by this reference.

Section 8.17 Standard of Approval. Any consents or approvals required or permitted under this Agreement shall not be unreasonably delayed, conditioned or withheld, except where it is specifically provided that a sole discretion standard applies.

Section 8.18 Indemnity: City. Except for the negligence, fraud, intentional or willful misconduct of the City or its vendors, contractors, subcontractors, or employees, the Developer undertakes and agrees to indemnify, hold harmless and defend the City, its Councilmembers, officers, employees, agents, from and against all suits and causes of action, claims, losses, demands and expenses, and damages due to any third-party challenge to any portion of this Agreement, including but not limited to, any challenge as to any ancillary agreement entered into pursuant to this Agreement or is otherwise intended to fund any portion of the City assistance (whether financial or not) as set forth in this Agreement. The Developer's indemnification obligation under this Section 8.18 shall include but not be limited to any litigation related to any challenges made to the City's action regarding the approval of this Agreement, or funding thereunder or the environmental review conducted for the Hotel Project and the City's actions related thereto under CEQA. The City shall cooperate fully with the Developer in respect to the defense of any such challenge and shall provide such assistance in the defense of such challenge as the Developer shall reasonably request.

Section 8.19 Effectiveness of Agreement. This Agreement is dated for convenience only and shall only become effective on the Effective Date.

Section 8.20 Further Assurances. Each Party hereto shall execute and deliver such further documents, papers and instruments and take such further action as is necessary, appropriate or helpful as the other Party may reasonably request in order to carry out the purposes, effect and intent of this Agreement.

Section 8.21 Time of the Essence. Time is of the essence for each provision of this Agreement of which time is an element.

[Signatures on following page(s)]

IN WITNESS WHEREOF, the Parties hereby have executed this Second Amendment as of the Second Amendment Effective Date.

CITY OF LOS ANGELES, a municipal corporation of the State of California

By: _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER:

GREENLAND LA METROPOLIS HOTEL DEVELOPMENT LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A

Legal Description for the Hotel Site

Hotel Site:

Those volumes of airspace over a portion of that certain parcel land in the City of Los Angeles, County of Los Angeles, State of California as per deed recorded February 12, 2004 as Instrument No. 04-0318579 in the Office of the County Recorder of said County, and as shown on the Record of Survey, filed in Book 192, Pages 4 through 7, inclusive, of Records of Survey, in said Office of the County Recorder, described as follows:

Airspace Parcel 1

Beginning at a point on the northwesterly line of Francisco Street, 60 feet wide, as shown on said Record of Survey, distant thereon northeasterly, North $38^{\circ}18'00''$ East 241.71 feet from the intersection of the northeasterly line of James M. Woods Boulevard, 70 feet wide, (formerly known as Ninth Street), as shown on said Record of Survey and said Francisco Street; thence North $51^{\circ}42'00''$ West 4.00 feet to a line parallel with and northwesterly 4.00 feet from said northwesterly line of Francisco Street, and the True Point of Beginning; thence North $51^{\circ}42'00''$ West 226.33 feet; thence South $38^{\circ}18'00''$ West 74.76 feet to "Point A"; thence South $38^{\circ}18'00''$ West 82.44 feet to "Point B"; thence South $38^{\circ}18'00''$ West 57.41 feet to the southwesterly line of said Instrument No. 04-0318579; thence southeasterly along said southwesterly line, South $37^{\circ}41'16''$ East 97.00 feet to the northerly corner of Instrument No. 2009175271, in said Office of the County Recorder, said point being the northwesterly terminus of a curve concave northeasterly, having a radius of 671.60 feet, a radial line through said point bears South $39^{\circ}49'18''$ West; thence southeasterly along the curved northeasterly line of Instrument No. 2009175271, 82.66 feet, through a central angle of $7^{\circ}03'06''$; thence southeasterly along said northeasterly line, South $57^{\circ}13'48''$ East 31.94 feet to the beginning of a curve, concave northerly, having a radius of 20.00 feet, the northeasterly terminus being tangent to said parallel line distant northwesterly 4.00 feet from the northwesterly right-of-way line of Francisco Street; thence southeasterly and easterly along said curve 29.49 feet, through a central angle of $84^{\circ}28'12''$ to said parallel line; thence northeasterly along said parallel line, North $38^{\circ}18'00''$ East 213.04 feet to the True Point of Beginning.

Said volume having a lower elevation of 227.00 feet and an upper elevation of 251.00 feet.

Airspace Parcel 2

That portion of said Airspace Parcel 1 above lying southwesterly of the following described line; beginning at the hereinabove described Point "A", thence South 51°42'00" East 156.44 feet; thence South 32°18'00" East 24.55 feet; thence South 51°42'00" East 67.32 feet said parallel line distant northwesterly 4.00 feet from the northwesterly right-of-way line of Francisco Street.

Said volume having a lower elevation of 251.00 feet and an upper elevation of 526.00 feet.

Airspace Parcel 3

Beginning at the hereinabove described Point "B", thence South 38°18'00" West 57.41 feet to the southwesterly line of said Instrument No. 04-0318579; thence northwesterly and northeasterly along the southwesterly and northwesterly line of said Instrument No. 04-0318579 the following five (5) courses:

North 37°11'16" East 0.86 feet; thence

North 51°47'55" West 120.00 feet; thence

North 38°16'30" East 0.15 feet; thence

North 40°51'38" West 56.85 feet; thence

North 41°13'34" East 46.62 feet to a line which bears North 51°42'00" West and passes through said Point "B"; thence southeasterly South 51°42'00" East 174.28 feet along said line to the Point of Beginning.

Said volume having a lower elevation of 251.00 feet and an upper elevation of 267.00 feet.

Said elevations are based upon City of Los Angeles Benchmark No. 12-14690, having an elevation of 251.981 feet (National Geodetic Vertical Datum of 1929, 1985 Adjustment), described as a cut spike in the north curb of James M Wood Boulevard, 8 feet west of Golden Avenue, east end of catch basin.

Said elevations are based upon City of Los Angeles Benchmark No. 12-14690, having an elevation of 251.981 feet (National Geodetic Vertical Datum of 1929, 1985 Adjustment), described as a cut spike in the north curb of James M Wood Boulevard, 8 feet west of Golden Avenue, east end of catch basin.

