



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

FOR IMMEDIATE STAFF USE AND PUBLIC DISTRIBUTION

November 20, 2014
Office of the Alexandria City Attorney
Alexandria, Louisiana

Executive Summary

Proposer SHG—Alexander Fulton Hotel

BEFORE THE COUNCIL

The Alexandria City Council had several options before it:

- It could delay any decision, grant additional time, or add conditions.
 - The inherent risk is forfeiture of the only certified deal.
- It could accept the deal of a certified proposer.
- It could accept as certified two proposers (if two existed) and select a proposer.
- It could accept as certified two proposers (if two existed) and initiate a second-level competitive process.

INTRODUCTION

The City of Alexandria (“Alexandria” or the “City”) has engaged in offering for sale the Alexander Fulton Hotel and Convention Center (the “Fulton”). Through several potential agreements and offered cooperative endeavors, Alexandria has attempted various forms of fair-market value sales, with performance incentives to protect the related hotel assets, and, most particularly, the Alexandria Riverfront Center (“ARC”). See attached Term Sheet of January 30, 2013, incorporated verbatim here by reference, as **Tab 1**. Before engaging in any discussions—and as reiterated by document and verbally—all negotiation by Alexandria for cooperative endeavors is subject to the following admonitions:

Proposer SHG—ALEXANDER FULTON HOTEL

“As to all material in this Term Sheet, you understand this Term Sheet in no way constitutes an agreement, and is merely a recitation of the goals of a potential plan in achieving a binding agreement with Alexandria. Specifically, you understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, any discussions, Term Sheets, or MOUs are merely expressions of possibility. However, once the developer executes the contemplated final MOU discussed herein, the developer is bound to those terms should council approval be obtained and execution by the mayor occur.”

PROPOSERS

The current developer-proposers are DISCOUNT REALTY, L.L.C. D/B/A WINDFEEL PROPERTIES, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Reggie D. Winfield (hereinafter at times, “Windfeel”), and SOUTHERN HOSPITALITY GROUP, LLC, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Jay Sharplin (hereinafter at times, “SHG”).

CURRENT SCENARIO

SHG is certified for purposes of: (i) having the present or future capability of purchasing the Fulton according to the terms offered by Alexandria through (A) proof of financing, (B) agreement to the payment of \$1,000,000 at Closing, and (C) agreement to comply with the flag requirements demanded by Alexandria. **Tab 2-3.** SHG has executed a binding CEDA.

SHG purchased the right to exclusive recommendation to the Council and to disallow consideration of further proposers through its due diligence period, while acknowledging no guarantee is binding on the City of Alexandria or City Council in the absence of an ordinance. **Tab 4 (consisting of \$200,000 in funds and binding CEDA acknowledgment and agreement).**

Accordingly, SHG is properly before the Alexandria City Council, and, implicitly by way of the state constitution and development law, also is entitled to consideration of its proposal at

Proposer SHG—ALEXANDER FULTON HOTEL

the time surplus property and a development agreement are declared. The purpose of Article VII, Section 14, of the Louisiana State Constitution and the Louisiana Development Law (La.R.S. 33:4712 et seq.) is to provide the public with opportunity to judge declarations of surplus property offered for development purposes and ensure, among other things, that competing ideas can be vetted and costs considered to avoid prohibited donations of public things.

THE SECOND PROPOSER'S ENTRY

Since Alexandria was approached by an additional proposer and began dual tracking the two potential endeavors, letting all parties know of this potentiality and that the first to make a viable deal could be considered by the Alexandria City Council, the Council is presented with, as of the expiration of the certification period, one viable, certified deal for the Fulton. The administration is required by the development law of Louisiana to present viable endeavors regarding surplus property being considered for cooperative development purposes. This duty has been discharged. It is solely the Council's decision on what acts are taken, next, at the **November 25, 2014** council meeting.

As a result, the Administration finds acceptance of the certified deal avoids the risk of further deconditioning, waste of the asset, and risk no deal will materialize with Windfeel during an extension. The City Council is required to weigh in its deliberations whether the commercial viability of the certified proposer sets a new Article VII requirement inasmuch as allowing an extension for Windfeel (assuming SHG walks away) could dilute Alexandria's bargaining position. This is because Windfeel would essentially force out the competitor and alter the market dynamics such that its new bargaining position is increased versus the City. This results, potentially, in a prohibited donation of value relative to the tax payer unless justified under law by a valid option or other valuable consideration.

Proposer SHG—ALEXANDER FULTON HOTEL

Finally, it is noted SHG’s requirements were more onerous—not less—than the requirements for Windfeel and that Windfeel nonetheless never came to terms. Indeed, in addition to the \$200,000 required, SHG executed a stand-alone managing agreement along better terms for the City than Windfeel’s current management agreement in order that the Administration could ensure “no harm” to the process or status quo at the Fulton. This stand-alone could be invoked at any time, by the Mayor, and require SHG to step into the shoes of management even without a guarantee of favorable due diligence by SHG, through a specific term. **Tab 5.**

The executed CEDA is attached to this memorandum, identifying binding terms, which, if accepted by the Council, result in a sale of the Alexander Fulton Hotel, with \$1,000,000 payable at Closing, guaranteed to create a Holiday Inn “green flagged” full service hotel, at minimum.

If due diligence allows SHG to exit because there are \$750,000 in excess needs above current estimates as defined in the CEDA, then Alexandria can renegotiate with SHG or resume negotiation with Windfeel. The Administration has placed the City in a no harm situation.

FROM THE ORDINANCE

The ordinance submitted to the Alexandria City Council addresses the following scenarios,

- A delay of any decision, a grant of additional time, or an addition of conditions.
 - The inherent risk is forfeiture of the only certified deal.
- An acceptance of the deal of a certified proposer.
- An acceptance of certified proposers (if two exist) and selection of a proposer.
- An acceptance of certified proposers (if two exist) and initiation of a second-level competitive process.



Page -5-

November 20, 2014

Office of the City Attorney

Executive Summary

Proposer SHG—ALEXANDER FULTON HOTEL

As of November 19, 2014, the expiration date of the certification period, the Council should decide with regard to the Alexander Fulton Hotel and Convention Center, regarding the Hotel's management, sale, and/or lease, whether the Council should:

- Accept the CEDA of the certified proposer.



TAB 1

Alexander Fulton and Convention Center

701 4th Street
Alexandria, Louisiana 71301



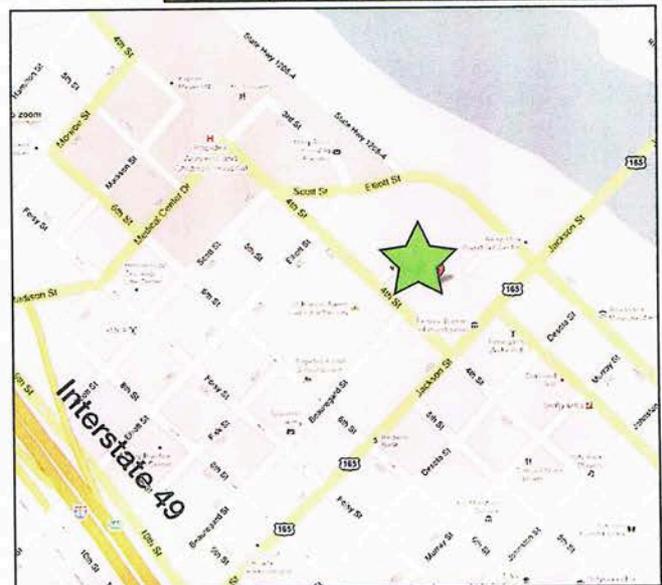
Number of Rooms: 173
Price Per Room: \$23,843.93
Property Type: Hotel/Motel
Property Sub-type: Full-service
Property Use: Investment
Lot Size: 3.55 AC
Building Area: 125,000+ square feet
Number of Stories: Seven
Food and Beverage Facilities: Restaurant, lounge
Meeting Space: 12,248 square feet
Additional Facilities: Outdoor pool, exercise room, business center, guest laundry room
Parking Spaces: 150+

\$4,125,000.00



Description:

- Full-service, 173 room hotel and convention center in prime location in Downtown Alexandria, Louisiana.
- Constructed in 1983.
- Operated as Hilton and Holiday Inn.
- Offered significantly below replacement cost (\$77,000+/room).
- Adjacent and connected to Alexandria Riverfront Center.
- Opportunity for robust public/private partnership.
- Continuously operating since 1983; annual convention clients.



Operation and Lease-Purchase of the Alexander Fulton Hotel and Convention Center

Purpose:

The City of Alexandria ("Alexandria") is considering (i) a sale of the Alexander Fulton Hotel and Convention Center ("Hotel") as a stand-alone, ongoing concern and/or (ii) sale of Alexandria's interests in the property under a lease-purchase arrangement. In the latter arrangement, a developer enjoys various opportunities to increase the likelihood of commercial operations success through a cooperative endeavor and development agreement ("CEDA") between the developer and Alexandria.¹

Terms and Conditions:

This Term Sheet recognizes an essentially final offer to developers. Under the following Terms and Conditions, subject to claw-backs and the fulfillment of certain suspensive and resolutive conditions, the parties acknowledge and agree:

General

1. As to all material in this Term Sheet, you understand this Term Sheet in no way constitutes an agreement, and is merely a recitation of the goals of a potential plan in achieving a binding agreement with Alexandria. Specifically, you understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, any discussions, Term Sheets, or MOUs are merely expressions of possibility.²

Performance-Based Operations and Service Agreement with Lease-Purchase Option for the Hotel

2. Alexandria eventually intends to lease/sell the Hotel to the best proposer who limits the risk and expense of Alexandria, with the following terms in mind relative to "sound commercial operations" also known as the "Hotel Standards":
 - Interested applicants should have prior experience and expertise in the management of similar-sized Hotel properties.

¹ In such a scenario, Alexandria exits the hotel business altogether, and any CEDA would be temporary and on a runway toward detangling Alexandria from the Hotel and other hotel-convention endeavors. In order to attain the time needed for certain improvements or other necessary conditions precedent to the afore-stated Purpose, Alexandria may require an additional runway (ramp up) involving an interim operator-lessee to continue operating the ongoing concern of the Hotel. Thus, the arrangement sought herein may be a "bridge" process to a final sale.

² Of course, a valid ordinance, which would require slight amendment, authorized most of these terms as stated herein. For example, the change in HVAC, elevator, and roof contribution and \$4MM to \$3MM in purchase price are material modifications and require a new council approval in the absence of which there is no contractual authority to bind Alexandria as of yet by Term Sheet. This Term Sheet therefore cannot be binding.