This legal description are delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

SCALE: 1"=50'

SHEET 1 OF 1

EXHIBIT MAP

METROPOLIS HOTEL AIRSPACE
IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
SUPPLEMENTAL EXHIBIT TO LEGAL DESCRIPTION - JOB NO: 1GRE230101

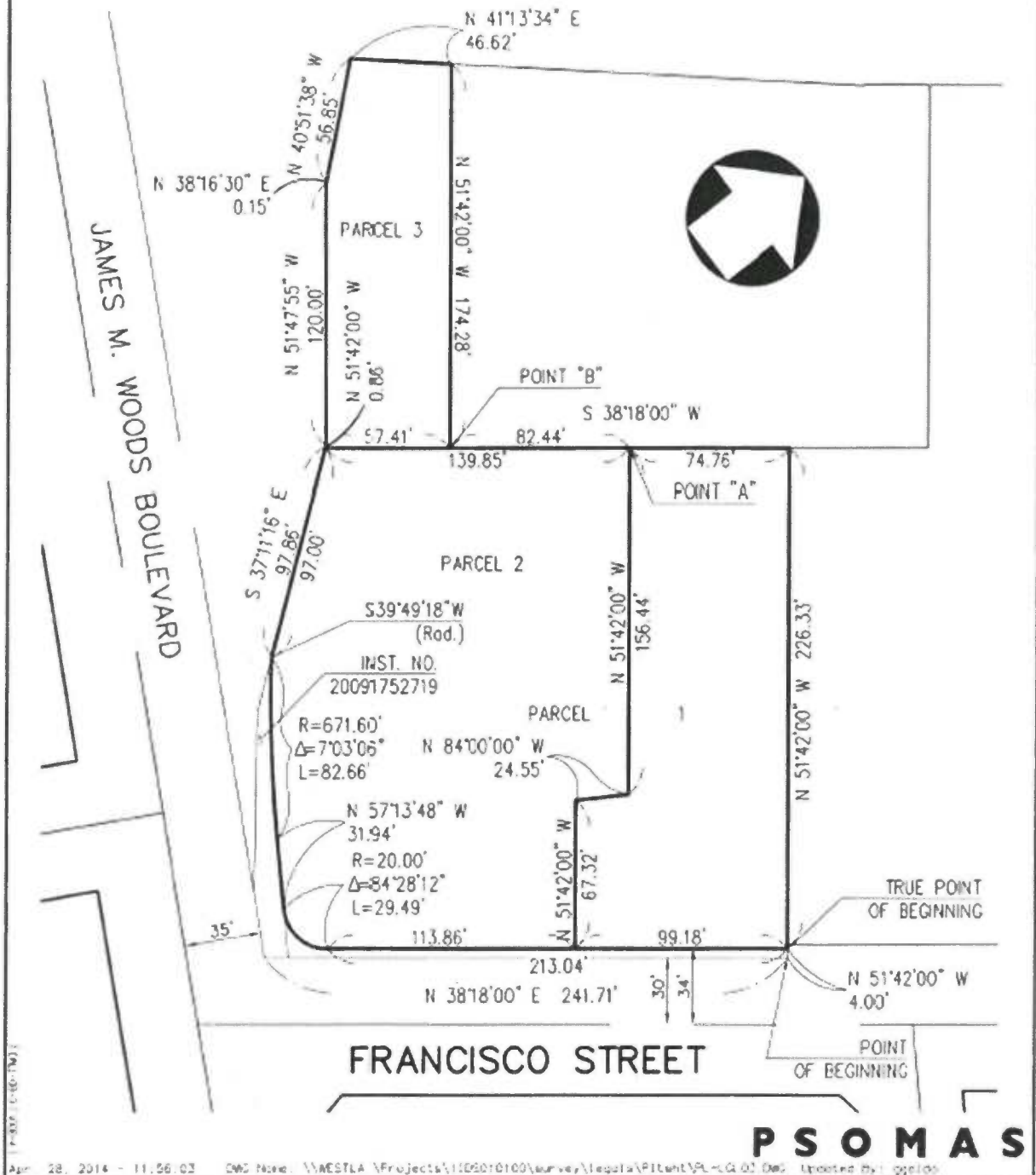


Exhibit B

Community Benefits Program

The Hotel Project will provide public benefits to the City, consisting of the elements described below. The Developer's obligation to provide these benefits are hereby incorporated into the Hotel Development Incentive Agreement as if set forth therein.

1. The Developer shall plan, design, permit and install approved major streetscape improvements to Francisco Street, Eighth Street and James M. Wood Boulevard (formerly Ninth Street), which will greatly improve their appearance and contribute to a high-quality pedestrian experience that will help make the connection along Francisco Street to the LA Live development. The improvements will include a 24 foot wide sidewalk on Francisco Street, a 12 foot wide sidewalk on Eighth Street and a 15 foot wide sidewalk on Eighth Street, each of which shall include enhanced street lighting and paving materials consistent with a first-class hotel development. The Hotel Project will provide pedestrian linkages to Francisco Street and the other streets. The streetscape improvements will include high-quality landscaping that will tie into the Hotel Project landscaping. The landscaping will also include street trees on Francisco Street and Eighth Street, with street trees planted along the curb line with a box size of at least 48 inches, with spacing not more than an average of 25 feet on center. The streetscape elements provided on Francisco Street will provide a visual and experiential link for hotel guests to the Staples Center and LA Live project. Planning, design, engineering, permitting and construction of the foregoing additional streetscape improvements will be the responsibility of the developer in an amount of at least \$2,500,000 (two million five hundred thousand dollars) not to exceed \$3,000,000 (three million dollars.)
2. The Developer shall plan, design, engineer, permit and install approved decorative pedestrian lighting along the Francisco Street sidewalk with a value of at least \$300,000.
3. The Developer shall plan, design, engineer, permit and install approved decorative fence screening between the 110 Freeway off-ramp and the project site with a value of at least \$200,000.
4. The Developer shall install closed circuit security cameras with a value of at least \$150,000 along Francisco Street, Eighth Street and James M. Wood Boulevard which shall be accessible for monitoring and review by LAPD to enhance security in the area
5. The Developer shall provide a room block agreement for up to five (5) events per year at the discretion of the LA Tourism & Convention Board.

6. The Developer shall enter into a Project Labor Agreement with the Los Angeles and Orange Counties Building and Construction Trades Council pursuant to which the Developer shall cause its general contractor and subcontractors to employ union labor in certain trades at no less than prevailing wage. All construction jobs on site will be paid at least prevailing or union wages.
7. Developer will designate City of Los Angeles as the "point of sale" for construction purchases to maximize tax benefits.
8. Hotel will be a 3-star hotel as described in the Agreement.
9. The Developer shall implement a Local Hiring/First Source/Minority Business Recruitment program as more particularly described in the Owner's Participation Agreement, the provisions of which are incorporated into the Agreement.
10. The Developer shall cause its general contractor and subcontractors to participate in the "Helmets to Hardhats" program of the Center for Military Recruitment, Assessment and Veterans Employment. The program serves as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs.
11. The Developer shall satisfy a minimum LEED Silver sustainability requirement for the Hotel Project.
12. The Developer will enter into a Neutrality Agreement with Unite Here Local 11, which will facilitate the decision of the hotel employees to enter into a collective bargaining agreement with the hotel operator.

Exhibit C-1

Form of Contract Provisions for Major Contracts

Construction Sales and Use Tax Insert for
Major Contractors and Subcontractors

Contractor shall comply with the provisions of this Section _____ to provide that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder are allocated directly to the City of Los Angeles (the "City"). In particular, Contractor shall:

- (a) Apply for a jobsite sub-permit with the California State Board of Equalization ("CBOE") prior to the purchase of any materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder (a "Jobsite Sub-Permit"). Upon the request of Owner, Contractor shall furnish a copy of its application for Jobsite Sub-Permit. Promptly following Contractor's receipt of a Jobsite Sub-Permit from the CBOE, Contractor shall provide Owner and the City with a copy of such Jobsite Sub-Permit.
- (b) If Contractor is a seller and/or retailer of tangible items, apply for a seller's permit from the CBOE and provide the City with a copy of such seller's permit when it is received by Contractor from the CBOE.
- (c) (i) Incorporate a "transfer of title clause" in contracts for the purchase of materials and fixtures to be used in connection with the work to be performed hereunder and (ii) issue resale certificates to Contractor's suppliers, whether based in state or out of state, when purchasing materials and fixtures. The "transfer of title clauses" in such purchase contracts shall (A) explicitly provide for the transfer of title to the materials prior to the time materials are installed, and (B) separately state the price of materials, exclusive of the charge for installation.
- (d) Provide the Owner and the City, upon the reasonable request of either, with:
 - (A) a list Major Contractors and Subcontractors in connection with the work to be performed hereunder, which list shall include (unless such information requires the disclosure of confidential information, trade secrets, or information that impairs the Developer's ability to gain pricing advantages relative to materials and services):
 - i. Name of subcontractor
 - ii. Address and telephone number of headquarters or office
 - iii. Name and telephone number of contact person
 - iv. Estimated value of the contract
 - v. Estimated completion date
 - vi. Scope of Work

- (B) A copy of the first page and signature page of the subcontract
- (C) Such additional information as may be reasonably requested in writing by the City to ensure compliance with the foregoing provisions, including without limitation copies of the Contractor's sales and use tax returns and schedules of purchases of materials, fixtures, equipment, and machinery.

CONTRACTOR ACKNOWLEDGES AND AGREES THAT THE CITY IS A THIRD PARTY BENEFICIARY OF THE FOREGOING PROVISIONS AND THAT CONTRACTOR'S AGREEMENT TO COMPLY WITH SUCH PROVISIONS FOR THE BENEFIT OF THE CITY IS A MATERIAL INDUCEMENT TO OWNER IN ENTERING INTO THIS CONTRACT. CONTRACTOR FURTHER AGREES THAT ANY FAILURE BY CONTRACTOR TO COMPLY WITH THE FOREGOING PROVISIONS MAY BE DIRECTLY ENFORCED BY THE CITY. WITHOUT LIMITING THE REMEDIES OR OWNER OR THE CITY, THE CITY SHALL HAVE THE RIGHT TO SEEK, AS DAMAGES, THE FULL AMOUNT OF ANY SALES AND USE TAXES NOT ALLOCATED TO THE CITY AS A RESULT OF CONTRACTOR'S FAILURE TO COMPLY WITH THE FOREGOING PROVISIONS, WITHOUT REGARD TO WHETHER CONTRACTOR OR ITS SUBCONTRACTORS PAID SUCH SALES AND USE TAX, TOGETHER WITH INTEREST AT THE LOWER OF 10% OR THE HIGHEST INTEREST RATE ALLOWED BY LAW.

Exhibit C-2

Form of Contract Provisions for Other Contracts

Contractor shall comply with the provisions of Section 3.4(c) to provide that local sales and use taxes generated in connection with all eligible purchases of materials, fixtures, furniture, machinery, equipment and supplies for the work to be performed hereunder are allocated directly to the City of Los Angeles (the "City"). In particular, Contractor shall:

- (a) If Contractor makes any purchases of materials and fixtures amounting to \$500,000 or more (but less than \$5,000,000) from an out-of-state retailer in connection with the work performed hereunder and such materials or fixtures are shipped directly to Contractor from a point outside of California, Contractor shall state the jobsite address (i.e. in the City of Los Angeles) in Schedule C of its sales tax return, and
- (b) If Contractor makes any purchases of furniture totaling \$500,000 or more (but less than \$5,000,000) from a retailer at an out-of-state location and has that property shipped directly to them from a point outside of California, Contractor shall state the jobsite address (i.e. in the City of Los Angeles) in Schedule C of its sales tax return.

Contractor acknowledges and agrees that the City is a third party beneficiary of the foregoing provisions and that Contractor's agreement to comply with such provisions for the benefit of the City is a material inducement to Owner in entering into this contract. Contractor further agrees that any failure by Contractor to comply with the foregoing provisions may be directly enforced by the City.

Exhibit D

Form of Hotel Operating Covenant

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The City of Los Angeles
200 North Main Street
Los Angeles, CA 90012
Attn:

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

HOTEL OPERATING COVENANT

THIS HOTEL OPERATING COVENANT (this "Covenant") is made as of _____, 201__, by and among, the City of Los Angeles, a charter city and municipal corporation (the "City"), and Greenland LA Metropolis Hotel Development LLC, a Delaware limited liability company (the "Developer") pursuant to that certain Hotel Development Incentive Agreement dated as of _____, 201__ by and between the City and the Developer (the "Agreement").