- “Sound Commercial Operations” shall mean Alexandria can depend on measurable improvements to, and plans of work demonstrating best practices regarding:
 - Flag affiliation and development, which in addition to its specifics shall at minimum include:
 - Managing food service,
 - Convention business attraction and management (address of the Alexandria Riverfront Center),
 - Cost-effective rehabilitation ideas and plans,
 - Preventive maintenance plans and Property Improvement expertise to create a PIP for the Hotel,
 - Customer service excellence,
 - Quality control plans,
 - Employee training,
 - Marketing plans of definitive nature, and
 - Exterior/Interior design.
 - Other: You will be required to periodically certify as a condition of non-default the following:
 - Good and proper housekeeping brigades,
 - Maintenance of accounts payable,
 - Publication of periodic “aspirational” and other goals,
 - Current sales, employment, and occupancy tax remittances,
 - Proper health inspection compliance, and
 - General state of “cleanliness.”
3. **RIVERFRONT CENTER:** Any management agreement relative to the Alexandria Riverfront Center shall be negotiated separately, and must address unfair-competitive-advantage issues relative to other hoteliers. Alexandria agrees to negotiate in good faith through a board of advisors including the two hotel properties connected to the Alexandria Riverfront Center (“ARC”). Alexandria commits to a minimum repair and modification Property Improvement Plan of \$750,000 to commence with the CEDA.
4. **Alexandria Riverfront Center Management:** Alexandria will subject the ARC to professional, third-party management. The incentives and terms offered to a suitable partner shall be substantially similar to or as follows:
- **Commitment to Non-Interference.** Alexandria shall grant operational control to the manager, except as otherwise provided for in the management agreement.
 - **Manager shall guarantee a proven-results period to current ARC employees of six months.** During this period, certain employees can only be terminated according to reduction in force, and during the first year from commencement of management, any employee reduced in force shall have the right of first refusal should force be increased.

- **Maintenance Assistance.** Alexandria shall provide agreed-upon maintenance and custodial services to the ARC manager.
- **Performance-Based Incentive Agreement.** An offered scenario is one in which the manager shall enjoy [x]% of “profits”³ from the facility operations for a period of [z] years, after which time the management agreement shall provide for a graduated scale on a per annum basis of no less than five (5) years and to be capped at [y]%.
 - Alexandria and manager shall agree that upon achievement of defined “ARC performance milestones,” Alexandria and manager shall contribute to a pooled resource in the amount of [v]% of ARC revenues dedicated to the Alexandria-guaranteed participation by intergovernmental partners in a city-wide and DHI-specific marketing plan for the purpose of driving business to the ARC and related properties, including the downtown hotels.⁴
 - “ARC-performance milestones”—shall mean those specific performance indicators relative to the Alexandria Riverfront Center in terms of profitability, convention generation, and profit leader in the region in relation to driving the success of other hotels and convention space through the capture of regionally-significant convention and hospitality events.

5. **OTHER INFRASTRUCTURE COMMITMENTS:** Alexandria commits to use the portion of the purchase price paid at the PIP or as agreed, in the sum of up to \$1M, to refund its UDAG account; and then to, upon approval, fund an infrastructure improvement plan or other catalytic project. The DHI participants would have input on this project, and it would be funded to serve tourism, destination, conventioning, or some related activity directly benefitting hotel and convention activities in the downtown area and city wide.

6. **ADDITIONAL SPECIFIC TERMS:** Alexandria shall:

(1) lease the Hotel and Convention Center Tract to NewCo for a term to commence on a day and date acceptable to Alexandria and NewCo, and to end on acquisition of a “green Holiday Day Inn” flag or equivalent, completion of the Property Improvement Plan (“PIP”), or at closing, or some combination of those events (also, potentially substituted with a term encompassing the “Hotel and Convention Center Improvements”), unless the Mayor or his designee determines that it is in the best interest of the Alexandria to extend the date to a date for reasons beyond the reasonable control of either Alexandria or NewCo, the lease and lease-purchase to be subject to and conditioned on NewCo

³ “Profits” shall be a defined term as to “net” or “gross” or some other formula of determination.

⁴ This guarantee shall be transferable but only if a successor meets the same required milestones and level of agreed-upon and defined service.

- (a) paying rent to the City in an amount to be determined, in the range of \$48,000 per annum beginning in year [x] from execution of the CEDA, and equal to 10% of the Net Income for the operation of the Hotel and Convention Center Facility, from commencement of the lease until year [x],
 - (b) entering into a Franchise Agreement with a national or international lodging chain which provides access to a national registration system approved by the City such as a Holiday Inn Hotel with full service, including onsite restaurant and similar conveniences for guests,
 - (c) paying the cost of all utilities provided to the Hotel and Convention Center Tract, except with respect to gas and electricity, NewCo shall pay and the City shall charge only the fuel adjustment charge or cost, during the term of such lease as provided therein and subject to certain restrictions and assumptions provided by law, and further for a utility plan in conformance with Alexandria ordinances and the CEDA,
 - (d) assuming all liability for the condition, upkeep, repair and maintenance of the Hotel and Convention Center Tract except for the obligation and agreement of the City to repair or replace, at the sole cost of the City, any item listed herein and otherwise to lease and sell the Hotel and Convention Center Tract "as is, where is,"
 - (e) prohibiting the assignment of NewCo's leasehold interest in the Hotel and Convention Center Tract, except to an Affiliate, without the written consent of the City,
 - (f) granting to Alexandria a right of inspection of the Hotel and Convention Center Tract,
 - (g) providing for the indemnification of Alexandria,
 - (h) providing for Events of Default and remedies for such Events of Default and
 - (i) periodically meeting with employees or agents of Alexandria, during the lease, to jointly review necessary repair, replacement or maintenance work necessary or required for an efficient and effective operation of the Hotel and Convention Center Facility.
- (2) sell the Hotel and Convention Center Tract to NewCo, on credit, after termination of the lease of the Hotel and Convention Center Tract to NewCo, for an amount of not less than \$3,000,000.00 and the agreement and promise of NewCo to renovate and operate the Hotel as a first class full service franchise hotel in accordance with the Hotel Standards for a period of not less than 15 years ("the Purchase Price") by an Act Of Sale With Mortgage ("the Deed"), in which the City shall reserve and NewCo

shall grant a special mortgage and vendor's lien and privilege to the City to secure the Purchase Price to be evidenced by a Note executed and delivered by NewCo to the City payable on or as provided by acquisition of a "green Holiday Day Inn" flag or equivalent, completion of the PIP, or at closing, or some combination of those events, the Deed and the Note containing such terms, conditions, limitations, restrictions, requirements and provisions as recommended by counsel for the City, with the Deed to be subject to and conditioned upon NewCo agreeing to

(a) accept the condition of the Hotel and Convention Center Tract "as is, where is, with all faults" and to waive and release the City of all obligations of warranty for vices and defects in the Hotel and Convention Center Tract,

(b) close the purchase and sale of the Hotel and Convention Center Tract on a date as defined and tethered to acquisition of a "green Holiday Day Inn" flag or equivalent, completion of the PIP, or at closing, or some combination of those events, or at such day, date and time as the Mayor of the City determines is in the best interest of the City,

(c) procure and maintain a Commercial Property Insurance Policy insuring the buildings, fixtures, equipment, improvements and betterments in an amount equal to the replacement costs naming the City as loss payee,

(d) payment of any insurance proceeds from a casualty loss to the City or to the repair or restoration of any damage caused by a casualty loss to the Hotel and Convention Center Tract,

(e) payment of property taxes assessed and governmental charges imposed on the Hotel and Convention Center Tract,

(f) use the Hotel and Convention Center Tract to operate a hotel in accordance with the Hotel Standards to be set forth in the Agreement for the Term of the Agreement to be entered into with NewCo,

(g) comply with all laws and regulations,

(h) not use, generate, manufacture, store, treat, dispose of, release or threaten to release any hazardous substances or hazardous materials on, under or about the Hotel and Convention Center Tract,

(i) not transfer the Hotel and Convention Center Tract without the prior written consent of the City, except to an Affiliate,

(j) notify the City of any expropriation or condemnation proceeding,

(k) repay any Additional Advances made by the City for and on behalf of NewCo which Additional Advances shall be secured by the special mortgage and vendor's lien and privilege in the Deed,

(l) provide for an occurrence of an Event of Default under the Note, the Deed and the Agreement,

(m) remedies upon the occurrence of an Event of Default,

(n) foreclosure proceeding under Louisiana executory process law upon the occurrence of an Event of Default,

(o) appointment of a Keeper in the event of a foreclosure proceeding,

(p) payment of attorney fees if the Note is referred to an attorney to enforce payment,

(q) indemnify and hold the City harmless from any responsibility for the control, care, maintenance or repair of the Hotel and Convention Center Tract and

(r) waive any exemptions from seizure with respect to the Hotel and Convention Center Tract and to provide such other provisions as counsel for the City may recommend to the Mayor.

(3) subordinate the Deed to a New Mortgage by a Subordination Agreement, to execute for and on behalf of the City, encumbering the Hotel and Convention Center Tract NewCo may execute in favor of a Lender in an amount not to exceed \$[x],000,000.00 in principal, interest, attorney fees and costs or such other amount as the Mayor in his sole unlimited discretion may deem is in the best interest of the City based upon recommendation from counsel for the City agreeing that the New Mortgage should be superior in rank to the Deed and entitled to be paid by preference and priority in the event of a public or private sale of the Hotel and Convention Center Tract.

(4) provide for a (a) utility cost adjustment for electricity and gas utilities provided by the City to NewCo at the Hotel and Convention Center Tract for a period not to exceed December 31, 2022, (b) property tax equalization for the years 2013, 2014, 2015, 2016 and 2017 based upon proof of payment of property taxes by NewCo imposed on the Hotel and Convention Center Tract for those years, (c) termination of any other Professional Services Agreements effective as of the date and time of the commencement of the lease of the Hotel and Convention Center Tract by NewCo from the City, (d) Renovation of the Hotel and Convention Center Tract in an amount of not less than the Hotel and Convention Center Facility's Project Costs and the ownership and operation by NewCo during the Term of the Agreement to be entered into with

NewCo with all of the guests' services set forth in the Hotel Standards to be provided, (e) Release of \$2,000,000.00 of the Purchase Price after NewCo completes the Hotel and Convention Center Improvements for an amount not less than the Hotel and Convention Center Project Costs, (f) appointment of an agent for the City, (g) marketing of the downtown hotels and facilities in the Riverfront Center, (h) payment of attorney fees in the event of any breach or Event of Default, (i) curing of any Event of Default, (j) prohibition against Transfer of any right, title and interest by NewCo in the Agreement and (k) non-disclosure of any proprietary or Confidential Information belonging to NewCo by the City.