Developer hereby agrees that the real property described in Exhibit A attached hereto and incorporated herein (the "Property" or the "Hotel Site") shall be used for the construction, operation and maintenance of a hotel and associated ancillary uses (including, without limitation, restaurants and other food and beverage outlets, meeting and pre-function space, retail, spa, fitness center, business center, parking and other similar uses) for a period of not less than twenty-five (25) years after the date the City issues a temporary or final certificate of occupancy for the hotel (the "Hotel Use Period"). Developer and the City shall execute and record a certificate stating the date the temporary or final certificate of occupancy for the hotel was issued by the City.

Notwithstanding the foregoing, Developer shall not be in under this Covenant if the Hotel is damaged or destroyed or there occurs a force majeure event as described in the Agreement (including, without limitation, a condemnation event) that precludes the operation of the hotel and Developer takes commercially reasonable steps to repair and restore the Hotel (to the extent that insurance proceeds are available for such restoration) or to address the force majeure event within a reasonable period of time.

This Covenant shall be a covenant running with the land and shall be binding on Developer and its successors and assigns during the Hotel Use Period. Upon the

termination of the Hotel Use Period, this Covenant shall terminate and be of no further force or effect.

This Covenant may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts

WHEREFORE, the City and Developer have executed this Covenant as of the date first above written.

CITY:

CITY OF LOS ANGELES,
a municipal corporation

Dated:
APPROVED AS TO FORM:
MICHAEL N. FEUER,
City ATTORNEY

By:
Name:
Its:

By:
Deputy City Attorney

ATTEST:

City CLERK

By:
Deputy City Attorney
Date:

DEVELOPER:

GREENLAND LA METROPOLIS HOTEL DEVELOPMENT LLC,
a Delaware limited liability company

By: _____
Name:
Title:

Exhibit E

Form of Memorandum of Agreement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The City of Los Angeles
200 North Main Street
Los Angeles, CA 90012
Attn:

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT (the "Memorandum") is made as of _____, 201__, by and among, the City of Los Angeles, a charter city and municipal corporation (the "City"), and Greenland LA Metropolis Hotel Development LLC, a Delaware limited liability company (the "Developer") to confirm that the City and the Developer have entered into that certain Hotel Development Incentive Agreement dated as of _____, 201__ (the "Agreement"). The Agreement imposes certain conditions, requirements, covenants, and restrictions with respect to a proposed project to be constructed on the real property described in Exhibit A attached hereto and incorporated herein (the "Property"). The Agreement is a public document and may be reviewed at the office of the Los Angeles City Clerk.

This Memorandum shall incorporate herein all of the terms and provisions of the Agreement as though fully set forth herein. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Agreement, of which this is a memorandum.

This Memorandum may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts

Exhibit F

Pre-approved Hotel Brands

Accor Hotels

Aloft

Andaz Hotels

DoubleTree

Fairmont Hotels and Resorts

Four Points

Hilton Hotels

Hyatt Hotels Corporation, including Hyatt, Grand Hyatt, Park Hyatt and Hyatt Place

Indigo Hotel

InterContinental Hotels

Langham Hotels International

Le Meridien

Loews Hotels

Mandarin Oriental Hotel

Marriott International Inc., including Marriott, Courtyard by Marriott and JW Marriott

MGM Mirage Hospitality

Millennium Hotels

Omni Hotels and Resorts

Pan Pacific Hotels Group

Radisson Hotels

Renaissance Hotel

Sheraton Hotels

Sofitels Hotels

W Hotels

Waldorf Astoria Hotels

Westin

Wyndham Hotels

Exhibit G

Hotel Project Construction Cost Reconciliation Methodology

ATTACHMENT ONE TABLE 1

**ESTIMATED CONSTRUCTION COSTS
METROPOLIS PROJECT
KEYSER MARSTON ASSOCIATES SCENARIO
LOS ANGELES, CALIFORNIA**

I. <u>Land Acquisition</u>	350 Rooms	\$68,286 /Room	\$23,900,000
II. <u>Direct Costs</u>			
Site Improvements	350 Rooms	\$8,571 /Room	\$3,000,000
LED Sign	\$0 Allowance		0
Parking	144 Spaces	\$69,444 /Space	10,000,000
Hotel FF&E	350 Rooms	\$48,783 /Room	17,074,000
Hotel Shell	350 Rooms	\$262,840 /Room	91,994,000
Direct Construction Costs			<u>\$122,068,000</u>
Construction Overhead/Contingency	3.0% Direct Costs	\$10,463 /Room	<u>\$3,662,000</u>
Total Direct Costs			\$125,730,000
III. <u>Indirect Costs</u>			
Architecture, Eng. & Consulting	7.0% Direct Cost		\$8,801,000
Permits & Fees/Impact Fees	350 Rooms	\$9,400 /Room	3,290,000
Art Fee	1.0% Direct Cost		1,257,000
Taxes, Ins, Legal & Acctg	3.0% Direct Cost		3,772,000
Pre Opening/Working Capital	350 Rooms	\$5,000 /Room	1,750,000
Development Management	3.0% Direct Costs		3,772,000
Contingency Allowance	3.0% Indirect Costs		<u>679,000</u>
Total Indirect Costs			\$23,321,000
IV. <u>Financing Costs</u>			
Interest	\$159,810,000 Costs	6.00% Interest	\$9,229,000
Financing Fees	2.00 Points		<u>1,530,000</u>
Total Financing Costs			\$10,759,000
V. <u>Total Construction Costs</u>			\$183,710,000
		Per Room	\$525,000

Exhibit H

Schedule of Projected Hotel Incentive Payments

FY Ending	Assistance Payments	FY ending	Assistance Payments
2017	\$2,672,000	2017 - 1	\$1,336,000
2018	\$3,009,000	2017 -2	\$1,336,000
2019	\$3,322,000	2018 - 1	\$1,504,500
2020	\$3,466,000	2018 -2	\$1,504,500
2021	\$3,574,000	2019 - 1	\$1,661,000
2022	\$2,660,000	2019 -2	\$1,661,000
		2020 - 1	\$1,733,000
Total	\$18,703,000	2020 -2	\$1,733,000
		2021 - 1	\$1,787,000
NPV @ 10%	\$13,500,000	2021 -2	\$1,787,000
		2022 - 1	\$1,823,000
		2022 -2	\$392,000
		Total	\$18,258,000
		NPV @ 10%	\$13,500,000