7. **Planning Review and Assistance:** Alexandria offers reduction of plan review fees, building permit fees, inspection fees, sign permits, or other similar administrative costs/fees associated with the initial construction/renovation of the improved properties.
8. **Special Transit and Tourism Help:** Alexandria will extend, subject to USDOT/FTA, limits special public transit services to the facility area and other hotels and motels under conditions for the benefit of the overall development but certifiably for the "primary benefit" of the Alexandria Riverfront Center.
9. **Dedicated Tax Marketing Fund and Assistance Plan:** Alexandria will seek and secure participation by intergovernmental partners in a city-wide and DHI-specific marketing plan of significance for the purpose of driving business to the ARC and related properties. Alexandria will seek the allocation of the Greater Alexandria Economic Development Authority ("G.A.E.D.A.") portion of the occupancy and use taxes generated by the DHI assets, through G.A.E.D.A., as sufficient to meet this requirement; however, Alexandria will also seek additional city-wide marketing through the Alexandria Pineville Area-Convention and Visitors Bureau ("APA-CVB") for an overall aggressive re-positioning and marketing plan for the regional convention, hospitality, and tourism businesses.⁵

⁵ G.A.E.D.A. originally agreed to defer any new tax stream in the form of its portion of occupancy and use taxes back to the City and/or its designee (e.g., the APA-CVB) for the purpose of city-wide marketing for the hotels (with greater than 50% of such funds to be earmarked solely for the two downtown hotels and the remainder for all city hotels and motels)(with an estimated 10-year value of approximately \$2M).

TAB 2



THE EVANGELINE BANK AND TRUST COMPANY

P. O. DRAWER 12900
ALEXANDRIA, LA 71315-2900
(318) 443-3700

To: Mr. Michael Carbo

Fr: John Stigall

Date: October 13, 2014

Re: Approval for purchase of Hotel

Please be advised that your organization, Southern Hospitality, has been approved for a loan in the amount of \$7,500,000.00.

Disbursement of funds is dependent on:

1. The board will cast final votes after a submission of a buy sell agreement between Southern Hospitality LLC and the City of Alexandria
2. appraisals meeting LTV requirements
3. no adverse changes to personal credit reports or financial status
4. continued good standing with the IRS with all applicable parties and organizations
5. approved cash injections pledged to the loan
6. environmental and survey reports meeting terms approved by the Board and bank policy

Page 1 of 1

P. O. Box 12900 (71315)
3700 Jackson St. (71303)
Alexandria, LA
(318) 443-3700
Fax (318) 443-2139

3355 Masonic Dr.
Alexandria, LA 71301
(318) 445-4090
Fax (318) 448-4707

3403 Highway 28 East
Pineville, LA 71360
(318) 445-3336
Fax (318) 445-5116

P.O. Box 496 (70527)
425 N. Avenue G (70526)
Crowley, LA
(337) 783-0412
Fax (337) 788-3483

P.O. Box 346
497 W. Main St.
Ville Platte, LA 70586
(337) 363-5541
Fax (337) 363-0678

TAB 3



THE EVANGELINE BANK AND TRUST COMPANY

P. O. DRAWER 12900
ALEXANDRIA, LA 71315-2900
(318) 443-3700

July 7, 2014

RE: Southern Hospitality Group, LLC
Approval Letter

Dear Mr. Provosty,

Please accept this as the Evangeline Bank & Trust Company's letter of approval for the above referenced client. Southern Hospitality Group, LLC has been approved for \$1,000,000.00 with which to purchase and develop a hotel at 701 4th Street in Alexandria, Louisiana.

This approval is contingent upon the following:

- **A title examination by a bank approved attorney.
- **A satisfactory appraisal by a bank approved appraiser.
- **Hazard insurance and flood insurance (if applicable) at closing.
- **No derogatory changes in credit rating or financials.

Should you have questions concerning any of the above please feel free to contact me at (318) 443-3700.

Sincerely,

Russell Easley
Chief Financial Officer
Senior Vice-President of Lending

CC: File

TAB 4

Acknowledgement and Agreement

On this the 3 day of ~~September~~ ^{October}, 2014, appeared, Southern Hospitality Holdings, LLC. (SHG), represented by its managing partner, Jay Michael Sharplin, and the City of Alexandria (City), represented by its duly elected Mayor, Jacques M. Roy, sometimes referred to jointly as the Parties, who, declared:

The Parties agree Exhibit "A" attached is the Cooperative Endeavor and Development Agreement (CEDA) negotiated between SHG and the City; that it sets forth all agreements, conditions and obligations between SHG and City regarding the sale by the City of the hotel and convention center complex located in downtown Alexandria, Louisiana commonly referred to as the Alexander Fulton Hotel and Convention Center (Hotel) to SHG, the renovation and redevelopment of and future operations of the hotel as a full service Holiday Inn Hotel during the term of the CEDA.

SHG acknowledges until the ordinance authorizing the executed CEDA is enacted by the City Council, this acknowledgement and agreement is not binding on the City by the Mayor's signature, whose signature binds him to represent this to the City Council as the final, negotiated agreement he recommends for execution. However, once SHG executes the CEDA, SHG is bound to those terms contained therein and that the CEDA becomes an irrevocable offer on its terms to the City until enactment of the ordinance, at which time the Mayor shall execute the CEDA, or the passage of 85 days. The Mayor shall execute the CEDA presented, as is, upon adoption of the ordinance and any required delays.

SHG further declares it has executed the CEDA this date and delivered it and a Two Hundred Thousand (\$200,000.00) Dollar deposit (Deposit) to the City, which acknowledges receipt thereof.

City declares it will prepare and file an Ordinance with the Alexandria City Council (Council), as soon as practicable, seeking authority from the Council for the Mayor to execute the CEDA.

City further declares that upon execution of the CEDA by the Mayor, SHG shall be granted 90 days during which it shall undertake and complete its due diligence regarding the hotel and convention center.

City further declares that during the due diligence period it will not offer the Hotel for sale to any third party.

Southern Hospitality Holdings, LLC.

BY: _____

Jay Michael Sharplin
Managing Partner

City of Alexandria

BY: _____

Hon. Jacques M. Roy
Mayor

SABINE STATE BANK
A Trust Company
Many, LA
1-866-675-4379



CASHIER'S CHECK

Branch: 45

28474

84-205
1311

NOTICE TO CUSTOMERS
THE PURCHASE OF AN INDEMNITY BOND MAY BE REQUIRED
BEFORE ANY CASHIER'S CHECK OF THIS BANK WILL BE
REPLACED OR REPUNDED IN THE EVENT IT IS LOST,
MISPLACED OR STOLEN.

DATE October 3, 2014

REMITTER Southern Hospitality Group LLC

*****130,000.00

PAY ONE HUNDRED THIRTY THOUSAND AND 00/100

TO THE ORDER OF City of Alexandria, La

Ashley Rachel Gray Murrell
AUTHORIZED SIGNATURE

PURPOSE

⑈028474⑈ ⑆1111102059⑆ ⑈10009571⑈



CASHIER'S CHECK

10/03/2014

5500811418

SHG / Hotel Deposit per Ceda
Purchaser / Purchased For

SEVENTY THOUSAND DOLLARS AND 00 CENTS

PAY TO THE ORDER OF: City of Alexandria

\$70,000.00 Fee \$0.00

VOID

NOT NEGOTIABLE
CUSTOMER COPY

Regions Bank

Branch LA03114
CC003114



CASHIER'S CHECK

10/03/2014

61-1/620

5500811418

SHG / Hotel Deposit per Ceda
Purchaser / Purchased For

SEVENTY THOUSAND DOLLARS AND 00 CENTS

PAY TO THE ORDER OF: City of Alexandria

\$70,000.00

Regions Bank


Authorized Signature

Branch LA03114
CC003114



⑈ 5500811418 ⑈ ⑆ 06 20000 19 ⑆ 0000 74 26 5 1 ⑈

TAB 5

STAND-BY PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("PSA Agreement") is entered into by and between:

CITY OF ALEXANDRIA, a municipal corporation, whose territorial limits are located in the Parish of Rapides, State of Louisiana, represented herein by its Mayor, Jacques M. Roy, referred to as "the City"

AND

Southern Hospitality Group LLC, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Jay Michael Sharplin, referred to as "SHG"

which declared:

I.

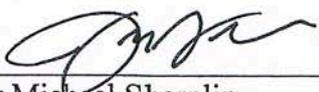
- 1.01 SHG and the City have entered into a Cooperative Endeavor Agreement, ("CEDA"), dated September __, 2014. All terms defined in the CEDA shall have the same definition herein unless otherwise provided. Subject to the terms and conditions of the CEDA, SHG has agreed to purchase the Hotel and Convention Center Facility for the sum of \$4,125,000.00 following the Inspection Period.
- 1.02 SHG is engaged in and is experienced in the business of building/renovating and managing hotel properties, having been in the business of building, managing, marketing, promoting and maintaining hospitality properties ("Hotels/Motels") since _____.
- 1.03 The City desires for SHG to operate maintain, manage, and conduct all of the day-to-day continuous activities the Hotel as a going concern in the event that the current operator of the Hotel is terminated or terminates its management of the Hotel after execution of the CEDA.

II.

- 2.01 Upon termination of the existing contract between the City and the current operator of the Hotel, the City shall appoint SHG the exclusive operator of the Hotel and upon such appointment SHG shall accept such appointment and this PSA Agreement shall at that time govern SHG's activities as the operator of the Hotel. SHG's acceptance shall be an accommodation to the City and SHG agrees to perform all of the services and to comply with all of the provisions of this PSA Agreement for a term to begin within 24 hours of written request from the Mayor of the City (the "Commencement Date"). This PSA

This Agreement was executed by SHG on the 3rd day of ~~September~~ October, 2014.

Southern Hospitality Group, LLC

BY: 

Jay Michael Sharplin
Manager

314827.3

COOPERATIVE
ENDEAVOR
AND
DEVELOPMENT
AGREEMENT

DM

TABLE OF CONTENTS

	Page
I. Definitions.....	1
1.01 Definitions.....	1
1.02 Additional Definitions	7
1.03 Consent	7
II. Background.....	8
2.01 Hotel and Convention Center Tract	8
2.02 Riverfront Center Tract.....	8
2.03 Fourth Street Parking Garage Tract	8
2.04 Investments in Downtown-Central Business District	8
2.05 Requests for Proposals.....	8
2.06 Development Plan.....	8
2.07 [Vacant].....	9
2.08 Cooperative Endeavor.....	9
2.09 Development for Public Purpose	9
2.10 Development Agreement	9
2.11 Procedures and Requirements.....	9
III. Sale and Purchase of Hotel and Convention Center Tract.....	9
3.01 Deposit	9
3.02 Due Diligence Examination.....	10
3.03 Sale and Purchase of Hotel and Convention Center Tract.....	10
3.04 Purchase Price.....	10

JAY

3.05 Acknowledgment of Property Description11

3.06 Closing12

3.07 Jackson Street Parking Tract.....13

3.08 Conditions, Precedent to City's Performance13

3.09 Conditions Precedent to SHG's Performance13

3.10 Upgrade of Hotel and Convention Center Facility14

3.11 Reduction of the Purchase Price14

3.12 Subordination Agreement14

IV. Riverfront Center14

 4.01 Ownership15

 4.02 Marketing Downtown Hotels and Riverfront Center.....15

 4.03 Alexandria Riverfront Center Advisory Board.....15

V. Miscellaneous15

 5.01 Utility Costs and Incentives15

 5.02 Utility Default Notice16

 5.03 Franchise Agreement Standards16

 5.04 Compliance with Law16

 5.05 Attorney Fees16

 5.06 Notice of Event of Default.....16

 5.07 Notice.....17

 5.08 City's Agent.....17

 5.09 Survival18

5.10 Severability18

5.11 No Waiver18

5.12 Remedies Cumulative18

5.13 Standards of Discretion.....18

5.14 Entire Agreement18

5.15 Transfer18

5.16 Captions19

5.17 Conflict19

5.18 Construction.....19

5.19 Louisiana Law and Venue19

PROMISSORY NOTE EXHIBIT "A"

ACT OF SALE WITH MORTGAGEEXHIBIT "B"

SUBORDINATION AGREEMENTEXHIBIT "C"

mark

COOPERATIVE ENDEAVOR

AND

DEVELOPMENT AGREEMENT

BE IT KNOWN on the days and dates set forth below, this Cooperative Endeavor and Development Agreement was entered by and between:

CITY OF ALEXANDRIA, LOUISIANA, a municipal corporation, existing under the laws of the State of Louisiana, whose municipal limits are located in the Parish of Rapides, State of Louisiana, represented herein by its Mayor, Jacques M. Roy, pursuant to Ordinance Number _____ adopted by the Council of the City of Alexandria on the ____ day of _____, 2014, whose mailing address is declared to be P. O. Box 71, Alexandria, Louisiana 71309-0071, (hereinafter referred to as the "City")

AND

SOUTHERN HOSPITALITY GROUP, L.L.C., a limited liability company organized under the laws of the State of Louisiana, represented herein by its Manager, Jay Michael Sharplin, pursuant to a Certificate of Authority which is attached hereto and made a part hereof, whose address is declared to be _____, Louisiana _____, (hereinafter referred to as "SHG")

which declared:

I.

DEFINITIONS

1.01 Definitions. The following definitions shall apply whenever the respective terms are used in this Agreement, except where the context clearly requires otherwise:

(1) "Affiliate" shall mean (a) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any other Person that owns, beneficially, directly or indirectly, fifty percent (50%) or more of the outstanding capital stock, shares an equity interests of such Person, or (c) any officer, director, employee, partner, manager, member or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and Persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, partnership interests or other membership or equity interests, by contract or otherwise.

ms

(2) "Agreement" means this Cooperative Endeavor and Development Agreement, including any exhibits and schedules delivered pursuant hereto and incorporated herein by reference and all amendments, modifications and restatements.

(3) "Closing" shall mean the transaction at which the Act Of Sale With Mortgage, the Note and other documents conveying and transferring ownership of the Hotel and Convention Center Tract are executed and delivered by the Parties.

(4) "Closing Date" shall mean the first business day that is at least 120 days after execution of this Agreement by the City, unless such date is extended by mutual agreement of the parties.

(5) "Completion Date" shall mean the date SHG has substantially completed the Hotel and Convention Center Improvements and Holiday Hospitality Franchising, LLC has authorized SHG to use the Holiday Inn reservation system, which date shall be no later than December 31, 2015. Provided, however, in the event the Completion Date is not met because of a Performance Delay, the Completion Date shall be extended by the number of days renovation/construction was interrupted by the Performance Delay.

(6) "Control" shall mean the possession by a Person or group of Persons, directly or indirectly, of the right by virtue of the Articles of Organization or the Operating Agreement of SHG, with or without taking any formal action, to cause SHG to take some action or to prevent or restrict or impede SHG from taking formal action which, in either case, could take or could remain from taking were it not for the rights of such Person or Persons to take, prevent, restrict or impede SHG from taking formal action.

(7) "Convention Center" shall mean that portion of the building or structure installed by the City on the Hotel and Convention Center Tract.

(8) "CVB" shall mean the Alexandria/Pineville Area Convention and Visitors Bureau created by the provisions of La. R.S. 33:4574, as amended from time to time.

(9) "Deed" shall mean that certain Act Of Sale With Mortgage being in the form and substance of the document entitled "Act Of Sale With Mortgage" attached to and made a part of this Agreement as Exhibit "B."

(10) "Development Plan" shall mean the proposed plan by the City for the sale of the Hotel and Convention Center Tract as an economic incentive to revitalize the City's Downtown-Central Business District and to make effective and efficient use of the Riverfront Center for the creating, developing, establishing and maintaining of conventions and tourism for the citizens and residents of the City.

(11) "Effective Date" shall mean the date the Ordinance becomes non-contestable as provided by La. R.S. 33:4712 which would be ten (10) days after the Ordinance is adopted by the Council of the City, if no interested citizen applies to the Ninth Judicial District Court to restrain the disposition of the Hotel and Convention Center Tract or the date a court of competent jurisdiction dismisses by a final order or judgment any application by an interested citizen to

restrain the disposition of the Hotel and Convention Center Tract.

(12) "First Mortgage Indebtedness" shall mean the sum or amount that is not greater than \$7,500,000.00, including interest, attorney fees, costs or other obligations owed by SHG to a lender to be determined, secured by a real estate mortgage encumbering the Hotel and Convention Center Tract executed and delivered by SHG which will be superior in rank to the vendor's lien and privilege and first mortgage granted by the Deed at the time of the execution, delivery and recordation of the Subordination Agreement.

(13) "Force Majeure" shall mean strikes, lockouts, floods, hurricanes, tornadoes and other inclement weather conditions, breakdown, accident, casualty, acts of God, labor troubles, inability to procure material, failure of supply, inability by the exercise of reasonable diligence to obtain supplies, parts, employees and necessary services, failures of power, governmental laws, orders or regulations, actions of governmental authorities, riots, insurrections, war or all other causes beyond the reasonable control of SHG.

(14) "Fourth Street Parking Garage Tract" shall mean the property described as follows:

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining, together with all improvements located thereon, being more particularly described as LOTS THREE (3) and FOUR (4) of BLOCK SIX (6) of the UPPER SUBURBS of the City of Alexandria, LOTS THREE (3) and FOUR (4) of BLOCK SEVEN (7) of the UPPER SUBURBS of the City of Alexandria and the revoked portion of Beauregard Street between Blocks 6 and 7 of the Upper Suburbs of the City of Alexandria as shown on the plat by Sylvester filed and recorded in Plat Book 4 at Page 147A of the Rapides Parish records.

(15) "Franchise Agreement" shall mean the Franchise Agreement to convert the Alexander Fulton Hotel to a Holiday Inn Hotel and the granting of a franchise agreement to SHG to operate a Holiday Inn Hotel on the Hotel and Convention Center Tract, with access to a national reservation system, for a minimum period of 10 years from the effective date of the Franchise Agreement.

(16) "GAEDA" shall mean the Greater Alexandria Economic Development Agency created by the City by Ordinance Number 286-2003 pursuant to the authority in La. R.S. 33:2740.60.

(17) "Governmental Entity" shall mean any federal, state, local or other political subdivision, regulatory or administrative authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any governmental authority, agency, department, board, commission or instrumentality of federal, state or local political subdivisions and courts, tribunals or judicial bodies.

(18) "Hotel" shall mean the building or structure located on the Hotel and Convention Center Tract previously known as the Alexander Fulton Hotel which was installed on the Hotel and Convention Center Tract by Alexandria Convention Center, Ltd. and is presently attached to the kitchen, restaurant, coffee shop, lounge/bar and banquet space building and structure installed on the Hotel and Convention Center Tract by the City.

(19) "Hotel and Convention Center Facility" shall mean the Convention Center installed by the City and the Hotel installed by Alexandria Convention Center, Ltd. on the Hotel and Convention Center Tract, and shall include all furniture, fixtures, equipment, and supplies used in the operation of the Hotel and Convention Center.

(20) "Hotel and Convention Center Improvements" shall mean the Renovation by SHG of the Hotel and Convention Center Facility contemplated to be completed in accordance with the requirements of the Franchise Agreement to be operated as a full service Holiday Inn Hotel in compliance with the Hotel Operational Standards and in accordance with the Plans and Specifications approved by the Fire Marshall, the Alcoholic Beverage Commission and the City. The Hotel and Convention Center Improvements shall be substantially completed by the Completion Date unless the Completion Date is extended by a Performance Delay or by written consent from the City before the Completion Date.