Exhibit I

Form of Tax Confidentiality Waiver

ANTOINETTE CHRISTOVALE
DIRECTOR of FINANCE

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
LOS ANGELES CA 90012

(213) 978-1774



ERIC GARGETTI
MAYOR

Date

WAIVER OF CONFIDENTIALITY

[Project Title]

I understand that any and all individual taxpayer information and records, documents, and data from which taxpayer data may be deduced, provided to me by the Office of Finance, or accessed or reviewed by me during performance of this project, are confidential under Chapter II, Section 21.17 of the Los Angeles Municipal Code (copy provided on reverse side of this page) and other statutes. I hereby authorize the disclosure of the confidential information described below to the persons or entities listed below. The City of Los Angeles shall be authorized to disclose this confidential information until [end date of Agreement] or as specified pursuant to the Subvention Agreement (Agreement) for the purposes identified in this Agreement therein (C.F. xx-xxxx). I hereby absolve the City of Los Angeles from all claims for damages, liability, or injunctive relief and waive any such claims based on the disclosure of confidential information under this Waiver of Confidentiality.

INFORMATION TO BE DISCLOSED

Tax Year	Taxpayer Account Number	Description of Information
20xx – 20xx		Transient Occupancy Taxes

RECIPIENTS OF CONFIDENTIAL INFORMATION

Name	Address	Telephone Number/Email
Natalie R. Brill or successor, Chief of Debt Management	Office of the City Administrative Officer 200 N. Main St., Room 1500 Los Angeles, CA 90012	(213) 473-7526 Natalie.Brill@lacity.org
Sarai Bhaga or successor, Debt Management Group	Office of the City Administrative Officer 200 N. Main St., Room 1500 Los Angeles, CA 90012	(213) 978-0604 Sarai.Bhaga@lacity.org
Derik Pearson or successor, Debt Management Group	Office of the City Administrative Officer 200 N. Main St., Room 1500 Los Angeles, CA 90012	(213) 473-7554 Derik.Pearson@lacity.org

If I am executing this document as a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer. [NOTE: This must be executed by an authorized representative of the same entity who obtains a Business Tax Registration Certificate and pays TOT.]

Name of Taxpayer

Signature

Printed Name

Title

SECTION 21.17, LOS ANGELES MUNICIPAL CODE. (Amended by Ord. No. 180,380, Eff. 1/5/09.)

CONFIDENTIAL CHARACTER OF INFORMATION OBTAINED – DISCLOSURE UNLAWFUL.

(a) It shall be unlawful for the Director of Finance or any person having an administrative duty under the provisions of this Article or Article 1.6 to make known in any manner whatever the business affairs and operations of, or the nature, amount or source of income, profits, losses, expenditures, net worth, or any particular thereof, or any other information set forth in any statement or return or obtained by an investigation of records and equipment of, any person required to obtain a business tax registration certificate or sales or use tax permit, or pay business, sales or use tax or any other person visited or examined in the discharge of official duty, or to permit any statement or return, or copy of either, or any book containing any abstract or particulars thereof to be seen or examined by any person.

(b) Nothing in this section shall be construed to prevent:

1. the disclosure of information to, or the examination of records and equipment by, another City official or employee or a member of the Board of Review for the sole purpose of administering or enforcing any provision of this article or Article 1.6;

2. the disclosure of information to, or the examination of records by federal or state officials, or the tax officials of another city or county, or city and county, if a reciprocal arrangement exists; or to a grand jury;

3. the disclosure of information and results of examination of records of a particular taxpayer, or relating to a particular taxpayer, with respect to any proceeding in a court of law or before an administrative body in which the existence or amount of any business, sales or use tax liability of the particular taxpayer to the City of Los Angeles is relevant and material and the particular taxpayer is a party to the proceeding, including but not limited to proceedings before any Board or Commission as set forth in Municipal Code section 22.02;

4. the disclosure after the filing of a written request to that effect, to the taxpayer himself, or to his successors, receivers, trustees, executors, administrators, assignees and guarantors, if directly interested, of information as to the items included in the measure of any paid tax, any unpaid tax or amounts of tax required to be collected, interest and penalties; further provided, however, that the City Attorney approves each such disclosure and that the Director of Finance may refuse to make any disclosure referred to in this paragraph when in his opinion the public interest would suffer thereby;

5. the disclosure of the names and addresses of persons to whom registration certificates or sales tax and use tax permits have been issued;

6. the disclosure of such information as may be necessary to the City Council in order to permit it to be fully advised as to the facts when a taxpayer files a claim for refund of business, sales or use taxes, or submits an offer of compromise with regard to a claim for refund of business, sales or use taxes, or submits an offer of compromise with regard to a claim asserted against him by the City for business, sales or use taxes, or where the existence or amount of business, sales, or use taxes are otherwise relevant to the determination of a matter required to be submitted to the City Council under the City of Los Angeles Charter, the Los Angeles Municipal Code, or the Los Angeles Administrative Code;

7. the disclosure of information to, or the examination of records by, contractors or employees of contractors with whom the City of Los Angeles has contracted to assist the City of Los Angeles for the sole purpose of administering or enforcing any provision of this Article or Article 1.6, if the contract requires the persons granted access to such information or records to abide by the confidentiality requirements of this Section, and if the City Council has approved the award and execution of such contract;

8. the disclosure of information to, or the examination of records by, purchasers of accounts receivable pursuant to Los Angeles Administrative Code section 5.186, or the disclosure to any employees of such purchasers of accounts receivable, if the purchase agreement requires the persons granted access to such information or records to abide by the confidentiality requirements of this Section;

9. the disclosure of the identity of any particular taxpayer with delinquent business, sales, or use taxes and the type and amount of the delinquent business, sales, or use tax liability of that taxpayer, and the publication of such information at the discretion of the Office of Finance pursuant to Los Angeles Municipal Code section 21.15 (m);

10. the disclosure of information when compelled by an order of court or other judicial process; and

11. the disclosure of statistical or cumulative information when the disclosure does not identify any particular taxpayer or reveal information in a manner that could identify a particular taxpayer.