(21) "Hotel and Convention Center Tract" shall mean, subject to adjustments, the property described as follows:

A certain tract or parcel of land, together with all buildings, additions and improvements located thereon and all servitudes, appurtenances, easements, rights, privileges, prescriptions and possessions thereto belonging or appertaining and all appliances, furnishings, fixtures, machinery, apparatus, equipment and attachments, including all immovables by nature, destination or declaration, forming a part and attached to that certain 2.745 acre, more or less, tract or parcel of land situated in part of Blocks 14, 15, 22 and 23 of the Upper Suburbs in Section 9 of Township 4 North, Range 1 West, Southwestern Land District, City of Alexandria, Rapides Parish, Louisiana, which 2.745 acre tract is shown on a survey prepared by John C. Jordan, P.L.S. dated July 9, 2014 ("the Survey") and being more particularly described as follows:

Beginning on the projection of southwest right of way line of Third Street at a lead & tack in concrete found North 46°54'48" West a distance of 5.10 feet from the northwest corner of the Ratcliff Investments, LLC, property in said Block 22, proceed South 43°47'39" West a distance of 102.92 feet to a found 1/2" iron rod; thence North 46°58'01" West a distance of 20.10 feet to a found 1/2" iron rod; thence South 43°47'39" West a distance of 50.92 feet to a found 1/2" iron rod; thence South 46°58'01" East a distance of 21.47 feet to a found 1/2" iron rod; thence South 43°47'39" West a distance of 60.00 feet; thence North 46°58'01" West a distance of 320.28 feet to a set 1/2" iron rod; thence North 43°08'22" East a distance of 107.86 feet to a set 1/2" iron rod; thence North 2°17'21" West a distance of 8.51 feet to a set 1/2" iron rod; thence North 43°03'05" East a distance of 47.44 feet to a lead & magnail set in concrete curb; thence North 35°28'22"

JW

East a distance of 41.37 feet to a lead & magnail set in concrete curb; thence North 46°16'29" East a distance of 13.83 feet to a lead & magnail set in concrete walk; thence South 46°51'49" East a distance of 41.88 feet to a lead & magnail set in concrete walk; thence North 43°00'43" East a distance of 217.79 feet to a lead & magnail set in concrete walk; thence South 46°57'46" East a distance of 215.41 feet to found 60p nail; thence South 43°02'13" West a distance of 2.54 feet to a point; thence South 46°57'46" East a distance of 8.83 feet to a set magnail; thence South 42°54'04" West a distance of 145.91 feet to a set magnail; thence South 47°01'46" East a distance of 25.19 feet to a set magnail; thence South 42°53'27" West a distance of 71.50 feet to a set magnail; thence South 46°54'48" East a distance of 40.50 feet to a found ½" iron rod and the point of beginning, all as shown on the survey plat dated July 9, 2014 by John C. Jordan, PLS#4626, said plat being attached hereto and made a part hereof for greater certainty of location.

(22) "Hotel Operational Standards" shall mean a full service Holiday Inn Hotel operated under the Franchise Agreement.

(23) "Jackson Street Parking Tract" shall mean the property described as follows:

A certain piece or parcel of ground, together with all improvements located thereon, being, lying and situated in Block 14 of the Upper Suburbs of the City of Alexandria and being more particularly described as follows:

Begin at the intersection of the southwest right of way line of Second Street and the northwest right of way line of Jackson Street and thence proceed South 43 degrees 47 minutes 39 seconds West a distance of 194.77 feet along the northwest right of way line of Jackson Street to a point and corner; thence proceed North 47 degrees 01 minute 46 seconds West a distance of 153.39 feet to a point and corner; thence proceed North 42 degrees 54 minutes 04 seconds East a distance of 194.81 feet to the southwest right of way line of Second Street; thence proceed South 47 degrees 00 minutes 28 seconds East a distance along the southwest right of way line of Second Street a distance of 156.42 feet back to the point of beginning of the property herein described.

(24) "Laws and Regulations" shall mean all present or future statutes, laws, rules, regulations, requirements, orders, notices, determinations and ordinances of any federal, state, parish or city government and appropriate departments, commissions or boards having jurisdiction and any requirements of any insurance company covering any risk which is insured.

(25) "Note" shall mean that one certain Promissory Note in the amount of \$3,125,000.00 executed by SHG to the order of the City payable on or before April 1, 2016, without interest, being in the form and substance of the document entitled "Promissory Note" attached to and made a part of this Agreement as Exhibit "A."

(26) "Ordinance" shall mean the Ordinance adopted by the Council of the City (a) agreeing to the terms, conditions, provisions and requirements in this Agreement, the Note, the Act Of Sale With Mortgage and the Subordination Agreement and (b) authorizing and

Jmk

empowering the Mayor of the City to execute and deliver on behalf of and in the name of the City this Agreement, the Act Of Sale With Mortgage and the Act of Subordination and to receive the Note, the Deposit, and to otherwise cause the City to perform under this Agreement.

(27) "Party" shall mean the City or SHG, as the case may be, and "Parties" shall mean both the City and SHG.

(28) "Performance Delay" shall mean (i) a delay attributable to a Force Majeure or (ii) a City caused or created delay. A City caused or created delay shall mean an actual delay suffered or sustained by SHG caused or created by the City failing (a) to meet any time deadline specified in this Agreement, (b) to approve any Plans or Specifications or other matter, or (c) to timely perform any work or comply with any condition required to be performed or complied with by the City, its agent, contractor or representative under this Agreement.

(29) "Permitted Title Exceptions" shall mean those encroachments or overlaps shown on the survey of John C. Jordan dated July 9, 2014 and shown on the ALTA/ACSM Land Title Survey prepared by Pan-American Engineers – Alexandria, Inc. dated September 13, 1996.

(30) "Person(s)" shall mean an individual or any legal or commercial entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, bank, group acting in concert, any Person acting in a representative capacity or a Governmental Entity.

(31) "PIP" shall mean the Property Improvement Plan report prepared by Holiday Hospitality Franchising, LLC.

(32) "Plans and Specifications" shall mean the written requirement contained in the PIP.

(33) "Purchase Price" shall mean the sum of \$4,125,000.00 being the amount for which the City agrees to sell and convey and SHG agrees to purchase and acquire the Hotel and Convention Center Tract.

(34) "Release" shall mean the discharge, reduction, relinquishment, and renouncement of \$3,125,000 of the Purchase Price which is secured by the vendor's lien and mortgage contained in the Deed executed by SHG and the City for the sale and purchase of the Hotel and Convention Center Tract.

(35) "Renovate" "Renovating" or "Renovation" shall mean the repair, replacement, remodeling, restoration, refurbishment and modernization of all or a portion of the Hotel and Convention Center Facility, including furniture, fixtures and equipment, all to be done in accordance with the PIP.

(36) "Requests for Proposals" shall mean the request made by the City for proposals for the revitalization of the Hotel and Convention Center Facility as a direct initiative or as a cooperative endeavor with the City to avoid the continual decline of the Hotel and Convention Center Facility in the Downtown-Central Business District.

(37) "Riverfront Center" shall mean the building and structure installed by the City on

the Riverfront Center Tract extending over Main Street and connecting to the rear portion of the Convention Center and any encroachments, servitudes, or easements that infringe upon the Hotel and Convention Center Tract.

(38) "Subordination Agreement" shall mean the document referred to in Paragraph 3.12 below being in the form and substance of the document entitled "Subordination Agreement" attached to and made a part of this Agreement as Exhibit "C."

(39) "Surveyor" shall mean the registered engineer or registered land surveyor selected by SHG to survey the Hotel and Convention Center Tract and to prepare a legal description of the Hotel and Convention Center Tract at SHG's cost and expense.

(40) "Term of this Agreement" shall mean a period of ten (10) years from the effective date of the Franchise Agreement issued and delivered by Holiday Hospitality Franchising, LLC to SHG to operate a full service Holiday Inn Hotel on the Hotel and Convention Center Tract.

(41) "Transfer" shall mean any sale, conveyance, alienation, mortgage, encumbrance, pledge, assignment or other Transfer by SHG of the Hotel and Convention Center Tract, any interest of SHG in the Hotel and Convention Center Tract, this Agreement, any interest of SHG in this Agreement or any change in Control of SHG or of any Person who controls SHG. A Transfer shall be deemed to include the following:

- (a) an installment sale agreement whereby SHG agrees to sell the Hotel and Convention Center Tract or any part thereof for a price to be paid in installments;
- (b) an agreement by SHG to lease all or a substantial part of the Hotel and Convention Center Tract, other than for actual occupancy by hotel guests or Convention Center events;
- (c) the dissolution, merger, consolidation or other reorganization of SHG; or
- (d) the sale, conveyance, assignment, transfer or donation, either voluntarily or involuntarily, or by operation of law or otherwise, of more than an aggregate of 50% of the voting interest in SHG, other than to immediate family members by reason of gift or death, within a twelve (12) month period.

(42) "Vehicles" shall mean self-propelled wheeled mobile machines that are designed to transport individuals on land such as automobiles or trucks and motorbikes and motorcycles, but excluding buses, trains and motor homes.

1.02 Additional Definitions. Any term specifically defined elsewhere in this Agreement shall have that meaning throughout this Agreement, unless specifically set forth to the contrary.

1.03 Consent. Throughout this Agreement any consent shall be deemed to be reasonable and voluntary unless specifically stated otherwise.

June

II.

BACKGROUND

2.01 Hotel and Convention Center Tract. The City is the owner of the Hotel and Convention Center Tract on which is located the Hotel and the Convention Center Facility, together with a lounge/bar, restaurant and kitchen.

2.02 Riverfront Center Tract. The City is the owner of the Riverfront Center Tract on which is located a convention and conference center and a banquet facility containing approximately 40,000 square feet of convention, conference and banquet space.

2.03 Fourth Street Parking Garage Tract. The City is the owner of the Fourth Street Parking Garage Tract on which is located a multi-story parking garage and is the owner of the Jackson Street Parking Tract.

2.04 Investments in Downtown-Central Business District. As far back as 1982, the City has invested public funds for the purpose (a) of creating, developing, establishing and maintaining conventions and tourism within the Downtown-Central Business District, (b) of removing blighted, distressed and physically or functionally obsolete structures, (c) of improving and reducing unemployment and underemployment, (d) of increasing the tax base for property tax collections and (e) of increasing sales tax and hotel occupancy tax collections from new sources of revenue brought into the City and the Parish of Rapides.

2.05 Requests for Proposals. The City submitted Requests For Proposals for the Development Plan. Several prospects responded to the City's Request for Proposals offering proposals which included, but not limited to, (a) leasing the Hotel and Convention Center Tract for an interim term, purchasing the Hotel and Convention Center Tract along with purchasing the Bentley Hotel to create a substantial renovation in the Downtown-Central Business District, including the operation of the Riverfront Center for convention and tourist activities, (b) leasing the Hotel and Convention Center Tract for a certain period and purchasing the property with the City to finance the entire Purchase Price and (c) other discussions and meetings by City representatives with prospects interested in the City's Request for Proposal and the operation of the Hotel and Convention Center Facility normally with such prospects having no upfront payment from the person or entity making the proposal. This process has been ongoing over the past four (4) to five (5) years during which the City has made arrangements for the operation of the Hotel and Convention Center by others rather than allow the Hotel and Convention Center to close. The City believes the Renovations of the Hotel and Convention Center, along with the use of the Riverfront Center, will create additional jobs in a low income area, will reduce the risk of additional blighted, distressed and physically functioning obsolete structures in the Downtown-Central Business District and will increase the tax base for property taxes, including sales tax and hotel occupancy tax. The City believes the use of private funds for the Renovation of the Hotel and Convention Center Facility is best although the City is willing to be a part of a cooperative endeavor to assist in this Development Plan.

2.06 Development Plan. The Development Plan envisions, contemplates, anticipates and

July

foresees the sale of the Hotel and Convention Center Tract to a private owner and developer who is obligated and required to use private funds for the Renovation of the Hotel and Convention Center Facility, to upgrade, improve, enhance, promote, boost, elevate and strengthen the condition, reputation, status, quality and appearance of the Hotel and Convention Center Facility for the purpose of cooperating with and assisting the City, the CVB, GAEDA and other city and state agencies in creating, developing, establishing and maintaining conventions and tourism within the City, including the Downtown-Central Business District, in addition to reducing the risk of additional blighted, distressed and physically or functionally obsolete structures, while increasing the tax base for property tax collections and increasing sales tax and hotel occupancy tax collections from new sources of revenue brought into the City.

2.07 [VACANT]

2.08 Cooperative Endeavor. In response to specific and outstanding attempts to partner and/or other entreaties, requests, or demands issued by the City in the form of Requests for Proposals, Requests for Qualifications, and Requests for Information, SHG submitted a request to the City for cooperative assistance, including affordable parking, utility assistance and other incentives from the City. Section 14 of Article VII of the Louisiana Constitution of 1974 provides that for a public purpose a political subdivision may engage in a cooperative endeavor with private associations, corporations and individuals.

2.09 Development for Public Purpose. The Development Plan is for a public purpose to maximize the use, efficiency and effectiveness of publicly owned property in the Downtown-Central Business District, to avoid the risk of a return of blighted, distressed and physically or functionally obsolete structures in the Downtown-Central Business District, to reduce unemployment and underemployment within the City and within the Downtown-Central Business District and to increase tax revenues through increased property tax collections, increased sales tax collections and increased hotel occupancy tax collections.

2.10 Development Agreement. La. R.S. 33:4780.21, et seq. provides that in order to encourage private participation in comprehensive planning, to reduce the economic cost of development and to make maximum efficient utilization of resources at the least economic cost to the public, a municipality may enter into a development agreement with any Person having a legal or equitable interest in real property for the development of such property. This Agreement provides for a duration, as set forth in Paragraph 1.01(42), the permitted uses of the properties are set forth herein, the density of use of the properties is set forth herein, the maximum height and size of the building are presently fixed and will not change and the Riverfront Center Improvements will remain dedicated for public purposes.

2.11 Procedures and Requirements. This Agreement establishes procedures and requirements to implement, cooperate with and to mutually assist the City in implementing and executing the Development Plan. No periodic review of the procedures and requirements for this Agreement shall be needed unless the City receives evidence that SHG has not complied in good faith with the terms and conditions of this Agreement.

III.

SALE AND PURCHASE OF HOTEL AND CONVENTION CENTER TRACT

3.01 Deposit. At the time of execution of this Agreement by SHG, which shall be before the Alexandria City Council introduces an ordinance for adoption to authorize and empower the Mayor to represent the City in the execution and delivery of this Agreement, SHG shall deliver to the Mayor's office (a) a bank money order, cashier's check or certified funds payable to the order of the City in the amount of \$200,000.00 for the City to hold as security for the specific performance of this Agreement (the "Deposit") and (b) a Commitment Letter with standard bank or lender provisions issued by a financial institution authorized to do and doing business in the State of Louisiana which commits the financial institution, subject to the terms and conditions thereof, to loan at least \$7,500,000.00 to SHG to upgrade, improve, enhance, promote, boost, elevate and strengthen the condition, reputation, status, quality and appearance of the Hotel and Convention Center Facility. Notwithstanding anything herein to the contrary, as set forth in Section 3.02 below, the Deposit shall be fully refundable during the 90 day Due Diligence Period (defined below) allowed for SHG to inspect the Hotel and Convention Center Facility. In the event the Closing occurs on the Closing Date, the Deposit shall be credited against the Purchase Price.

The Deposit shall also secure the performance of a Standby Professional Services Agreement ("PSA") contemplated to be entered into between an entity to be formed by principals affiliated with SHG. The PSA will provide for the management of the Hotel and Convention Center Facility pursuant to the terms thereof.

3.02 Due Diligence Examination. SHG shall have ninety (90) days from the Effective Date (the "Inspection Period") to conduct and complete, at its expense, any and all inspections of the Hotel and Convention Facility that SHG may desire including, without limitation, surveys, environmental audits, soil tests or studies. If at any time prior to the expiration of the Inspection Period the cost to repair, replace or remediate any single or combination of conditions/defects in the Hotel and Convention Center Facility or otherwise comply with the PIP exceeds the total estimated reconstruction estimate contained in the PIP by \$750,000.00 or greater, SHG may give written notice ("Notice") to the City that SHG is terminating all of its rights and obligations under this Agreement, and the City shall return the Deposit to SHG within ten (10) days of receipt of said notice, and neither party shall have any further liability or obligation hereunder. The Notice required by this paragraph shall include a reasonably detailed description (supported by cost estimates or other data from SHG's architects, engineers or contractors) of the general components of the cost for complying with the PIP and correcting and remediating the Hotel and Convention Center Facility. Within five (5) days of the execution of this Agreement, the City shall deliver to SHG copies of any surveys, audits, studies or tests of the Hotel and Convention Center the City has in its possession.

3.03 Sale and Purchase of Hotel and Convention Center Tract. On or before 120 days following the expiration of the Inspection Period and assuming this Agreement has not been terminated as otherwise provided herein, the Closing shall occur in accordance with the terms, conditions, requirements, restrictions and provisions of this Agreement unless extended by mutual agreement of the parties.

SM

3.04 Purchase Price. The Purchase Price of \$4,125,000.00 for the Hotel and Convention Center Tract shall be paid as follows: the sum of \$1,000,000.00 shall be paid by SHG to the City at the Closing by wire transfer of \$800,000.00, less the Deposit which the City shall retain, to the City's account at a financial institution designated by the City and for the balance of the Purchase Price, namely, \$3,125,000.00, SHG shall execute and deliver to the City its one certain Promissory Note ("the Note"), being in the form and substance of the Promissory Note attached hereto and made a part of this Agreement as Exhibit "A," in the amount of \$3,125,000.00 payable on or before April 1, 2016 to the order of the City, without interest. The Note shall be secured by a vendor's lien and privilege together with a special mortgage in favor of the City containing all of the terms, conditions, limitations, restrictions, requirements and provisions of a commercial real estate mortgage form used by commercial lenders in connection with financing the purchase of commercial property in Rapides Parish and being in the form and substance of the Act of Sale With Mortgage ("the Deed") attached hereto and made a part of this Agreement as Exhibit "B." Nothing in this Agreement shall prohibit or prevent the City, through the Mayor, agreeing to receive a check on the trust account of a Notary approved by the City.

3.05 Acknowledgment of Property Condition. SHG is knowledgeable and experienced in the acquisition, development, operation and ownership of property including, but not limited to, commercial property with serious deferred maintenance, similar to the Hotel and Convention Center Facility. SHG is not relying on any information from the City, from any of the City's representatives or employees or on any statement, whether oral or written, which may have been made or may be made (or purportedly made) by the City or any of its representatives or employees relative to the decision of SHG to purchase the Hotel and Convention Center Tract. SHG further acknowledges and agrees that except as expressly provided in this Agreement, any information, representation or warranty with respect to the Hotel and Convention Center Tract that is not included in this Agreement has not been relied upon by SHG. The City declares and SHG acknowledges that the City makes no representation with respect to the condition of the Hotel and Convention Center Facility, which has been operated by third parties since the hotel and the convention center were constructed and installed on the Hotel and Convention Center Tract. The City makes to SHG no warranty regarding the Hotel and Convention Center Tract of any nature, kind or character whatsoever, either express or implied, other than warranty of title, including without limitation: (a) the quality, nature, adequacy and physical condition of the Hotel and Convention Center Tract, including, but not limited to, the structural elements, foundation, appurtenances, access, landscaping, parking facilities, electrical, mechanical, HVAC, plumbing, sewerage, utility systems, elevators, roof and roofing, facilities and appliances; (b) the quality, nature, adequacy and physical condition of the soils, geology and any underground water; (c) the existence, quality, nature, adequacy and physical condition of utilities serving the Hotel and Convention Center Tract; (d) the development potential, income potential or operating expenses of the Hotel and Convention Center Tract; (e) the Hotel and Convention Center Tract's value, use, habitability or merchantability; (f) the fitness, suitability or adequacy of the Hotel and Convention Center Tract for any particular use or purpose; (g) the zoning or other legal status of the Hotel and Convention Center Tract or any other public or private restriction on the use of the Hotel and Convention Center Tract; (h) the compliance of the Hotel and Convention Center Tract and its operations with any applicable codes, laws, rules, regulations, statutes, ordinances, covenants, judgments, orders, directives, decisions, guidelines, conditions and restrictions (collectively "the Laws") of any Governmental Entity or quasi-Governmental Entity or of any other Person, including, without limitation, any Environmental Laws; (i) the presence of Hazardous Materials on, under or about the Hotel and Convention Center Tract or the adjoining

SM

or neighboring property; (j) the quality of any labor and material used in any improvements incorporated in the Hotel and Convention Center Facility; (k) the title to the Hotel and Convention Center Tract; (l) any leases, service agreements or other agreements affecting the Hotel and Convention Center Tract; (m) the economics of the operation of the Hotel and Convention Center Tract; (n) the freedom of the Hotel and Convention Center Tract, including all improvements located thereon, from vices or defects; (o) the freedom of the Hotel and Convention Center Tract from any latent or apparent defects or vices; (p) the peaceable possession of the Hotel and Convention Center Tract; (q) any environmental matters of any kind or nature whatsoever relating to the Hotel and Convention Center Tract, including all improvements thereon; and (r) any matter or matters of any nature or kind whatsoever relating to the property. SHG acknowledges and agrees that a material and integral part of the Purchase Price is the waiver and release by SHG of the City from any and all claims or causes of action listed above. SHG declares, acknowledges and confirms that the terms and conditions have been fully explained to SHG, that SHG understands that SHG's execution of this Agreement on these terms and conditions constitutes a full and complete waiver and release of SHG's right to cancel, rescind or void the sale in whole or in part under any theory of law for any reason having to do with the items listed above. SHG confirms that the terms of the exclusions of warranty described above are clear and unambiguous and have been brought to SHG's attention. All of the provisions, waivers and acknowledgments contained in this paragraph shall survive the Closing in all respects.