Attachment B

Government Code Section 53083 Report

**SUMMARY REPORT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 53083
ON A
HOTEL DEVELOPMENT INCENTIVE AGREEMENT
BY AND BETWEEN
THE CITY OF LOS ANGELES
AND
GREENLAND LA METROPOLIS HOTEL DEVELOPMENT LLC.**

The following Summary Report has been prepared pursuant to California Government Code Section 53083. The report sets forth certain details of the proposed Hotel Development Incentive Agreement (Agreement) between the following parties:

1. The City of Los Angeles (City), a municipal corporation;
2. Greenland LA Metropolis Hotel Development LLC., a Delaware corporation (Developer).

The Agreement requires the City to provide a development incentive to the Developer for the purpose of constructing a hotel. The project is located on a 1.5-acre parcel at the intersection of 9th Street and Francisco Street in the City of Los Angeles (Site). The project will consist of building an 18-story, 350-room hotel (Project).

This summary report considers only the proposed Agreement. The purpose of this Agreement is to effectuate economic development in the City.

The following Summary Report is based upon the information contained within the Agreement, and is organized into the following six sections:

- I. Identity of the Developer:** This section provides the name and address of the Developer.
- II. Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Developer and the City by the Agreement.
- III. Economic Incentives Provided and Cost of the Agreement:** This section details the economic incentives provided and the costs incurred by the City to implement the Agreement.
- IV. Consideration Received and Comparison with the Economic Incentives Provided:** This section describes the financial compensation to be received by the City.
- V. Creation of Economic Opportunity and Public Purpose:** This section explains how the Agreement will assist in creating economic opportunity in the City.

VI. Job Creation: This section describes the number of full-time, part-time and temporary jobs created under the Agreement.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. IDENTITY OF DEVELOPER

Information on the Developer is provided below:

Greenland LA Metropolis Hotel Development LLC.

Greenland LA Metropolis Hotel Development LLC.
c/o Greenland US Holding, Inc.
777 South Figueroa Street, Suite 4650
Los Angeles, California 90017

II. SALIENT POINTS OF THE AGREEMENT

A. Project Description

The Site was previously used as a parking lot. The Developer acquired the property and will be constructing a multi-phase, mixed-use development on the Site. The proposed Project is the first phase of development, and it will include the following:

1. 350 hotel rooms
2. Food and beverage outlets
3. Meeting and pre-function space
4. Business center
5. Fitness center
6. Pool
7. Spa
8. Sundry shop

The project will be 18 stories and includes a parking structure. The hotel will be built to a minimum three-star quality level. Total costs of the improvements are estimated at approximately \$183,710,000.

B. Developer Responsibilities

The Agreement requires the Developer to accept the following responsibilities:

1. Construction and maintenance of the Hotel Project in accordance with the standards set forth in the Agreement;
2. The construction and continued maintenance of the Hotel as a Three-Star Hotel, as defined by the Forbes Travel Guide, or of a Three-Diamond hotel, as defined by the AAA Diamond Ratings, or if those rating services are not in use, at an equivalent level used by an alternative nationally recognized hotel rating service;
3. The Developer's continued compliance in all material respects with the City's Community Benefits Program;
4. The Hotel Brand's continued compliance in all material respects with the Hotel Operating Covenant that requires that the Site be used for the Hotel for a term equal to twenty-five (25) years after the Completion Date;
5. Developer cooperating with the City in making the Government Code Disclosures, which shall include obtaining any necessary confidentiality waivers reasonably necessary to either comply with the Government Code Disclosure requirements or to calculate the Hotel Incentive Payment or the City Deposit;
6. Developer shall insert a contract provision in its contract with the general contractor requiring the general contractor and its major subcontractors to designate the City of Los Angeles as the place of use of any materials purchased for the development of the Hotel Project.

C. City Responsibilities

The Agreement imposes the following responsibilities on the City:

1. The City shall make the hotel incentive payments to the Developer in accordance with the Agreement. The amount of the City's payment will be determined as part of the City's budget process and shall equal the aggregate amount of Transient Occupancy Tax paid by the Hotel in the prior calendar year.
2. The City shall disburse the hotel incentive payments not less frequently than on a semi-annual basis in an amount equal to one hundred percent (100%) of the Transient Occupancy Tax received by the City from the Hotel in the prior six months.
3. The aggregate amount of the hotel incentive payments, which when discounted to present value as of the Completion Date using a discount rate of ten percent (10%) per year equals thirteen million five hundred thousand dollars (\$13,500,000)

4. The City shall have timely performed all of the obligations required by the terms of the Agreement.

III. ECONOMIC INCENTIVES PROVIDED AND COST OF THE AGREEMENT

The City is making economic incentive payments to facilitate the development of the Project and the operation of the hotel. The cost to be incurred by the City is capped at a net present value of \$13.5 million assuming a discount rate of 10%. The payments will be made over a period of up to 25 years from the General Fund in an amount equal to 100% of the transient occupancy tax revenues generated by the Project.

IV. CONSIDERATION RECEIVED AND COMPARISON WITH THE ECONOMIC INCENTIVES PROVIDED

The City expects to receive a significant increase in transient occupancy tax, property tax, sales tax, gross receipts tax, utility tax and parking tax from the development of the Project. The detailed projections for the Project are summarized in Keyser Marston Associates' *Metropolis Project – Development Feasibility and Public Revenue Analysis* that was submitted to the City in June 2014. Table 1 shows the projected City revenues generated by the Project over the term of the Agreement. The revenues are summarized below:

1. Transient Occupancy Tax (TOT) – The current City TOT rate is 14% of room revenues. The Project is projected to have an initial Average Daily Rate of \$222 and an occupancy rate that stabilizes at 75.7%. At this level of performance, the Project will generate \$104.63 million in TOT over the Agreement term. Assuming a 10% discount rate, the net present value of this revenue is \$34.05 million.
2. Property Tax – Within the Site's Tax Rate Area, the City receives 26.3% of the general property tax levy of 1.0% of assessed value, with the balance of the collected property taxes going to other taxing jurisdictions. The assessed value of the Project is estimated at \$113.32 million for the Hotel and \$221.18 million for the Residential. At this level of value, the Project will generate \$29.44 million in property tax over the Agreement Term. Assuming a 10% discount rate, the net present value of this revenue is \$10.61 million.
3. On-Site Sales Tax – The City receives 1.0% of the taxable sales generated by the Project, with the balance of the sales tax going to other taxing jurisdictions. As a full-service hotel, the Project will have dining facilities, bar facilities and meeting facilities that serve food and drink. The sales in these departments generate sales tax, which is projected at \$3.07 million over the Agreement Term. Assuming a 10% discount rate, the net present value of this revenue is \$1.26 million.
4. Gross Receipts, Utility User Tax, Parking Taxes and Documentary Transfer Tax – The Project will also generate revenue to the City from taxes on its total gross receipts, utility utilization (electric, natural gas and telephone) and charged parking. The transfer of residential units over time is projected to generate revenues through the Documentary

Transfer Tax. The revenue generated from these sources is projected to create \$16.33 million in taxes to the City over the Agreement Term. Assuming a 10% discount rate, the net present value of this revenue is \$5.74 million.