Notwithstanding anything contained in this Agreement to the contrary, including but not limited to the foregoing paragraph, the City (a) prior to the Closing shall, at its own cost and expense, make any necessary repairs to the roof so that it is watertight and free of leaks, and (b) warrants and represents that the Hotel and Convention Center Facility has existing utility lines (including but not limited to electric, water, and gas) adequate to service the Hotel and Convention Center Facility.

3.06 Closing. The Closing of the sale and purchase of the Hotel and Convention Center Tract shall be consummated at the office of a Notary Public in the City of Alexandria to be selected by SHG on the Closing Date. SHG shall provide Notice to the City no later than ten (10) days prior to the Closing Date of the name and address of the Notary Public selected to handle the Closing. Immediately upon receipt of such Notice, the City shall by Notice provide to SHG the name, address, ABA routing number and account information for SHG to wire the cash portion of the Purchase Price to the City's account. At the Closing, the following shall occur:

- (a) all liens, mortgages, encumbrances, property taxes, and Parish and municipal taxes of any kind recorded against the Hotel and Convention Center Tract as of the Closing Date and any unpaid municipal-owned utility (water, electric, gas, sewerage, and trash) charges unpaid by the prior owner shall be paid by the City;
- (b) the sum of \$800,000.00 less any credits SHG is entitled to take shall be wired to the financial institution designated by the City;
- (c) SHG shall execute and deliver to the City the Note in the amount of \$3,125,000.00 in the form and substances set forth in Exhibit "A" attached hereto and made a part hereof as though copied at length herein;

- JMK
- (d) the City and SHG shall execute and deliver the Deed conveying and transferring good, valid, merchantable title and ownership to the Hotel and Convention Center Tract to SHG, subject only to the Permitted Title Exceptions, and securing the payment of the Note. The Deed shall be in the form and substance set forth in Exhibit "B" attached hereto and made a part hereof as though copied at length herein;
 - (e) the City shall execute a bill of sale for all furniture, fixtures, equipment, and supplies used in the operation of the Hotel and Convention Center; and
 - (f) the City shall provide evidence acceptable to SHG that the Mayor is authorized, empowered and directed to execute and deliver the Deed and SHG shall provide evidence acceptable to the City that SHG is authorized, empowered and directed to execute and deliver the Note and the Deed on behalf of SHG.

The Parties jointly retain the right to change the Closing Date if circumstances dictate that the Closing Date should change. A change of the Closing and the Closing Date shall be by a written agreement signed by both of the Parties.

3.07 Jackson Street Parking Tract. The City shall, in the Deed, grant and establish in favor of SHG a non-exclusive parking servitude to permit parking of Vehicles by guests, employees and representatives of SHG, including but not limited to hotel and convention center guests and visitors (collectively "Hotel Employees and Guests") on a first come, first serve basis, within designated parking spaces on the Jackson Street Parking Tract. Hotel Employees and Guests, shall have the right of ingress and egress to and over the Jackson Street Parking Tract for the purpose of parking in designated parking spaces on the Jackson Street Parking Tract. The City shall reserve, in the Deed, the right, privilege and option, at the sole cost of the City, to install on the Jackson Street Parking Tract a multi-story parking garage for the parking of Vehicles. If the multi-story parking garage is completed, Hotel Guests and Employees shall still have the right to park in designated parking spaces on the ground level of the Jackson Street Parking Tract, and the number of such spaces shall not be less than is presently available on the Jackson Street Parking Tract. All parking shall be provided without cost to SHG, which provision shall be included in the Deed.

3.08 Conditions Precedent to City's Performance. The obligation of the City to consummate the sale and transfer of the Hotel and Convention Center Tract is subject to the following conditions precedent: (a) all representations and warranties of SHG set forth in this Agreement shall be true and correct in all material respects as of the Closing Date; and (b) SHG shall provide the City with evidence, reasonably acceptable to the City, that SHG has obtained from Holiday Hospitality Franchising, LLC (i) a PIP for the purpose of Renovating the Hotel and Convention Center Facility to a full service Holiday Inn Hotel, (ii) has approval from the Franchise Committee of Holiday Hospitality Franchising, LLC of a franchise application and (iii) execution by Holiday Hospitality Franchising, LLC of a License Agreement for the Renovation of the Hotel and Convention Center Facility to a full service Holiday Inn Hotel.

3.09 Conditions Precedent to SHG's Performance. The obligation of SHG to consummate the sale and transfer of the Hotel and Convention Center Tract is subject to the condition that all representations and warranties of the City set forth in this Agreement shall be true and correct in

all material respects as of the Closing Date, and that all requirements and conditions precedent to Closing provided in this Agreement have been met.

3.10 Upgrade and Operation of Hotel and Convention Center Facility. SHG acknowledges and recognizes that the City's decision to enter into this Agreement with SHG is based on the representations made by SHG, through its representatives that SHG shall Renovate the Hotel and Convention Center Facility into a full service Holiday Inn Hotel to be operated under a Franchise Agreement by SHG and provide all of the guest services set forth in the Hotel Operational Standards and in the Franchise Agreement. SHG has represented to the City that SHG will complete the Hotel and Convention Center Improvements by the Completion Date and will operate the Hotel and Convention Center Facility in accordance with the Hotel Operational Standards for the Term of this Agreement.

3.11 Reduction of the Purchase Price. The City and SHG agree the Purchase Price and payment of the Purchase Price was negotiated between the City and SHG based upon the representation from SHG that it would complete the Hotel and Convention Center Improvements by the Completion Date. If SHG completes the Hotel and Convention Center Improvements by the Completion Date, the City shall Release from the balance of the Purchase Price evidenced by the Note in the amount equal to \$3,125,000.00 thereby reducing the Note balance to zero and eliminating all indebtedness owed by SHG to City. Not more than thirty (30) days after SHG has substantially completed the Hotel and Convention Center Improvements and Holiday Inn has authorized SHG to use the Holiday Inn Reservation System, the City shall mark the Note paid, deliver the paid Note to SHG, and deliver to SHG, pursuant to the provisions of La. R.S. 44:106, a Release By Oblige of Record which SHG may file and record with the Clerk of Court to cancel and erase the inscription of the vendor's lien and mortgage contained in the Deed.

3.12 Subordination Agreement. At the Closing, the City shall execute and deliver to SHG for recording in the Rapides Parish records the Subordination Agreement being in the form and substance of the document entitled "Subordination Agreement" attached to and made a part of this Agreement as Exhibit "C." In the Subordination Agreement, the City shall subordinate the vendor's lien and privilege and special mortgage retained by the City in the Deed encumbering the Hotel and Convention Center Tract to an amount that shall not exceed the First Mortgage Indebtedness. The Subordination Agreement shall subordinate the vendor's lien and privilege and the special mortgage granted by SHG and retained by the City in the Deed encumbering and affecting the Hotel and Convention Center Tract but only to the extent of an amount that does not exceed the First Mortgage Indebtedness. The Subordination Agreement shall further provide that in the event of a public or private sale of the Hotel and Convention Center Tract by foreclosure, bankruptcy or other proceeding, the City shall be paid all of the sales proceeds from such public or private sale that exceeds the dollar sum of the First Mortgage Indebtedness as defined in this Agreement so long as the any amount under the Note remains outstanding. The vendor's lien and privilege and the special mortgage granted by SHG and retained by the City in the Deed encumbering the Hotel and Convention Center Tract shall be subordinate to and inferior in rank to the extent of the First Mortgage Indebtedness upon execution, delivery and recordation of the Subordination Agreement.

Jm

IV.

RIVERFRONT CENTER

4.01 Ownership. The City owns the Riverfront Center and intends to retain an architectural and/or engineering firm ("the Riverfront Architectural Firm") to make recommendations to the City for improvements, replacements, repairs and maintenance of the Riverfront Center to be completed in accordance with the City's budgetary process. The City shall spend not less than \$700,000.00 in making improvements, replacements, repairs and maintenance of and to the Riverfront Center. SHG may, at the sole cost and expense of SHG, make recommendations and suggestions and provide opinions to the City or to the Riverfront Architectural Firm with respect to the efficient and effective use and operation of the Riverfront Center and the appropriate and necessary improvements, replacements, repairs and maintenance of the Riverfront Center.

4.02 Marketing Downtown Hotels and Riverfront Center. The City will assist and support SHG in negotiating and in executing a Cooperative Endeavor Agreement with the CVB and GAEDA to provide that a substantial portion of the hotel occupancy tax received from the downtown hotels shall be used in the marketing, promotion and advertising for hotels in the Downtown-Central Business District and the Riverfront Center,

4.03 Alexandria Riverfront Center Advisory Board. SHG shall be entitled to one (1) seat on the Alexandria Riverfront Center Advisory Board.

V.

MISCELLANEOUS

5.01 Utility Costs and Incentives. Except as otherwise provided in this Agreement, SHG shall:

- (a) arrange for and pay for the operation of the Hotel and Convention Center Facility, including:
 - (i) all sanitary trash, waste and garbage pickup services; and
 - (ii) all telephone, cable, internet and similar type services.
- (b) be solely responsible, at SHG's sole cost and expense, for obtaining any additional utility lines, connections and utility facilities to the Hotel and Convention Center Tract that are desired, except when the City shall extend and tie in any new utility service which is required for the use and operation of the Hotel and Convention Center Facility; and
- (c) pay all charges for water, electricity, gas, sewerage and other utility services furnished by the City to SHG for operation of the Hotel and Convention Center Facility except from the Completion Date to the fifth (5th) anniversary of the Completion Date, the City shall only charge SHG the fuel adjustment charge or cost for electricity and gas and shall not charge the standard fixed rate charged for

Amr

electricity and gas under the City's utility rate schedule. Beginning on the day following the 5th anniversary of the Completion Date, the City shall charge and SHG shall pay both the fuel adjustment charge or cost for electricity and gas and the standard fixed rate charged for electricity and gas by the City to commercial customers in addition to the charges, costs and expenses imposed by the City for water, sewerage and other utility services provided to commercial customers. The utility incentives provided for in this section 5.01(c) is an economic incentive for (a) the creation of employment in short and long term in the City and for residents in the City, (b) the rehabilitation, construction, and operation of a significant downtown property, (c) the developing of property in the SPA RC-CRA-1 area which could be closed and shuttered, (d) protection against blight and other public safety concerns and (e) the fostering of economic growth in the Downtown-Central Business District.