5. Off-Site Sales Taxes – The Project will provide accommodations for numerous visitors annually. These visitors will spend money in nearby establishments and within the City of Los Angeles. In addition, the Project will generate approximately 280 on-site jobs. Combined, the hotel guests and employees are projected to generate \$7.49 million in sales taxes to the City over the Agreement Term. Assuming a 10% discount rate, the net present value of this revenue is \$2.40 million.

Over the course of the Agreement Term, the Project is projected to generate \$161.13 million in gross revenue to the City, with a net present value of \$54.10 million. The Hotel alone is projected to generate revenues of \$135.56 million, with a net present value of \$44.59 million.

The gross revenues generated by the Project are off-set by the existing revenues generated on the Site and the City's Assistance. The net revenues received by the City are shown in Table 2.

As of the fiscal year 2013-14, the City received \$120,600 in property tax revenue from the Site. In addition, the parking operations on the Site generated \$400 in City revenue, thus the Site currently generates \$121,000 annually in City revenue. Over the Agreement Term these revenues total \$4.38 million. Therefore, the Project is projected to generate \$156.75 million (\$52.48 million NPV) in additional revenues to the City over the Agreement Term. The Hotel alone is projected to generate \$131.18 million (\$42.97 million NPV) in incremental revenue to the City over the Agreement Term.

Per the Agreement, the City's Assistance is limited to a net present value of \$13.50 million, with the City making semi-annual payments to the Developer from the General Fund in an amount equal to 100% of the available TOT over a term of up to 25 years. The payments made by the City are discounted at an interest rate of 10% per annum. As shown in Table 2, the payments to the Developer are projected to cease in Year 6 of Project operations. At this point in time the Developer will have received \$18.70 million in assistance, which has a net present value of \$13.50 million.

As shown in Table 2, the net revenue to the City after the payment of the assistance to the Developer is \$134.04 million, which has a net present value of \$38.99 million. The Hotel alone is projected to generate revenues of \$112.48 million in incremental revenue, which has a net present value of \$29.47 million. The \$134.04 million in additional City revenues is significantly greater than the \$18.70 million economic incentive provided.

V. CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE

The Los Angeles City Council has determined that encouraging economic development, including private investment that involves creation of new jobs and income in the City, or the retention of existing jobs and income that would otherwise be lost or be unavailable to the residents of the City, is a valid exercise of its powers and provides an important public benefit and serves an important public purpose. By authorizing the City to enter into this Agreement, the City Council has determined that the benefits accruing as a result of the transactions contemplated by this Agreement, including, without limitation, (i) direct benefits such as the increase in Three-Diamond Hotel rooms near the Los Angeles Convention Center and potentially increasing the number of conventions in the City); (ii) increased revenues from property, sales, parking, gross receipts, utility and TOT taxes, (iii) enhanced economic opportunities generated by the development of a new hotel serving downtown Los Angeles, and (iv) the provision of infrastructure to the City of Los Angeles, together with the Developer's obligations under the Community Benefits Plan included in the Agreement represent fair consideration for all of the obligations to be undertaken by the City as contemplated in the Agreement.

Other important goals and objectives that are satisfied by the Project are:

1. Construction of the Project is expected to generate a substantial numbers of construction jobs.
2. Potential increase in private investment as a result of the public investment in this Project.
3. Increased number of visitors to the City, which will spend money on dining, retail and entertainment activities in the City.
4. As a surface parking lot, the current improvements on the Site do not reflect the highest and best economic use of the site.

VI. JOB CREATION

The Project is projected to create the following number of temporary jobs during construction, and full-time and part-time jobs during operation. It is estimated that 1,521 temporary construction jobs will be created during the construction period. After opening the Developer indicates the Project will create 280 total jobs. These jobs will include 210 full-time and 70 part-time positions.