5.02 Utility Default Notice.

- (a) In the event SHG fails to commence operation of a Holiday Inn hotel by the Completion Date, SHG shall be in default of this section and shall not be entitled to any Utility Incentives set forth in Paragraph 5.01(c) above.
- (b) In the event SHG should fail to pay for any type of utility service provided to SHG by the City within 15 days of receipt of a written Late Payment Notice from the City sent in the ordinary course of operations of the City Utility Department, then, in that event, the City shall have the right and privilege to terminate, suspend, or cancel the Utility Charge Incentives set forth in Paragraph 5.01(c) above.

5.03 Franchise Agreement. SHG will enter into a Franchise Agreement with a term of not less than ten (10) years, and will at all times operate the Hotel in conformity therewith.

5.04 Compliance with Law. SHG shall comply, at its sole cost and expense, with all Laws and Regulations having jurisdiction over the Hotel and Convention Center Tract, including, without limiting the generality thereof, all Laws and Regulations affecting the occupancy, use, operation and cleanliness of the Hotel and Convention Center Tract, whether or not such Laws and Regulations affect the interior or exterior of the improvements of the Hotel and Convention Center Tract, necessitates structural changes of the improvements, or whether such compliance is required by reason of any condition, event or circumstance existing prior to or after the Effective Date of this Agreement in any regard relating to the use, occupancy, operation, safety or cleanliness of the Hotel and Convention Center Tract. SHG shall, at its sole cost and expense, obtain all licenses and shall be responsible for complying with all sales and use tax regulations and payments, all alcohol control permits and all other license and permits required by Laws and Regulations pertaining or related to the use, occupancy, operation or cleanliness of the Hotel and Convention Center Tract.

5.05 Attorney Fees. If, on account of any breach or Event of Default by the City or by SHG under this Agreement, it shall become necessary for the other party to employ an attorney to enforce or defend any of such party's rights or remedies under this Agreement and should such party prevail, such prevailing party shall be entitled to collect reasonable attorney fees incurred

by such prevailing party in enforcing or defending the prevailing party's rights or remedies under this Agreement.

5.06 Notice of Event of Default. In the event either Party should contend that the other Party is in default of any term, condition, promise, requirement, duty or obligation to be performed under this Agreement, referred to as an "Event of Default," then the other Party shall provide Notice of such Event Of Default and of the action the Party claimed to be in default can take to cure such Event of Default which Event of Default shall be cured within the following applicable cure periods:

- (a) If the Event of Default can be cured by the payment of money, then the period to cure such Event of Default shall be ten (10) days after Notice is given; or
- (b) If the Event of Default cannot be cured by the payment of money, the period to cure such Event of Default shall be thirty (30) days after Notice is given unless such Event of Default cannot with due diligence be cured within a period of thirty (30) days, but can be cured, the period to cure such Event of Default shall be one hundred twenty (120) days if the non-defaulting Party proceeds with due diligence to cure such Event of Default within such 120 day period.

5.07 Notice. Any Notice or other communication which, under the terms of this Agreement or any statute which must or is to be given to the City or to SHG shall be in writing and must be given by mailing such Notice by registered or certified mail, return receipt requested, postage prepaid, or by recognized overnight courier, such as Federal Express, Airborne Express or United Parcel Service (UPS) as follows:

To the City:
City of Alexandria
Attention: Mayor
915 Third Street
Alexandria, Louisiana 71301

with a copy to:

City Attorney
City of Alexandria
915 Third Street
Alexandria, Louisiana 71301

To SHG:
3317 Parkway Dr.
Alexandria, Louisiana 71301

Notice given by registered or certified mail shall be deemed given on the second business day following the date of posting in the United States post office or branch post office or one day after delivery to a recognized overnight courier.

5.08 City's Agent. The City appoints, as its sole and exclusive mandatary and agent, the

Mayor to continuously represent and act for and on behalf of the City in any and all matters relating to the administration of the City's rights, powers, duties and obligations under this Agreement, including, but not limited to, the Closing, the Closing Date and other deadline dates which in the sole opinion of the Mayor should be extended, increasing or decreasing the Hotel Operational Standards, the First Mortgage Indebtedness or revising the Completion Date. On any matter that requires a decision to be made by the City about the City's rights, powers, duties and obligations under this Agreement, the Mayor shall be the sole and exclusive agent and mandatary for the City to make such decisions. The Mayor shall have the right and privilege to appoint one or more substitutes to fulfill or perform any act or agency on behalf of or in the name of the Mayor who shall be designated as a Contract Monitor. The Mayor shall have the power and authority to execute (a) any amendment of this Agreement, (b) the Deed and (c) the Subordination Agreement on behalf of the City.

5.09 Survival: All of the terms, provisions, conditions, agreements and covenants contained in this Agreement shall survive the execution and delivery of the Note, the Deed and the Subordination Agreement and shall survive the expiration or termination in this Agreement.

5.10 Severability: If any provision in this Agreement should be held to be invalid or unenforceable, the invalidity or unenforceability of the remaining provisions of this Agreement shall not be affected thereby.

5.11 No Waiver: No failure by either Party to insist upon strict performance of any term of this Agreement, no failure to exercise any right, power or remedy resulting from a breach of this Agreement, no acceptance of partial payment of any sum of money required to be paid under this Agreement and no failure to require that either party strictly perform the terms and conditions of this Agreement, shall constitute a waiver of any requirement that the terms of this Agreement be strictly performed or of a breach of any term or condition of this Agreement. To the extent permitted by law, no waiver of any breach shall affect or alter this Agreement.

5.12 Remedies Cumulative: The rights, powers and remedies of the City or of SHG under this Agreement, whether legal, equitable or contractual or by statute shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning the exercise by the City or of SHG of any one or more of such rights, powers or remedies shall not preclude the simultaneous or subsequent exercise by the City or of SHG of any or all of such rights, powers or remedies.

5.13 Standards of Discretion: In any provision of this Agreement requiring or permitting the exercise by the City of the City's approval, option, discretion, election, decision, consent, judgment, determination or words of similar import, referred to collectively as "Approval," such Approval may, unless otherwise expressly specified in such provision, be given or withheld in the City's sole, absolute and unreviewable discretion.

5.14 Entire Agreement: The provisions of this Agreement contain the entire agreement and understanding between the City and SHG. There are no oral understandings, terms or conditions and neither party has relied upon any representation, express or implied, not contained in this Agreement. Any agreement made after this date shall be ineffective to change, modify, abandon or destroyed in whole or in part the terms of this Agreement, unless such modification is in writing and signed by the party against whom enforcement of the change, modification or

5.12 Remedies Cumulative. The rights, powers and remedies of the City or of SHG under this Agreement, whether legal, equitable or contractual or by statute shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning the exercise by the City or of SHG of any one or more of such rights, powers or remedies shall not preclude the simultaneous or subsequent exercise by the City or of SHG of any or all of such rights, powers or remedies.

5.13 Standards of Discretion. In any provision of this Agreement requiring or permitting the exercise by the City of the City's approval, option, discretion, election, decision, consent, judgment, determination or words of similar import, referred to collectively as "Approval," such Approval may, unless otherwise expressly specified in such provision, be given or withheld in the City's sole, absolute and unreviewable discretion.

5.14 Entire Agreement. The provisions of this Agreement contain the entire agreement and understanding between the City and SHG. There are no oral understandings, terms or conditions and neither party has relied upon any representation, express or implied, not contained in this Agreement. Any agreement made after this date shall be ineffective to change, modify, abandon or destroyed in whole or in part the terms of this Agreement, unless such modification is in writing and signed by the party against whom enforcement of the change, modification or discharge is signed.

5.15 Transfer. SHG may only transfer ownership of the Hotel and Convention Center Facility and Tract and its rights under this Agreement to a subsequent owner during the term of the franchise upon giving written notice ("Transfer Notice") to the City of its intent to do so. The Transfer Notice must be in writing, mailed to the City pursuant to Paragraph 5.07, above, at least forty-five (45) days prior to the date of transfer. Said notice shall contain: (1) the full name, address and legal status of the transferee, (2) an agreement between SHG and the transferee that the transferee accepts and assumes all the rights and obligations of SHG under this Agreement and the Franchise Agreement for the remainder of the franchise term and (3) a written document from Holiday Hospitality Franchising LLC, or its successor in title, approving the transferee as the operator of the Hotel under the Franchise Agreement. Upon such transfer, all obligations of SHG under this Agreement shall terminate and the City shall provide to SHG a complete written release of any further obligations or claims hereunder.

5.16 Captions. Captions or headings of paragraphs in this Agreement are inserted for convenience only and shall not be considered in construing the provisions hereof if any question of intent should arise.

5.17 Conflict. In the event of an express and explicit conflict between a term, condition, restriction, limitation, provision or covenant in this Agreement and a term, condition, restriction, limitation, provision or covenant in the Deed, then the term, condition, restriction, limitation, provision or covenant in the Deed shall control such express and explicit conflict. In the event of an express and explicit conflict between a term, condition, restriction, limitation, provision or covenant in this Agreement and a term, condition, restriction, limitation, provision or covenant in the Note, then the term, condition, restriction, limitation, provision or covenant in the Note shall control such express and explicit conflict. In the event of an express and explicit conflict between a term, condition, restriction, limitation, provision or covenant in this Agreement and a term, condition, restriction, limitation, provision or covenant in the Subordination Agreement, then the

term, condition, restriction, limitation, provision or covenant in the Subordination Agreement shall control such express and explicit conflict.

5.18 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement and all agreements incidental thereto. In the event an ambiguity or question of intent or interpretation arise, this Agreement shall be construed as if jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any other provisions of this Agreement or of any agreement incidental thereto.

5.19 Louisiana Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana. Any and all claims, demands, actions, causes of action, suits or proceedings shall only be brought in the Ninth Judicial District Court of the State of Louisiana or in the United States District Court for the Western District of Louisiana, Alexandria Division

THIS DOCUMENT MAY BE EXECUTED IN DUPLICATE ORIGINALS

THUS DONE AND SIGNED by the City on this ____ day of _____ 2014
in the presence of the undersigned witnesses and Notary Public.

WITNESS:

CITY OF ALEXANDRIA

(Print Name)

BY: _____

JACQUES M. ROY
Mayor

(Print Name)

NOTARY PUBLIC

(Print Name)

Identification Number _____



572

THUS DONE AND SIGNED by _____ on this 3rd day of October 2013 in the presence of the undersigned witnesses and Notary Public.

WITNESS:

[Signature]

SOUTHERN HOSPITALITY GROUP, L.L.C.

Charles L. Fowler Jr.
(Print Name)

BY: [Signature]
JAY MICHAEL SHARPLIN, MANAGER

[Signature]
HARRY B SILVER
(Print Name)

[Signature]

NOTARY PUBLIC

(Print Name)

Identification Number _____

[Signature]