Attachment

TABLE 1

**PUBLIC REVENUES PROJECTIONS
METROPOLIS PROJECT
LOS ANGELES, CALIFORNIA**

Project Year	Transient Occupancy Tax	City Share of Property Tax	On-Site Sales Tax	Gross Receipts Tax	Utility User Tax	Parking Tax	Residential Other Taxes ⁷	Hotel Visitor Spending	Employee Spending	Gross Public Revenues
Const. 2014 -15	-	\$427,000	\$169,000	\$136,000	-	-	\$154,000	-	-	\$886,000
Const. 2015 -16	-	862,000	215,000	\$136,000	-	-	-	-	-	1,213,000
1 2016 -17	\$2,672,000	879,000	69,000	\$40,000	\$99,000	\$138,000	250,000	\$184,000	\$5,000	4,336,000
2 2017 -18	3,009,000	896,000	77,000	\$45,000	125,000	159,000	256,000	212,000	5,000	4,784,000
3 2018 -19	3,322,000	914,000	84,000	\$50,000	148,000	174,000	262,000	232,000	5,000	5,191,000
4 2019 -20	3,466,000	933,000	87,000	\$52,000	163,000	179,000	269,000	238,000	5,000	5,392,000
5 2020 -21	3,574,000	951,000	90,000	\$53,000	175,000	183,000	0	244,000	5,000	5,275,000
6 2021 -22	3,646,000	970,000	92,000	\$55,000	179,000	188,000	0	250,000	5,000	5,385,000
7 2022 -23	3,719,000	990,000	94,000	\$55,000	183,000	192,000	0	256,000	6,000	5,495,000
8 2023 -24	3,793,000	1,009,000	97,000	\$57,000	188,000	197,000	119,000	262,000	6,000	5,728,000
9 2024 -25	3,869,000	1,030,000	99,000	\$58,000	193,000	202,000	121,000	269,000	6,000	5,847,000
10 2025 -26	3,946,000	1,050,000	101,000	\$59,000	198,000	207,000	123,000	276,000	6,000	5,966,000
11 2026 -27	4,025,000	1,071,000	104,000	\$61,000	203,000	211,000	126,000	283,000	6,000	6,090,000
12 2027 -28	4,106,000	1,093,000	106,000	\$62,000	208,000	215,000	128,000	290,000	6,000	6,214,000
13 2028 -29	4,188,000	1,114,000	108,000	\$63,000	213,000	220,000	131,000	297,000	6,000	6,340,000
14 2029 -30	4,272,000	1,137,000	110,000	\$64,000	218,000	224,000	134,000	304,000	7,000	6,470,000
15 2030 -31	4,357,000	1,160,000	112,000	\$66,000	223,000	229,000	136,000	312,000	7,000	6,602,000
16 2031 -32	4,444,000	1,183,000	115,000	\$67,000	228,000	233,000	139,000	320,000	7,000	6,736,000
17 2032 -33	4,533,000	1,206,000	117,000	\$68,000	234,000	238,000	142,000	328,000	7,000	6,873,000
18 2033 -34	4,624,000	1,231,000	119,000	\$69,000	240,000	243,000	145,000	336,000	7,000	7,014,000
19 2034 -35	4,716,000	1,255,000	122,000	\$71,000	246,000	248,000	148,000	344,000	7,000	7,157,000
20 2035 -36	4,811,000	1,280,000	124,000	\$72,000	252,000	253,000	151,000	353,000	8,000	7,304,000
21 2036 -37	4,907,000	1,306,000	127,000	\$73,000	259,000	258,000	154,000	362,000	8,000	7,454,000
22 2037 -38	5,005,000	1,332,000	129,000	\$75,000	266,000	263,000	157,000	371,000	8,000	7,606,000
23 2038 -39	5,105,000	1,358,000	132,000	\$78,000	273,000	268,000	160,000	380,000	8,000	7,762,000
24 2039 -40	5,207,000	1,386,000	135,000	\$79,000	280,000	274,000	163,000	390,000	8,000	7,922,000
25 2040 -41	5,311,000	1,414,000	137,000	\$80,000	287,000	279,000	166,000	400,000	9,000	8,083,000
25 Year Term										
Nominal Total	\$104,627,000	\$29,437,000	\$3,071,000	\$1,844,000	\$5,281,000	\$5,475,000	\$3,734,000	\$7,493,000	\$163,000	\$161,125,000
NPV @ 10%	\$34,045,000	\$10,610,000	\$1,254,000	\$783,000	\$1,645,000	\$1,776,000	\$1,539,000	\$2,396,000	\$53,000	\$54,101,000

TABLE 2

NET NEW PUBLIC REVENUES - \$13,500,000 CAP ON AVAILABLE TOT REVENUE
METROPOLIS PROJECT
LOS ANGELES, CALIFORNIA

Project Year	Gross Public Revenues	(Less) Annual Base Period Amount ¹	Net New City Revenues	Projected TOT Revenues	Assistance Payments @ 100% TOT Revenues	Net New City Revenues
Const. 2013 -14	-	-	-	-		
Const. 2014 -15	\$886,000	(\$124,000)	\$762,000	\$0	\$0	\$762,000
Const. 2015 -16	1,213,000	(126,000)	1,087,000	0	0	1,087,000
1 2016 -17	4,336,000	(129,000)	4,207,000	2,672,000	(2,672,000)	1,535,000
2 2017 -18	4,784,000	(131,000)	4,653,000	3,009,000	(3,009,000)	1,644,000
3 2018 -19	5,191,000	(134,000)	5,057,000	3,322,000	(3,322,000)	1,735,000
4 2019 -20	5,392,000	(137,000)	5,255,000	3,466,000	(3,466,000)	1,789,000
5 2020 -21	5,275,000	(140,000)	5,135,000	3,574,000	(3,574,000)	1,561,000
6 2021 -22	5,385,000	(142,000)	5,243,000	3,646,000	(2,660,000)	2,583,000
7 2022 -23	5,495,000	(145,000)	5,350,000	3,719,000	0	5,350,000
8 2023 -24	5,728,000	(148,000)	5,580,000	3,793,000	0	5,580,000
9 2024 -25	5,847,000	(151,000)	5,696,000	3,869,000	0	5,696,000
10 2025 -26	5,966,000	(154,000)	5,812,000	3,946,000	0	5,812,000
11 2026 -27	6,090,000	(157,000)	5,933,000	4,025,000	0	5,933,000
12 2027 -28	6,214,000	(160,000)	6,054,000	4,106,000	0	6,054,000
13 2028 -29	6,340,000	(163,000)	6,177,000	4,188,000	0	6,177,000
14 2029 -30	6,470,000	(167,000)	6,303,000	4,272,000	0	6,303,000
15 2030 -31	6,602,000	(170,000)	6,432,000	4,357,000	0	6,432,000
16 2031 -32	6,736,000	(174,000)	6,562,000	4,444,000	0	6,562,000
17 2032 -33	6,873,000	(177,000)	6,696,000	4,533,000	0	6,696,000
18 2033 -34	7,014,000	(181,000)	6,833,000	4,624,000	0	6,833,000
19 2034 -35	7,157,000	(184,000)	6,973,000	4,716,000	0	6,973,000
20 2035 -36	7,304,000	(188,000)	7,116,000	4,811,000	0	7,116,000
21 2036 -37	7,454,000	(192,000)	7,262,000	4,907,000	0	7,262,000
22 2037 -38	7,606,000	(195,000)	7,411,000	5,005,000	0	7,411,000
23 2038 -39	7,762,000	(199,000)	7,563,000	5,105,000	0	7,563,000
24 2039 -40	7,922,000	(203,000)	7,719,000	5,207,000	0	7,719,000
25 2040 -41	8,083,000	(208,000)	7,875,000	5,311,000	0	7,875,000
25 Year Term						
Nominal Total	\$161,125,000	(\$4,379,000)	\$156,746,000	\$104,627,000	(\$18,703,000)	\$138,043,000
NPV @ 10%	\$54,101,000	(\$1,617,000)	\$52,484,000	\$34,045,000	(\$13,500,000)	\$38,985,000

¹ Assumes 2013-14 property tax revenues of \$120,642, inflated at 2.0% annually; and 2013 tax on parking rent revenues of \$430, inflated at 2.5% annually. Based on estimates provided by